House of Commons
Business & Enterprise Select Committee

Regional Development Agencies

Written evidence

This is a volume of submissions, relevant to the inquiry into Regional Development Agencies which have been reported to the House but not yet approved for publication in final form. Any public use of, or reference to, the contents should make clear that it is not yet an approved final record of the written evidence received by the Committee.
List of written evidence

1 BERR
2 Skillfast-uk
3 Campaign for National Parks (CNP)
4 The TaxPayers’ Alliance
5 Ashford Borough Council
6 RAC Foundation for Motoring
7 Dr Paul Benneworth, Newcastle University
8 Historic Houses Association
9 Institution of Economic Development
10 English National Park Authorities Association
11 Environment Agency
12 Groundwork UK
13 Institute of Directors in the East of England
14 Campaign to Protect Rural England
15 London Development Agency
16 Community and Voluntary Forum Eastern Region (COVER)
17 Dr Simon Bennett, QinetiQ
18 Association of Regional Observatories
19 Public and Commercial Services Union (PCS)
20 Aston University, Birmingham
21 Graham Pearce, Aston University & Sarah Ayres, Bristol University
22 Regional Studies Association
23 British Library
24 English Regional Development Agencies (RDAs)
25 East Midlands RDA
26 Institute of Historic Building Conservation
27 Neo Products Ltd
28 East of England Regional Assembly
29 Chief Economic Development Officers Society (CEDOS)
30 Centre for Cities
31 West Midlands Business Council
32 Finest
33 ACAS
34 CBI West Midlands
35 Centre for Urban and Regional Development Studies (CURDS) Newcastle University
36 Federation of Small Businesses (FSB)
37 University of Birmingham
38 British Music Rights
39 Leicestershire Asian Business Association
40 Association of Colleges
41 West Midlands Regional Forum of Leaders
42 Cranfield University
<table>
<thead>
<tr>
<th>Number</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
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<tr>
<td>44</td>
<td>Country Land &amp; Business Association</td>
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<tr>
<td>45</td>
<td>Cornwall County Council</td>
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<td>West Midlands Higher Education Association</td>
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</tr>
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<td>Natural England</td>
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<td>Goodrich Control Systems Ltd</td>
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<td>South East England Development Agency (SEEDA)</td>
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<td>108</td>
<td>Jaguar Land Rover</td>
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<td>EEF</td>
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<td>110</td>
<td>Hertfordshire Prosperity</td>
</tr>
<tr>
<td>111</td>
<td>Derbyshire and Nottinghamshire Chamber of Commerce</td>
</tr>
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<td>112</td>
<td>The Woodland Trust</td>
</tr>
<tr>
<td>113</td>
<td>Councillor Gerald Dawe</td>
</tr>
</tbody>
</table>
Memorandum submitted by BERR (RDA 1)

Background

The RDAs were set up 10 years ago to be both strategic bodies, developing and managing delivery of the Regional Economic Strategies (RES), and operational delivery bodies taking over a number of then current schemes and functions. They are funded by a ‘Single Pot’ from six Government departments (BERR, CLG, DIUS, DCMS, DEFRA, UKTI). The annual budget in 2007-08 was £2.3 billion. (More detail on RDA funding and tasking can be found in Annex A).

Since April 2002, when the RDA single pot was created, the RDAs’ gross outputs are:
- over 620,000 jobs created (or safeguarded);
- over 76,000 new businesses created;
- over 6,600 hectares of brownfield land remediated;
- over 1.6 million people provided with learning opportunities and supported in developing skills and education; and
- investment of nearly £8.2 million attracted into their regions.

RDAs were originally set up with the intention that they would become arms of the proposed elected Regional Assemblies. As a result what government has asked of them over the years has changed considerably. It will change again as a result of the proposals set out in the Sub-National Review (SNR), which include: a wider role for the RDAs in producing the new Regional Strategy and in taking over responsibility for regional planning; and RDAs becoming more strategic, doing fewer projects themselves and delegating more to local authorities (usually through sub-regional partnerships) which are to have a bigger role in economic development. Government will respond to these proposals in the autumn.

Response to Committee questions

On what basis does the Government feel there is a need for a level of economic development policy delivery at sub-national and sub-regional level?

The Government set out its policy on devolved decision making in the review of sub-national economic development and regeneration (SNR) published in July 2007. It concluded that “economic growth will increasingly depend on enterprise and innovation and the ability of places to build on their indigenous assets.” To successfully address disparities and maximise the potential for sustainable economic growth, interventions need to be agreed and delivered at the most appropriate

\[\text{Footnote: Sustainable growth refers to economic growth that can be sustained and is within environmental limits, but also enhances the environment and social welfare, and avoids greater extremes in future economic cycles.}\]
spatial level. Decisions on what is the right level is dependent on the nature of the market failure requiring government intervention and who the most appropriate delivery agents are based on their responsibilities and expertise.

The diversity and history of the UK economy means that there are considerable variations in economic structure and performance between and within regions. Different areas will therefore be affected in different ways by economic forces, particularly increasing globalisation, technological and environmental change.

Below the regional level, evidence suggests that sub-regional geographies can provide a good fit for operational markets. In many cases, sub-regions capture an area in which people work, live and trade and which the dynamics of the local economy can be more easily understood. With this in mind, there is a clear incentive for Government to work at such a level, with its interventions better capturing and addressing real functional economies.

Delivery of economic development policy at a sub-national level is therefore an important tool, through which Government can support the dual and complementary objectives of PSA 7 – to improve the economic performance of all English regions and reduce the gap in growth rates between regions.

What is the view of the Government on the contribution of RDAs to delivery of economic development policy at sub-national and sub-regional level to date?

The RDAs play a vital role in shaping and focusing the government’s economic development policy and ensuring its delivery on the ground. There are many examples of large-scale projects which are expected to have a positive impact on the regional economy – Science City in Newcastle, new quality offices in Hastings, the Birmingham New Street redevelopment, and port development in Great Yarmouth. In addition to these more traditional economic development activities, the range of responsibilities devolved to RDAs over the years has also broadened considerably.

For example these now include: overseeing delivery of the Business Support Simplification programme (BSSP) and managing Business Links across England, as well as managing delivery of European funding programmes (European Regional Development Fund, and elements of the Rural Development Programme for England). This requires RDAs to work with a wide range of partners, using both their influence and investment resources.

In 2006/07 the National Audit Office (NAO) undertook Independent Performance Assessments of each of the RDAs (except LDA which had been covered in a previous Audit Commission review). After extensive consultation in the regions, the NAO found that RDAs are fit-for-purpose organisations which are maturing as agencies with the ability, capacity and self-awareness to improve their performance further, that they are providing strong leadership, and have a track record of successful
delivery. The NAO noted the increased stakeholder involvement and buy-in to the Regional Economic Strategies and the improved evidence base on which the Strategies were founded. The RES implementation plans are important documents which align interventions to promote sustainable growth and set out the actions that the RDAs and other stakeholders will take to give effect to the agreed strategy.

RDAs are focused on promoting long term sustainable growth and the impact of many of the actions they take will be in the medium term and beyond. They also respond flexibly and effectively to both immediate and longer-term economic issues in their regions. For example, in response to the Morpeth floods this month, ONE has worked with partners to develop a quick and responsive package of support, including at £500,000 fund, to give swift and appropriate help to businesses of all sizes, and from all sectors.

At the headline level, we think RDAs are effective operationally and in delivery. However, we do not yet have a complete understanding of what overall impact they have had in their regions. For this reason, BERR appointed Price Waterhouse Cooper (PwC) in December 2007 to provide an independent assessment of RDA effectiveness since the introduction of the Single Pot. PwC is due to report to BERR Ministers by 30 November 2008. The reports and the underlying evidence will be published by the Department and be made available to the Committee by the end of the year.

**How successful have RDAs been in engaging with other stakeholders, such as local authorities, local business and academia?**

Working with regional partners and stakeholders is central to RDAs fulfilling their role in supporting regional economic development. A large part of what RDAs deliver is through strategic partnerships with other organisations, including local authorities, businesses and universities. What they deliver is driven from the Regional Economic Strategy, which is derived from extensive engagement with stakeholders right across the regions. The latest round of RESs (the third) have had extensive input from regional partners (including business), have strong buy-in from a wide range of regional stakeholders, and have solid implementation plans where other bodies are signing up their budgets to deliver RES priorities. The range of stakeholders involved in delivery partnerships is testimony to the success of the RDAs’ active influencing.

As the answer to the previous question explained, the NAO independent performance assessments of RDAs involved consulting stakeholders in each of the regions on a range of key lines of enquiry. While responses varied from region to region, overall stakeholders felt RDAs were making a difference, and that there was a good local profile of Chair and Chief Executive. However, stakeholders also felt that
RDAs don’t communicate their successes as well as they could, and that their internal procedures were not always as transparent as they could be. The NAO itself noted that RDAs’ work with stakeholders had increased their involvement and buy-in to the Regional Economic Strategies. All RDAs have Improvement Plans to address the issues raised in their IPA reports.

Some key RDA successes in working with stakeholders, which were identified in the assessments, include: NWDA’s strategic leadership, evidenced through work on Higher Education/Further Education and links to business; One North East’ successful regeneration initiatives delivered in partnership; SEEDA’s systematic approach to business support, in particular Enterprise Hubs, and AWM’s excellent collaborative working with key partners on the MG Rover Taskforce.

**How much should RDAs work together to achieve their objectives?**

The RDAs seek to achieve their objectives in a variety of ways. The most obvious of these is by funding projects themselves, or indirectly through a funded body. Secondly, they seek to influence other stakeholders in the region to take action themselves. Thirdly, they seek to inform and influence the policies of central government by working together in a number of areas, with different RDAs taking the 'lead' role for individual policies, as well as through a jointly funded central secretariat which co-ordinates this activity. This is an efficient means of keeping the RDA network aware of and engaged in government policy as it develops.

Two strong examples of working together are:

- the three northern RDAs (North West Development Agency, Yorkshire Forward and One North East) collaborating on the Northern Way, which is an innovative pan-regional partnership. Set up in 2004 with the strong support of Government, it works with key partners across the public and private sectors to raise sustainable economic growth in the northern regions, narrowing the gap with England’s more prosperous regions;

- SEEDA, EEDA and LDA jointly investing in the European Space Agency's Alphasat programme, which will bring significant benefits to the UK space industry in terms of high tech jobs.

**How much of a role should RDAs play in promoting their regions overseas and could this activity be more, or less, co-ordinated?**

The RDAs add significant value to UKTI's activities overseas, providing the expertise and detailed regional knowledge essential to foreign companies when making their investment decisions.
In 2007 UKTI jointly reviewed with the RDAs and DAs their overseas representation, supported by research and analysis from consultants Arthur D Little (ADL). The Review looked at the RDAs’ role in promoting their regions overseas and concluded that current arrangements are effective and have helped the UK succeed in winning an increasing amount of Foreign Direct Investment (FDI). In 2007/08 the English RDAs directly secured 36.5% (296) of involved successes and jointly with UKTI were involved in a further 38% (308) of involved success in England. ADL’s research found no evidence that potential investors thought the arrangements particularly confusing or duplicative. However, the review concluded that more could be done to strengthen existing arrangements and drive better co-ordination. As a result UKTI and the RDAs have agreed a new model for overseas representation which sees UKTI leading the co-ordination of a fully integrated overseas network, including co-ordinated business planning, consistent branding across England and promotional activity. Performance measures are being agreed, to provide a clear picture of joint impact, and common UKTI led evaluation; and options for co-location of teams and joint procurement are being exploited to help achieve better value for money. Andrew Cahn wrote to you on 3 March 2008 about the outcome of the Review and enclosing ADL’s report.

The new overseas representation model has recently been rolled out in three “Pathfinder” markets (France, India and Canada) with full implementation in all markets by April 2009. As part of this roll-out, UKTI and the RDAs (except LDA) have agreed to use a common “UK” brand for marketing activity overseas. UKTI and the RDAs are confident that these new arrangements, which will be systematically monitored and evaluated, will deliver an even more effective UK FDI effort. (Background information can be found at Annex B)

How does the Government measure RDA performance and on what basis were these measurements agreed?

RDAs performance is managed at a number of levels, some of which are under review as part of the SNR implementation. The main elements are:

- **Tasking Framework - Economic Growth Objective** - The Tasking Framework for RDAs has been radically simplified in the SNR, with previous suite of 12 PSAs and 6 output targets replaced by a single growth objective derived from the Regional Economic Performance PSA. The REP PSA implicitly gives each RDA an overall objective for sustainable economic growth in its regions. Government expects RDAs, in producing Regional Economic Strategies (and in future single regional strategies), to address improvements in the 5 drivers of productivity. In addition, the tasking framework requires the RDAs to apply 2 cross-cutting principles of
sustainable development and economic opportunities for all to all their activities.

**Corporate Objectives** - RDA Corporate Plans for 2008-11 set out Corporate Objectives covering all their work and show how these directly relate to the five underpinning drivers, how the RDAs have applied the 2 cross-cutting principles, and the effect this has had. These are agreed with all funding departments and signed off by BERR Secretary of State.

RDAs produce regular reports which are laid before Parliament and are publicly available.

- **Independent Performance Assessment** - In 2006/7 the National Audit Office undertook independent assessments of RDAs’ performance based on a framework agreed with funding departments. All RDAs were found to be performing either Well or Strongly ([http://www.nao.org.uk/guidance/rdas.htm](http://www.nao.org.uk/guidance/rdas.htm)). Government is currently considering what should replace IPAs in the post-SNR world and the proposed creation of Regional Select Committees.

- **Evaluation** – Price Waterhouse Cooper is undertaking an independent assessment of the effectiveness of each of the nine RDAs, and the RDA network as a whole. It will report to BERR Ministers by 30 November 2008. The department and RDAs will expect this evaluation to form the foundation of an ongoing mainstream evaluation process.

- **Audits of Accounts and Systems** - The NAO audit and sign off the RDAs’ annual accounts and report on their review of each RDAs’ systems. BERR Internal Audit also has a rolling programme of audit of RDAs’ internal audit functions.

- **Delivery of Programmes** - Where RDAs are delivering or managing a discrete programme for a department (for example EU programmes), separate reporting arrangements are in place.

- **Scrutiny** - Each RDA is currently scrutinised by the Regional Assembly in its region. These arrangements are being reviewed as part of the implementation of the Sub-National Review.

- **London Development Agency** – The Audit Commission audit the LDA’s accounts and systems. The Commission’s report will be published in autumn 2008.
ANNEX A

RDA TASKING, FUNDING AND ACCOUNTABILITY (CURRENT ARRANGEMENTS)

Background

The eight Regional Development Agencies (RDAs) were established under the Regional Development Agencies Act 1998, and were formally launched in eight English regions on 1 April 1999. The ninth, in London, was established in July 2000 following the establishment of the Greater London Authority (GLA). BERR is Whitehall sponsor of the RDAs.

RDAs have a broad remit. They have five statutory purposes:

- To further economic development and regeneration
- To promote business efficiency, investment and competitiveness
- To promote employment
- To enhance development and application of skill relevant to employment
- To contribute to sustainable development

The Regional Economic Strategies (RES), which are produced by the RDAs in close consultation with a broad range of regional stakeholders, are the key instrument for identifying the priorities in each region to foster sustainable growth. RES Implementation Plans set out the actions that the RDAs and other stakeholders will take to deliver the RES priorities.

Tasking

The Tasking Framework which the Government sets for the RDAs has changed over the years of their operation. In line with the SNR, the earlier detailed framework of many PSAs and targets was replaced in CSR07 with a single economic growth objective. This requirement to address the Regional Economic Performance PSA (PSA 7) - promoting sustainable economic growth in the regions above the trend over the last cycle and reducing disparities between regions - gives RDAs considerable freedom to decide with regional stakeholders how this should be addressed.

Funding

The RDAs are financed through a Single Budget (Single Pot), which is made up of contributions from six Government Departments (BERR, CLG, DEFRA, DIUS, UKTI and DCMS). BERR is the sponsor Department for the RDAs and all funds comprising the Single Budget flow through BERR.
The Comprehensive Spending Review 2007 set the RDAs budgets for 2008-09 to 2010-11. Agreed contributions from Government Departments were:

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In addition to their Single Budget, the RDAs have taken over management of the European Regional Development Fund (ERDF) and the Rural Development Programme for England (RDPE). Both programmes running from 2007 to 2013 and together amount to £9bn. Associated administration costs have been provided by CLG (£6m) and DEFRA (£4m) respectively for 2008-09; these are included in the figures above.

As part of the CSR 2007, the RDAs budgets over the three years were reduced by 2.5% (£320m). In addition, the RDAs identified cash savings of about £350m, which will be funded from value for money savings.

**Accountability**

As non-departmental public bodies the eight RDAs outside London are accountable to taxpayers through departmental ministers. As the RDAs sponsoring department, it is therefore the responsibility of the BERR Accounting Officer to be satisfied that:

- The financial and other management controls applied by BERR are appropriate and sufficient to safeguard public funds and, more generally, that those being applied by the RDAs conform with the requirements both of propriety and of good financial management;
- There is an adequate statement of the financial relationship between BERR and the RDAs (in a management statement/financial memorandum or similar document) and that this statement is regularly reviewed;
- The conditions attached to grants or grants in aid conform with the terms of the Estimates and that BERR monitors compliance with those conditions.

Each RDA Accounting Officer has full personal responsibility, which only he/she is in a position to discharge, for the overall organisational, management and staffing of the RDA and for its procedures in financial and other matters. The Accounting Officer must ensure that there is a high standard of financial management in the
RDA as a whole; that financial systems and procedures promote the efficient and economic conduct of business and safeguard financial propriety and regularity throughout the RDA; and that financial considerations are fully taken into account in decisions on RDA policy proposals. RDAs produce regular reports to Parliament which are publicly available.

The National Audit Office audit and sign off the RDAs’ annual accounts and report on their review of each RDAs’ systems. BERR sample audits RDA project appraisals and monitoring systems and BERR Internal Audit have a rolling programme of audit of RDAs' internal audit functions.

**London Development Agency**

The LDA – unique among RDAs – is a functional body of the Mayor of London under the RDA Act 1998 (as amended by the GLA Act 1999), and not a NDPB accountable to the Secretary of State. The Mayor appoints the Board, sets its budget, approves the Economic Development Strategy for London and its corporate plan, and can issue directions and guidance to the Agency. The Secretary of State, nevertheless, continues to have two important statutory powers over the LDA he provides the majority of funding through his single pot grant to the Agency and can place conditions on this grant under section 10 of the RDA Act.

The LDA, as a functional body of the Mayor, is subject to the local government finance and audit framework, and external audit and inspection is undertaken by the Audit Commission and its appointed auditor (District Auditor) using their powers under the Audit Commission Act 1998. The Audit Commission normally publishes an annual audit and inspection letter for the LDA covering an opinion on accounts, use of resources and direction of travel assessments.
ANNEX B

RDA OVERSEAS ACTIVITIES

Background

The RDAs are funded by UKTI through the Single Pot to work to attract FDI to their regions, and to work to retain and expand existing foreign investments. To help promote inward investment some RDAs have representation or offices in key FDI target markets (i.e., Japan, China, India, Scandinavia, North America, Australia, France and Germany). In a few cases more than one RDA has joint representation in certain markets. (A complete list of RDA overseas representation is available to the Committee if required). In some cases, RDA overseas representatives are co-located with UKTI staff.

All English regions also have some form of regional representation office in Brussels in order to represent the interests of their regions and to maximise relevant opportunities. Brussels Offices are not part of the network of RDA overseas offices or agents for inward investment purposes. Their activities include: policy and lobbying activity, developing partnerships, developing and supporting funding bids, providing intelligence, interpretation and guidance on EU policy and funding issues and raising the profile of individual regions with the EU institutions and other European regions.

Recently the RDAs have announced they will commission a review which seeks to establish what opportunities exist for RDAs to achieve greater levels of efficiency and effectiveness with regards their contributions to regional Brussels Offices both now and in the longer term. The scope of the review will be set within a wider partnership and governance context, both in terms of regional partnerships and collaboration with EU partners and Institutions. The final report is due late September.

30 September 2008
Memorandum submitted by Skillfast UK (RDA 2)

Policy consultation

(the need for a level of economic development/ business/ regeneration policy delivery between central and local government;
• the effectiveness of RDAs and their role in adding value;
• RDA expertise;
• the extent of, and need for, their overseas activities;
• the consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding;
• the accountability of RDAs and
• How RDA performance has been measured in the past and will be measured in future;)

Introduction

Skillfast-UK

Skillfast-UK is the Sector Skills Council (SSC) for fashion and textiles. As an SSC, we act as the voice of employers on skills and training for our sector. Through our employer engagement and skills intelligence work, we can help policy-makers, economic development agencies and skills bodies to understand the current and future skills needs of the sector, and the way in which training can enhance productivity and performance.

Fashion and textiles is a large and vibrant sector. In the UK it employs 340,000 people. Innovative and growing industries such as branded and designer fashion, technical textiles and a variety of craft activities serve to offset the long-term decline of elements of the sector’s manufacturing base. It is therefore important to recognise the increasing contribution of creative and knowledge-based activities to the sector.

Scope of response

As an SSC, our responses are based on the views of employers in the fashion and textiles sector and are limited to skills policy as it affects the sector. The focus of this response is therefore on broad principles and effective engagement with SSCs. In parts of this response our comments go slightly beyond Regional Development Agencies to cover other aspects of the regional / sectoral interface on skills. We have included this because it is important context for consideration of the RDA role.

Skills policy, economic growth and Regional Development Agencies (RDAs)

The success of all the areas of government policy, from economic growth through to action on climate change, is dependent on the success of skills policy. The success of skills policy is
in turn dependent on the effectiveness of the connection between sectoral skills needs and regional structures such as the RDAs. The proposals in the Sub National Review make sub-regional structures increasingly important, but resources and influence continue to largely reside at regional level.

Lord Leitch’s inquiry into skills policy argued that skills were essential to the economic success of the UK and that a sectoral approach was central to delivering the necessary step-change in skills development.

The sub-national review outlines significant proposed changes to regional governance in England, including the abolition of the Regional Assemblies, new scrutiny arrangements for Regional Development Agencies and an enhanced role for Local Authorities (often acting sub-regionally). The changes proposed largely do not seem to address Skillfast-UK’s longstanding concerns about the regional / sectoral connection, and in some cases may complicate the situation.

The sectoral dimension is critical since we can only understand and address the need for economically valuable skills with reference to industry sector, as well as the spatial dimension. Business affiliates first and foremost on the basis of sector.

**Regional Strategies**

The proposals in the sub-national review increase the scope of the Regional Development Agency (RDA) Regional Strategies. It is a concern that the key stakeholders for developing the new Regional Strategies are not spelled out clearly in the sub-national review. It should include explicit reference needs to be made to the role of SSCs, building on their existing contribution to Regional Skills Partnerships.

It is important that the new accountability arrangements provide a robust evidence-based challenge to RDAs regional strategies. Key stakeholders such as SSCs should have a public forum for challenging Regional Strategies where they do not make best use of the evidence available. For the proposed Local Authority leaders’ forum to be effective it must have greater capacity then the regional assemblies in order to enable it to draw on the views of relevant stakeholders.

Despite the changing regional accountability structures RDAs primary accountability will remain to Central Government and RDAs will be judged primarily on meeting Public Service Agreement targets. The Public Service Agreement targets for skills need amending so that they support the skills interventions that employers are calling for. In particular this will require a greater focus on business relevant skills as opposed to targets based on whole qualifications.

Currently each RDA chooses a limited range of economic sectors to prioritise. SSCs who are on the priority list often build good working relationships with the RDA. But in each region the majority of sectors will not be a priority and will effectively be ‘shut out’. This prioritisation takes precedence over the partner engagement work of the Regional Skills
Partnerships. This approach risks the disillusionment of employers who are not part of a favoured sector and makes it harder for SSCs to engage employers.

The process of selecting priorities adds to the concern. Priorities are selected based on an RDA’s vision of a successful future for the region. They are plan-led, not demand-led. Regional skills funding must be demand-led in order to meet Lord Leitch’s ambitions.

Many SSCs represent employers with establishments across the UK and in some cases across the world. Many of these larger employers cannot understand why government support for skills should vary region to region. There needs to be a greater degree of consistency across regions – many differences in arrangements and structures do not arise out of differing needs at regional level.

Making best use of SSC Labour Market Intelligence

Lord Leitch said that SSC Labour Market Intelligence should be used as the key source by all partners and should influence planning and delivery, but this has not yet occurred to the extent required for effective joined-up working. Truly empowering employers requires that clear mechanisms be put in place for them to exert influence on the skills system and ensure that sectoral data is used appropriately.

There is a need for a strategic interface between SSCs and Regional Development Agencies (RDAs): leaving 25 SSCs to negotiate independently with nine RDAS is a recipe for confusion. This strategic interface needs to include an agreed approach to the use of Labour Market Intelligence (LMI) so that SSC research properly informs the work of RDAs and vice versa. We accept that the regional approach to economic development will lead to competition between regions, but it is important that this does not prevent a joined up approach to skills at the national level.

If local authorities are to have an economic assessment duty they should make use of SSC Labour Market Intelligence (LMI). SSC LMI should influence key decisions at regional level and in some instances at sub-regional level. However, stakeholders need to be mindful of the practical and resource constraints that affect SSCs’ ability to provide reliable quantitative data at sub-national level. Nonetheless, SSCs have valuable insights to offer, based on engagement with employers, even when fully robust quantitative data is not available for a given geographic area.

In order for SSCs to develop LMI and skills solutions further they require access to good quality data about the courses chosen by learners, and their employment outcomes. Past experience shows that it has been difficult to get this data from the Learning and Skills Council. There needs to be a central repository for this intelligence and SSCs need to be consulted over the specification for collecting it.

Employer Engagement
SSCs need a consistent role which is understood and recognised by all partners and they should be the primary method of engaging employers for strategic action in the skills system. Other forms of employer engagement such as Train to Gain should have a clear purpose and avoid overlap with other agencies. Employers have limited time for engagement with skills policy – the more complex the skills landscape the more likely they are to be fatigued through over-consultation.

There are currently too many consultative and planning bodies at the regional level and below, and the development of Employment and Skills Boards (ESBs) threatens to make the confusion worse. This proliferation is inefficient and is likely to lead to employer ‘consultation fatigue’.

**SSC capacity**

SSCs capacity is stretched in performing their current roles. Most lack the resources to engage fully with nine English regions and three devolved nations. Many of the recently announced changes will require more from SSCs, and SSC funding needs to be reconsidered for the new context.

**The UK Commission for Employment and Skills (UKCES)**

We expect that the UK Commission for Employment and Skills (UKCES) will in future make recommendations on how the regional/sectoral connection can be improved and employer engagement can be managed effectively. Explicit account should be taken of these recommendations in future sub-national policy.

19 September 2008
Memorandum submitted by The Campaign for National Parks (RDA 3)

The Campaign for National Parks (CNP) is the national charity which campaigns to protect and promote National Parks for the benefit and quiet enjoyment of all. We welcome the Committee’s inquiry into the role of Regional Development Agencies (RDAs), in particular how this will be affected by the Government’s review of sub national economic development and regeneration (SNR), and are pleased to have this opportunity to comment.

Of the Committee’s stated areas of interest, this submission relates to the consequences of expanding RDAs’ remit to include new functions as proposed by the SNR; RDA expertise; accountability; and general effectiveness and role in adding value.

Our main concerns about the role of RDAs in light of the SNR proposals relate to:

- Their expanded remit, in particular their capacity in terms of skills and expertise to develop new Single Integrated Regional Strategies (SIRS), which will require them to take on planning functions alongside their existing role of promoting economic development and could lead to a conflict of interests;

- Representation of National Park interests, by National Park Authorities (NPAs), in fulfilling this remit and the arrangements for partnership working, in particular that these need to be clarified centrally to ensure that NPAs’ expertise is maintained and there is consistency in approach across regions; and

- Proper recognition being given by RDAs, in developing SIRS, not only to the inherent value of National Parks but also the role that they play in contributing to economic prosperity and the consequent need to ensure that they are protected.

We have set out below some brief background on National Parks and NPAs by way of context to the comments that follow.

In preparing our comments we have consulted with and support the position of the English National Park Authorities Association (ENPAA), whose evidence is submitted separately.

Background – National Parks and NPAs

National Park purposes

National Parks in England and Wales have two statutory purposes:\n
i. To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Parks; and

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2 As set out in section 5 of the National Parks and Access to the Countryside Act 1949, as amended by section 61 of the Environment Act 1995.
ii. To promote opportunities for the public understanding and enjoyment of the special qualities of the Parks.

A wide range of public bodies including RDAs must take these purposes into consideration when making decisions that could affect the National Parks.3

NPAs’ role

NPAs are statutory public bodies and the sole planning authority for National Parks, with responsibility for local and mineral and waste planning. They fulfil a role akin to both ‘upper tier’ county councils and ‘second tier’ district councils. As section 4(4) Authorities under the 2004 Planning and Compulsory Purchase Act NPAs are, for planning purposes, equivalent to a county or unitary authority. They have statutory spatial planning responsibilities and are represented with a seat on Regional Assemblies, enabling them to work with regional partners and scrutinise regional plans.

Comments on RDAs’ future role and responsibilities

Developing SIRS

Under the new arrangements RDAs will take on responsibility for developing SIRS, covering spatial planning alongside their current role of promoting regional business growth and investment. We are concerned that this dual function has the potential for a serious conflict of interest: spatial planning must deliver a number of public benefits that are not solely geared towards business and investment interests. In particular it provides for the sustainable, strategic management of land use and environmental resources, including environmental priorities such as countryside and biodiversity protection.

It will therefore be important to ensure that RDAs are equipped with the skill set required properly to execute their new spatial planning responsibilities, and to ensure that there are arrangements in place to address the risk of conflicting interests. It is especially critical that business growth does not become the dominant driver of both functions. Spatial planning must continue to deliver wider public benefits.

We are aware that the Government intends to work with the RDAs on a Change Management Programme. While this is welcome, we believe that any such programme must include increasing RDAs’ awareness and understanding of the purpose and role of protected areas, in particular National Parks, in contributing to regional prosperity; and developing skills and expertise to take account of their needs in developing SIRS.

These two aspects of future RDAs – their internal structure and skill set – will be paramount to their accountability, level of public trust and general fitness for purpose under the new arrangements.

Representing National Park interests – partnership working

As outlined above, NPAs currently have a statutory role in developing Regional Spatial Strategies under section 4(4) of the Planning and Compulsory Purchase Act 2004. In

3 Section 11A(2) of the 1949 Act as amended by s62(2) of the Environment Act 1995.
fulfilling this responsibility NPAs bring considerable value to the process, in particular in contributing expertise on rural social, economic and environmental issues.

We believe that this role must be maintained going forward, alongside developing RDAs’ own in-house skill set. At present there is some doubt as to what the Government intends in terms of NPAs’ future role in working with RDAs – it recognises that a wide range of stakeholders is currently involved in developing strategies at the regional level and states that this expertise should be retained. However, it has also stated, both in the SNR itself and in response to concerns raised through the SNR consultation⁴, that it intends to leave arrangements for engaging stakeholders to individual RDAs.

While we appreciate the benefits of some flexibility as to the detail of joint working arrangements between RDAs and partners, we consider that certain minimum standards should be set centrally to ensure that appropriate expertise is retained and there is some consistency of approach across regions. In particular, NPAs should continue to have a statutory role both in preparing SIRS and in the proposed Leaders’ Forums. The reasons for this relate to their role and responsibilities at National Park level and will be clear from the background set out above. Namely, that they are the sole planning authority for their area and are responsible for local and, mineral and waste planning; equivalent to county or unitary authorities for planning purposes; and that they currently enjoy a scrutiny role at regional level through representation on Regional Assemblies.

Also relevant is the statutory duty on all public decision-making bodies performing any function in relation to, or so as to affect, land in a National Park to have regard to National Park purposes. Formally securing NPAs’ role in working with RDAs and others as partners to develop and scrutinise SIRS could also serve to help RDAs fulfill this duty.

We understand that the experience of NPAs to date in working with RDAs and local authorities in their region on the new arrangements has been varied, from full participation to none at all. This should be a matter of serious concern to all who have an interest in the protection and promotion of National Park interests and the contribution they make to the regions, and we wish to register our view that it will be vital, in maintaining the credibility and accountability of regional planning, to ensure that this situation is not left to continue as the transition is made to the new RDAs.

Recognising National Park value

Closely linked to the two points above, in preparing SIRSs it will be important that RDAs recognise not only the inherent value of the natural environment, in particular that protected by National Park designation, but also that National Parks bring substantial economic prosperity for businesses in and around them and for the regions in which they are located. In some regions National Parks occupy a significant proportion of the total area.⁵

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⁴ Letter dated 5 August 2008 from Pat McFadden MP to Paul de Sylva, Chair of Wildlife and Countryside Link (WCL), in response to WCL’s submission to the SNR consultation.
⁵ For example, 18% of the total area of the Northwest is covered by National Park.
Research commissioned by CNP into the economic impact of the Yorkshire Dales, North York Moors and Peak District National Parks on the Yorkshire and Humber region estimated the main financial benefits to the region as:

- **Sales by businesses** in the Parks worth £1.8bn annually, supporting over 34,000 jobs
- **Spend by Park visitors** of £400m annually within the Parks themselves and a further £260m elsewhere in the Yorkshire and Humber region, supporting about 12,000 jobs. With ‘knock on’ effects, the total impact of this £660m expenditure on the region’s output is likely to be almost £1bn

The project surveyed over 400 businesses in the Parks and towns around them and found:

- 69% of businesses in the National Parks believe high landscape quality has a positive impact on their business performance
- 26% of businesses think a deterioration in landscape quality would seriously affect their business
- over half of the Parks’ businesses feel that the National Park designation has had a positive impact on their enterprise

The project found that economic benefits came not just from the Parks’ environmental qualities but also from National Park designation itself. This attracted visitors and businesses, and prompted action by NPAs and other organisations in the public and private sector.6

These results demonstrate the importance of the National Parks to their surrounding area and underlie our three main concerns with the role of RDAs under the SNR proposals – the need to ensure that RDAs have the skills and expertise to understand National Park interests and reflect them properly in carrying out their new function of spatial planning, without compromising this purpose should it conflict with business growth; to ensure that the role of NPAs in regional spatial planning and their experience and expertise is maintained in accordance with their other statutory functions; and to ensure that the full value of National Parks is appreciated and reflected in developing and implementing SIRS.

21 August 2008

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6 A four-page summary of the report’s findings and the full report may be found on CNP’s web site at [www.cnp.org.uk](http://www.cnp.org.uk)
Memorandum submitted by The Taxpayer’s Alliance (RDA 4)

Economic disparities between England’s regions are profound and long standing. London and the South East have generated a disproportionate share of the country’s economic output for decades, and differences between the best and worst performing regions continue to increase.⁷

Established in 1999, Regional Development Agencies (RDAs) were the new Labour Government’s proposed solution to this problem. Designed to co-ordinate economic development and regeneration on a regional scale, their purpose was to improve the relative competitiveness of England’s nine regions, and reduce the imbalances that exist within and between them.⁸

Judged on their performance though, RDAs have been an expensive failure. Over £15 billion of taxpayers’ money has been spent over the past nine years, with little discernable impact:

- **Employment** – annual increases in the number of jobs, and the number of people in work, have actually slowed since 1999. From 1992 to 1999 employment in England rose by an average of 0.3 percentage points a year. Since 1999, that rate has dropped to just 0.1 percentage points. Between 2000 and 2005 the number of jobs in England increased by 3 per cent, while between 1995 and 2000 the number increased by 9.5 per cent.

- **Competitiveness** – apart from London and the South East, England’s regions grew faster in the seven years before RDAs were introduced then in the seven years after, in both per head and total output terms. The rate of business creation has not significantly increased since 1999.

- **Regional imbalances** – in economic output, the relative contribution of the seven regions besides London and the South East has dropped from 64 per cent in 1992 to 52 per cent in 2006. The gap between the richest and poorest regions has grown over the past decade, not diminished.

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⁷ Office for National Statistics, Regional GVA Data
This paper – the third in the TaxPayers’ Alliance’s Structure of Government series – argues for the abolition of RDAs, as unproductive, wasteful and unaccountable quangos. They have neither accelerated economic growth in the regions, nor reduced the disparities between them.

The money saved by abolishing them should be returned to businesses in the form of a four percentage point reduction in the small company rate of corporation tax – from 22 per cent to 18 per cent – which would establish an effective alternative to the wasteful bureaucracy of RDAs.

The other key findings in the report are:

- Regional Development Agencies have **cost the UK taxpayer £15.3 billion since 1999**. In 2006-07 they received £2.3 billion from Westminster, £62 million from the EU and spent £2.6 billion.9

- Excluding London and the South East, **regional economic output (per head of population) increased by 40.6 per cent between 1992 and 1999.** In the seven years after RDAs were established, the increase was only 36.5 per cent.

- The economic output (per head) of the poorest performing region – the North East – was 40 per cent below that of London’s in 2006: £15,177 compared to £26,192.

- **In all regions except the North East, employment in the public sector has risen faster than in the private sector.** In the South West, 50.8 per cent of the jobs created since 1999 have been in the public sector (86,000 jobs).

- The focus on regional development has led to a neglect of more important sub-regional problems: for example GVA per head in Greater Manchester South grew by 76 per cent between 1995 and 2004, while in Manchester North it only grew by only 31 per cent.10

- **RDAs should not be seen as local bodies, but as part of central government.** They are only properly accountable to Whitehall departments, their key executives and board members are selected by Ministers and their objectives set by ministers.

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9 Department for Business, Enterprise and Regulatory Reform FOI Response, 23/07/08; see Appendix B, Table B2
10 Shakespeare, T (June 2008), ‘The Future for Regional Governance’, *Localis Research Notes*
Many RDA responsibilities are duplicated by other quangos, creating significant waste. English Partnerships, another redevelopment quango, costs taxpayers £628 million per annum.

Examples of waste within RDAs abound; extravagant trips to the south of France, ludicrous taxi expenses and lavish one day conferences are all commonplace. James Braithwaite, Chairman of SEEDA, spent £53,803 on transport in 2006-07. Yorkshire Forward spent £20,000 sending staff to a Film Festival in Dubai in 2006.

The average remuneration for an RDA Chief Executive in 2006-07 was £169,413. For a (part-time) Chairman it was £82,147. The highest paid Chief Executive was Pam Alexander, earning £192,801 for her work at SEEDA in the South East. Margret Fay was the highest paid Chair of an RDA Board, earning £97,845 for her work at One North East. These are high rewards for failure (For a complete list of RDA employees earning over £100,000 see Appendix A).

Ben Farrugia, Policy Analyst at the TaxPayers’ Alliance, said:

“Regional Development Agencies have failed in their core mission to narrow the gap between the economic performance of England’s regions. At a time when businesses are increasingly over-regulated and over-taxed, RDAs have become a symbol of wasteful bureaucratic excess. They should be abolished before the Government hands them even greater powers.”
1. Regional Development Policy in the UK

The UK has a long tradition of regional policy, stretching back over seven decades to the early activities of the Industrial Transference Board and the aid given to workers migrating to areas with better job prospects.\(^\text{11}\)

The creation of ‘Special Areas’ in 1934 marked a shift in regional policy towards the idea of taking work to the workers. In areas suffering from persistently high unemployment, firms were encouraged to expand, assisted by tax and rate rebates, small grants and infrastructure investment.\(^\text{12}\)

In the immediate post war years regional assistance was low, but with the extension of ‘Assisted Areas’ in 1966 spending rocketed from around £20 million to over £1.8 billion in 1975 (in 1990 prices).\(^\text{13}\) The problem of depressed regions was seen in terms of market failure and solutions relied on capital subsidies to raise labour demand.\(^\text{14}\)

The onset of Thatcherism – and the start of EU Structural Funding – saw UK government spending on the regions fall, but some ‘assistance’ was still seen as necessary on social grounds.

Figure 1.1: Expenditure on UK regional assistance, 1960 – 1995\(^\text{15}\)

\[\text{Figure 1.1: Expenditure on UK regional assistance, 1960 – 1995}\]

\(^{11}\) Law, C (1982), *British Regional Development Since World War I*, (Methuen, New York), p.43


\(^{15}\) Shows direct subsidy payments to firms; data taken from Wren, C (1996).
Labour’s return to power in 1997 meant a return to regional intervention though centrally controlled, appointed agencies. In 1999 eight RDAs were established, to offer ‘a better attunement of national policies and programmes to local needs and concerns’. These new quangos did not replace the programs of financial aid given to ‘Assisted Areas’ – which continue today – but promised to reverse a trend that saw London and the South East increasingly dominate England’s economic landscape. Nine years on and £15.3 billion of taxpayers’ money spent, how have they performed?

2. The Performance of Regional Development Agencies

Economic progress has been made since 1999; national unemployment has fallen and economic growth remained strong. But RDAs’ contribution to this has been limited, and their continued focus on ‘regions’ has masked important sub-regional economic developments. If we look at three key areas – employment, business creation and general economic growth – the case for keeping RDAs looks bleak.

2.1 Employment: Increasing employment is arguably RDAs’ primary function. But regional employment trends over recent decades show that they have made little impact.

Figure 2.1.1: Percentage of Regional Working Age Population in Employment

16 Department of Environment, Transport and the Regions, 1997, para 3.2
17 Shakespeare, T (June 2008), ‘The Future for Regional Governance’, Localis Research Notes
The graph above shows the percentage of England’s regional working age population in work, 1992-2006. For the country as a whole, that number increased by 4.2 per cent in the seven years between 1992 and 1999, the year RDAs began operation. Between 1999 and 2006 the increase was just 0.5 per cent.

Rising immigration into the UK has certainly played some part in this slowdown. However if we look at the number of actual jobs in the regions – a variable less affected by population change – a similar trend is clear.

Figure 2.1.2: Total workforce jobs in the regions\(^{18}\)

Annual increases in the number of jobs have actually slowed since RDAs were set up. Between 1995 and 2000 the number of jobs in England increased by 10.5 per cent, while between 2000 and 2005 the number only increased by 3.8 per cent. London and the South East saw the sharpest slowdown, but even when these two regions are excluded, the rate of ‘jobs added’ in the remaining seven regions fell from 7.8 per cent between 1995 and 2000 to just 4.2 per cent between 2000 and 2005.

As RDAs are tasked specifically with fostering and sponsoring employment creating ventures, this fact undermines government claims to the value added by regional development agencies.\(^{19}\)

\(^{18}\) Pre-1995 regional data is not available.
\(^{19}\) Regional Development Agencies Act, 1998, Part 1: Purposes
Not unaware of this, the Government’s defence of RDAs relies largely on the cruder – and more easily manipulated – figures for employment and unemployment. Even in areas with significant levels of economic disadvantage such as the North East, levels of employment have risen while the number of officially unemployed has continued to fall.

Figure 2.1.3: Employment and Unemployment in the North East

But even if we accept the fall in unemployment – which is partly due to people coming off job-seekers allowance and onto other welfare benefits, such as incapacity benefit – the number of people actually employed in some regions has risen only very marginally since 1992, and little above the pre-RDA trend.

Moreover, when the rise in public sector employment is stripped out of employment increases between 1999 and 2006, the gains made in many regions are much more modest than government figures suggest.
Figure 2.1.4: Public sector employment as a share of total employment

Over these seven years total employment increased by an average of 7.3 per cent, while public sector employment increased by over 13 per cent. When public sector employment is removed from general employment totals, it shows that most regions have not got any better at job creation since 1999.

In the South West, for instance, over half the new jobs created since 1999 have been in the public sector: of the 169,000 new jobs, 86,000 have been in the public sector, not to mention the 174 created since 1999 at the South West of England Regional Development Agency, whose employees are not officially classified as public servants.

Overall, RDAs have made little contribution to employment numbers. Regional increases above the pre-1999 trend can be easily explained by increases in public sector employment since Labour came to power in 1997, and in some regions the rate of increase in private sector employment has actually slowed since 1999. In terms of employment, RDAs have been little more than expensive bystanders.
2.2 Business creation: The principle activity of RDAs – through which they endeavour to increase employment, competitiveness and economic growth – is providing advice and financial support to new business ventures. Access to grants, investment and subsidised training are supposed to foster entrepreneurship and growth in the regions.

Figure 2.2.1: VAT Registrations, 1992 - 2006

The graph above shows the number of businesses registering for VAT each year – a good guide to business creation – as a proportion of the number registered in 1992. In England that number has fallen by 2.2 per cent.

Indeed there were more VAT registrations in 1998 – 160,365 – than in 2006, where the number had fallen back to 159,315; despite seven years in which RDAs spent millions publicising their available grants and services.

In all but two regions – London and the South East – the number of businesses registering for VAT has increased since 1999, by an average of 6.5 per cent. However the similarity among regional trends suggests that business creation is linked to wider economic conditions. The number of VAT registrations begun to increase in 1995, in all regions, four years before RDAs were established. The figures could also be affected by tougher enforcement of VAT registration rules, which may explain the national rise in 2003.
2.3 Economic Growth: RDAs were created to increase economic growth and reduce regional disparities. But the evidence does not support the Government’s claim that RDAs have been drivers of regional economic growth.

Figure 2.3.1: Gross Value Added per head, 1992-2006

Gross Value Added (GVA) is increasingly favoured as the Government’s indicator of regional economic performance. In the graph above, regional GVA has been divided by regional population, establishing a GVA per head.

In the seven regions excluding London and the South East, GVA per head increased by an average of 40.6 per cent between 1992 and 1999; in the seven years following the establishment of RDAs, GVA per head increased by only 36.5 per cent. Except the North East, all the regional economies grew faster between 1992-1999 then 1999-2006.

Nor have RDAs narrowed the gaps between regions. London and the South East’s GVA per head have increased from an average of £16,869 in 1999 to £23,853 in 2006 – a £6,984 rise. In the other seven regions, GVA per head has only increased by £4,495 over that same period. This difference can be explained in part by the success of the financial sector in London and the South East, but this does not account for the fact that the poorest regions in 1999 remain so today, and that their relative contribution to national wealth has actually gone down. The economic output (per head) of the poorest performing region (the North East) is still 40 per cent below that of London.20

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20 Shakespeare, T (June 2008), 'The Future for Regional Governance', Localis Research Notes
Figure 2.3.2: Sub-Regional Disparities

Finally, the RDAs’ focus on spatial ‘regions’ has diverted attention from important sub-regional disparities – the social and economic differences that occur within regions. The effect is that help is not being given to those areas most in need.

Take for instance the GVA per head in Greater Manchester South, which grew by 76 per cent between 1995 and 2004, while in Manchester North it grew by only 31 per cent. In Solihull, GVA per head increased by over 109 per cent, but just twenty miles away in Dudley by only 35 per cent.

This highlights a major problem with the regional approach embodied by RDAs. The most able parts of a region predictably benefit more from RDA activity, leaving the areas most in need of assistance behind. The high welfare claimant counts, low skill levels and poorer standards of living in many of the county’s most depressed sub-regions have not been seriously addressed.
3. The Lack of Accountability

Judged on their performance, Regional Development Agencies have not made any contribution to regional economic progress. But the misleading performance indicators and vague management appraisals which the Government favours disguise this fact.

In the annual RDA self-assessments, for instance, no methodology exists to explain how measures are calculated. The National Audit Office’s external assessment – based on forms filled in by RDAs themselves – measures qualities such as ‘ambition’, ‘prioritisation’ and ‘capacity’. Such information tells the public next to nothing about the activities of their RDAs, making it impossible for them to hold these quangos to account.

A Secretary of State is responsible for appointing the board members of each RDA and its Chief Executive, making them notionally accountable to Whitehall. But as the previous papers in this Structure of Government series have shown, proper oversight of quangos by elected politicians is impossible. The Department for Business, Enterprise and Regulatory Reform supposedly monitors RDA activities through the annual self-assessments, but in practical terms RDAs are left to spend taxpayers’ money indiscriminately.

Government originally intended for RDAs to be held accountable through elected Regional Assemblies. These would have had been, in reality, nothing more than another level of bureaucracy, offering little check on the activities of the RDAs, and following the North East’s rejection of the idea in a 2004 referendum the plans were shelved. This arrangement has suited the Government well, however. RDAs are, after all, just government agencies working in pursuit of central government objectives, and as long as the lack of transparency and accountability continues, Government will continue to grant greater powers and responsibilities to them (often at local authorities’ expense).

4. Waste and Duplication

Poor accountability encourages poor management, and RDAs are notorious for waste and ill-considered investments. A lack of transparency in RDA operations makes identifying problems difficult, but as all RDAs suffer from these abuses we can assume it is a problem with the RDA model as a whole.

- **Trips abroad:** many RDAs have spent thousands sending staff to MIPIM, a developer’s trade fair in the French Riviera. The South East of England Development Agency (SEEDA) paid for 13 staff to attend in 2005-06, at a total
cost of £191,000. In 2006, Yorkshire Forward flew 15 staff to a film festival in Dubai, at a cost of £20,000; ten of them flew business class.

- **Poor investments:** a national centre for aquatic research to be built in Bedford was given £2 million by the East of England Development Agency (EEDA). The money has been spent, but so far there is no business plan for the project, or planning permission for the site, and Price Waterhouse Coopers called the project ‘unviable’. Advantage West Midlands (AWM) spent £118,000 on a one day conference in November 2007, to discuss the region’s economic future, and have lavished £3.6 million on the little used ‘BizTV’ website.

In a letter to the TaxPayers Alliance, an anonymous civil servant highlighted the suspicious circumstances around AWM’s decision to award a £7 million grant to the Horticultural Development Board, another quango; for full details see Appendix C.

- **Executive pay:** in 2006-07 the average RDA Chief Executive’s remuneration was £169,413 and the average (part-time) Chairman’s £82,147. The highest paid Chief Executive was Pam Alexander at SEEDA, earning in excess of £192,000.

RDAs argue that such pay is necessary to attract the best people to what is a demanding job. But considering RDAs are supposedly ‘business led’, few of their Chief Executives reflect this. Pam Alexander has spent all of her career in the public sector. Alan Clarke of One North East has never worked in business either. Nor is the job ‘demanding’: RDAs do not have to raise funds to operate, they provide no essential service, they do not create a product, face no competition and are accountable to no-one. Few less demanding executive jobs could be found.

- **Expenses:** In 2006-07, expense claims totalled at least £8 million. SEEDA’s part-time Chairman, James Braithwaite, spent £51,489 on taxis and executive cars in 2005-06. Despite considerable criticism, in 2006-07 he actually spent more: £53,803. The Chief Executive of the North West Development Agency (NWDA) and a friend were driven to Cardiff and back to see the 2005 rugby league cup match.

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21 The Telegraph, 11 March 2008  
http://www.telegraph.co.uk/arts/main.jhtml?xml=/arts/2008/03/11/bvgillian111.xml  
22 The Times, 25 November 2007 http://www.timesonline.co.uk/tol/news/politics/article2937079.ece  
23 The Telegraph, 11 March 2008  
http://www.telegraph.co.uk/arts/main.jhtml?xml=/arts/2008/03/11/bvgillian111.xml  
24 Birmingham Mail, 16 October 2007 and 11 February 2008  
http://tpa.typepad.com/media/2007/10/birmingham-ma-1.html;  
25 For the full list of RDA employees earning more than £100,000, see Appendix A  
26 The Times, 25 November 2007 http://www.timesonline.co.uk/tol/news/politics/article2937079.ece  
final, at a cost of £400 to the taxpayer.\textsuperscript{28} The total bill for executive cars and taxis at NWDA, mostly for the Chief Executive, came to £57,000 in 2005-06.\textsuperscript{29}

These examples do not constitute an exhaustive or even a worst-of list. The Government’s continued infatuation with RDAs costs the taxpayer dearly, and the lack of accountability and proper scrutiny means these problems are likely to persist.

Defenders of Regional Development Agencies point to a few successful investments over recent years; £9 million pounds given to Liverpool’s school of Tropical Medicine helped ensure investment from the Gates foundation, and many museums have benefited.\textsuperscript{30} But success stories are more the result of RDAs’ scatter gun approach to funding than anything else; if you throw enough money around, eventually some of it will stick to a success.

Nor would these opportunities be missed if RDAs did not exist. Hundreds of quangos already exist to fund projects, be they scientific, cultural or social. Indeed many RDA activities are duplicated by other quangos already.

For instance while the establishment of RDAs saw a scaling back in the work carried out by English Partnerships – the government’s other regional development quango – it continues to operate, sponsoring regeneration projects at a total cost to the taxpayer of £628 million.\textsuperscript{31} Local development corporations exist too, functioning as mini-RDAs for areas such as West Northamptonshire and the Thames Valley, as well as numerous arts funding bodies. Business-Links, a government sponsored program of localised and national websites, helps businesses to get advice and assistance from experts. Do businesses need RDAs to give them inexpert advice as well?

There are so many overlapping regional bodies that it is not unfeasible to imagine a regional development project with five or six different taxpayer funded quango backers. In Newcastle twelve public organisations exist to deal with transport and each region has, on average, 20 strategies for development.\textsuperscript{32} RDAs are just another level of costly bureaucracy and waste in what is an already expensive and ineffective structure of regional governance.

\textsuperscript{28} BBC News, 4 March 2008 \url{http://news.bbc.co.uk/1/hi/programmes/file_on_4/7275073.stm}
\textsuperscript{29} The Telegraph, 11 March 2008 \url{http://www.telegraph.co.uk/arts/main.jhtml?xml=/arts/2008/03/11/bvgillian111.xml}
\textsuperscript{30} Ibid
\textsuperscript{31} The Unseen Government of the UK, May 2008, TaxPayers’ Alliance
\textsuperscript{32} Shakespeare, T (June 2008), ‘The Future for Regional Governance’, \textit{Localis Research Notes}
5. The Future of RDAs: England’s unelected regional governments

Following the Government’s ‘Sub-National Economic Development and Regeneration Review’ in 2007, RDAs are not set to be scaled back but rather given greater powers.

Under the Government’s plans, existing regional assemblies will be abolished and their limited scrutiny roles transferred to the ‘Government Offices for the English Regions’. These offices – established in 1992 – are simply minor central government departments, so offering no improvement in accountability; particularly as the government also plans to cut their staff numbers by 33 per cent.33

Consistent with its wider drive to consolidate planning powers in its own hands, the Government plans to remove the planning powers of local authorities and entrust them to RDAs. This will, the Government argues, enable ‘convergence between different areas’, which is difficult to achieve when planning is organised at a local level. This logic extends to housing and services too, as the Government maintains that economic markets typically operate at a much larger level than local authorities.

There is a need for streamlining the regional tier of government. But the Government’s plans amount to the establishment of unelected regional governments, free from democratic accountability and proper oversight.

RDAs should be abolished and power devolved from away from central government to civil society, not to quangos like RDAs. The public deserves a higher quality of public services, less waste and lower taxes. This is possible if reform of government follows two simple principles:

- Politicians, advised by a small, informed team of civil servants, should set high level policy. This is the area where they can make a real contribution, freeing them from day to day management responsibilities.
- Civil society, employing experienced management, should execute that policy.

Abolishing ineffective and wasteful quangos such as Regional Development Agencies is a good first step.

33 Shakespeare, T (June 2008), ‘The Future for Regional Governance’, Localis Research Notes
6. An Alternative to Regional Development Agencies

The approach to regional development embodied by RDAs does not work. While English regions have made strides over the past decade, in both productivity and general standards of living, the cause has not been the availability of investment and advice from RDAs. Generally favourable and stable economic conditions in the UK have encouraged increased investment in the regions. With costs rising in the South East, improvements in electronic communication and the establishment of a more educated workforce, many regions have prospered. Booming property prices and the availability of cheap credit everywhere in the UK has encouraged increased consumer spending and demand. Increases in regional economic performance were inevitable.

RDAs have roundly failed to close the gap between the richest and poorest regions and welfare dependency, entrenched unemployment and poor infrastructure are still all too common. Regional economic performance actually improved at a faster rate before RDAs were established. After a decade of activity, and £15.3 billion of public money, RDAs have little to show for it.

We agree that there is a need to encourage people to start businesses, and to help small businesses to grow. However the RDA method – hand outs and expensive seminars – achieves little and costs the taxpayer a lot.

Instead, the government should reduce the burden of tax on business. Abolishing RDAs would free up £2.19 billion in 2009-10.\(^\text{34}\) This would allow a 4 per cent cut in the small business rate of corporation tax – from 22 per cent to 18 per cent. This would save many businesses thousands of pounds.

This approach would remove the subjective assessment RDAs have to make when deciding on their investments. It would benefit all businesses, not simply the fashionable industries favoured by RDAs. No agency would need to administer it, meaning no attendant expense claims, excessive remuneration packages and waste stories. Taxpayers’ money would no longer be being spent by unelected, unaccountable bureaucrats. Regions would be able to develop as they see fit, not under plans laid out in Westminster.

\(^{34}\) Projected RDA Central Government Allocations – http://www.berr.gov.uk/regional/regiona-dev-agencies/index.html
7. Sources and Methodology

1. The Case for Abolishing Regional Development Agencies has been built on a wide variety of sources, many of which are referenced in the footnotes.
   - All employment data has been taken from the Office of National Statistics’ ‘Regional Labour Market Statistics’ series, and other ONS publications.
   - All economic and business data has been taken from datasets available from the National Office of Labour Market Statistics and the ONS.
   - All spending and funding data has been taken directly from RDA publications, particularly Annual Reports and Accounts. However, when these were not available figures have been taken from the Department of Business, Enterprise and Regulatory Reform’s website - http://www.berr.gov.uk/regional/regional-dev-agencies/index.html

2. Waste and Duplication was compiled on various media stories, referenced in the footnotes.

3. Appendix A, Table A.1: The RDA Rich-List is based on information publicly available in the RDAs’ 2005-06 and 2006-07 Annual Reports and Accounts. The list details the remuneration paid to those employees earning over £100,000. Total remuneration consists of salary, pension contribution, bonuses and other benefits.

   The list does not include employees from the London Development Agency. The LDA does not provide a detailed remuneration report, including names and breakdown, and so we were unable to include them in the list. However their accounts do make clear that twelve employees earned in excess of £100,000 in 2006-07, two of which earned over £210,000. If included, these two employees would be Number 1 and 2 in the RDA rich list.

   Advantage West Midlands also failed to provide the public with a proper remuneration report for 2006-07. Consequently entries for AWM in the rich list are limited to 2005-06.

4. Appendix B, Table B.1: Departmental Funding of RDAs between 1999 and 2008 is based on an FOI request sent to the Department for Business, Enterprise and Regulatory Reform. The figures represent the money given by government departments to RDAs. Since 2003, funding has not come directly from various different departments, but from a consolidated ‘Single Pot’ scheme, which awards each RDA a single annual grant. The figures shown are not RDA budgets; European Funding and other government grants are not included, nor is money raised in the provision of services.

5. Appendix B, Table B.2: All data is taken from the 2006-07 annual accounts. Staff numbers refer to total staff (full time equivalents and part-time). Grant-in-Aid
refers to the single block grant allocated by Central government to each RDA annually; this grant constitutes the majority of RDA funding, but it is supplemented by small occasional grants from the Departments for specific projects, grants from other quangos and money generated from the rental of land or provision of services. **European Funding** refers to the Structural and Cohesion Funding allocated to the RDA; this EU money is often earmarked for particular projects. **Program Expenditure** refers to the amount spent in pursuit of the RDAs' objectives. **Total Expenditure** refers to the total spend of the RDA.

6. **Appendix C:** The TaxPayers Alliance has received several letters highlighting RDAs' questionable use of public money. This example is illustrative of these letters. The sender's unwillingness to disclose his or her name reflects the pressure within the Government and civil service to avoid criticism of the RDAs.
### Appendix A

**Table A1: The RDA Rich List**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Person</th>
<th>Current position</th>
<th>Total Remuneration</th>
<th>Increase</th>
<th>Source</th>
<th>Notes to 2006-07 remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 South East England RDA</td>
<td>Pam Alexander</td>
<td>Chief Executive</td>
<td>£195,084</td>
<td>£192,801</td>
<td>-1.2% Annual Report and Accounts 2006-07</td>
<td>Includes bonus of £17,404 and pension of £39,535</td>
</tr>
<tr>
<td>2 North West RDA</td>
<td>Steven Broomhead</td>
<td>Chief Executive</td>
<td>£177,972</td>
<td>£192,558</td>
<td>8.2% Annual Report and Accounts 2006-07</td>
<td>Includes bonus of £22,649, benefits of £13,869 and pension of £27,693</td>
</tr>
<tr>
<td>3 One North East</td>
<td>Alan Clarke</td>
<td>Chief Executive</td>
<td>£176,566</td>
<td>£187,694</td>
<td>6.3% Annual Report and Accounts 2006-07</td>
<td>Includes bonus of £23,278, other benefits of £3,340 and pension contributions of £32,729</td>
</tr>
<tr>
<td>4 Advantage West Midlands</td>
<td>John Edwards</td>
<td>Chief Executive</td>
<td>£182,240</td>
<td>-</td>
<td>Annual Report and Accounts 2005-06</td>
<td></td>
</tr>
<tr>
<td>5 East of England RDA</td>
<td>David Marlow</td>
<td>Chief Executive</td>
<td>£171,000</td>
<td>£179,000</td>
<td>4.7% Annual Report and Accounts 2006-07</td>
<td>Includes bonus of £22,000, other benefits of £1,000 and pension contributions of £28,000</td>
</tr>
<tr>
<td>7 South East England RDA</td>
<td>Duncan Straughen</td>
<td>Director of Resources</td>
<td>£125,914</td>
<td>£153,994</td>
<td>22.3% Annual Report and Accounts 2006-07</td>
<td>Includes bonus of £9,580, car benefit of £2,778 and pension of £25,671</td>
</tr>
<tr>
<td>8 Yorkshire Forward</td>
<td>Tom Riordan</td>
<td>Chief Executive</td>
<td>£130,741</td>
<td>£148,247</td>
<td>13.4% Annual Report and Accounts 2006-07</td>
<td>Includes bonus of £7,461, other benefits of £1,800 and pension contributions of £26,928</td>
</tr>
<tr>
<td>9 North West RDA</td>
<td>Bernice Law</td>
<td>Executive Director of Operations</td>
<td>£140,036</td>
<td>£146,144</td>
<td>4.4% Annual Report and Accounts 2006-07</td>
<td>Includes bonus of £10,420, benefits of £1,262 and pension of £26,944</td>
</tr>
<tr>
<td>10 South West RDA</td>
<td>Jane Henderson</td>
<td>Chief Executive</td>
<td>-</td>
<td>£143,093</td>
<td>Annual Report and Financial Statements 2006-07</td>
<td>Started 2 May 2006. Includes pension of £27,422</td>
</tr>
<tr>
<td>11 North West RDA</td>
<td>Ian Haythornwaite</td>
<td>Executive Director of Corporate</td>
<td>£130,235</td>
<td>£142,906</td>
<td>9.7% Annual Report and Accounts 2006-07</td>
<td>Includes bonus of £9,959, benefits of £4,328 and pension of £25,856</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Person</th>
<th>Current position</th>
<th>Total Remuneration</th>
<th>Increase</th>
<th>Source</th>
<th>Notes to 2006-07 remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 East Midlands</td>
<td>Jeffrey Moore</td>
<td>Chief Executive</td>
<td>£127,500</td>
<td>11.8%</td>
<td>Annual Report 2006-07</td>
<td>Includes benefits in kind of £6,600</td>
</tr>
<tr>
<td>RDA</td>
<td></td>
<td></td>
<td>£142,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 South West</td>
<td>Colin Molton</td>
<td>Executive Director Operations and Development</td>
<td>£134,995</td>
<td>4.3%</td>
<td>Annual Report and Financial</td>
<td>Includes performance related payment of £8,095 and pension of £25,670</td>
</tr>
<tr>
<td>RDA</td>
<td></td>
<td></td>
<td>£140,810</td>
<td></td>
<td>Statements 2006-07</td>
<td></td>
</tr>
<tr>
<td>14 Advantage West</td>
<td>Mick Laverty</td>
<td>Deputy CEO and Corporate Director of Resources and Operations</td>
<td>£140,080</td>
<td>-</td>
<td>Annual Report and Accounts</td>
<td></td>
</tr>
<tr>
<td>Midlands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2005-06</td>
<td></td>
</tr>
<tr>
<td>15 North West</td>
<td>Mark Hughes</td>
<td>Executive Director of Enterprise and Innovation</td>
<td>£125,790</td>
<td>9.8%</td>
<td>Annual Report and Accounts</td>
<td>Includes bonus of £7,551, benefits of £3,748 and pension of £25,525</td>
</tr>
<tr>
<td>RDA</td>
<td></td>
<td></td>
<td>£138,143</td>
<td></td>
<td>2006-07</td>
<td></td>
</tr>
<tr>
<td>16 East of England</td>
<td>Peter Watson</td>
<td>Deputy chief executive and executive director, corporate services</td>
<td>£124,000</td>
<td>10.5%</td>
<td>Annual Report and Accounts</td>
<td>Includes bonus of £9,000, other benefits of £4,000 and pension contributions of £25,000</td>
</tr>
<tr>
<td>RDA</td>
<td></td>
<td></td>
<td>£137,000</td>
<td></td>
<td>2006-07</td>
<td></td>
</tr>
<tr>
<td>17 One North East</td>
<td>Malcolm Page</td>
<td>Director of Corporate Resources</td>
<td>£129,871</td>
<td>3.6%</td>
<td>Annual Report and Accounts</td>
<td>Includes bonus of £4,914, other benefits of £4,000 and pension contributions of £25,519</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>£134,508</td>
<td></td>
<td>2006-07</td>
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<tr>
<td>18 North West</td>
<td>Peter White</td>
<td>Executive Director of Infrastructure</td>
<td>-</td>
<td></td>
<td>Annual Report and Accounts</td>
<td>Includes bonus of £8,585, benefits of £2,806 and pension of £24,652</td>
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<tr>
<td>RDA</td>
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<td>£133,660</td>
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<td>2006-07</td>
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<tr>
<td>19 One North East</td>
<td>David Allison</td>
<td>Director of Business and Industry</td>
<td>£129,784</td>
<td>2.9%</td>
<td>Annual Report and Accounts</td>
<td>Includes bonus of £2,397, other benefits of £8,552 and pension contributions of £24,908</td>
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<td></td>
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<td>£133,535</td>
<td></td>
<td>2006-07</td>
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<tr>
<td>20 One North East</td>
<td>Pat Ritchie</td>
<td>Director of Strategy &amp; Development</td>
<td>£125,948</td>
<td>5.0%</td>
<td>Annual Report and Accounts</td>
<td>Includes bonus of £4,914, other benefits of £1,718 and pension contributions of £25,519</td>
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<tr>
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<td></td>
<td>£132,226</td>
<td></td>
<td>2006-07</td>
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<td>21 East of England</td>
<td>Steve Cox</td>
<td>Executive director, strategy and development</td>
<td>£127,000</td>
<td>3.1%</td>
<td>Annual Report and Accounts</td>
<td>Includes bonus of £6,600, other benefits of £3,000 and pension contributions of £25,000</td>
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<td>RDA</td>
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<td>£131,000</td>
<td></td>
<td>2006-07</td>
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<tr>
<td>Organisation</td>
<td>Person</td>
<td>Current position</td>
<td>Total Remuneration</td>
<td>Increase</td>
<td>Source</td>
<td>Notes to 2006-07 remuneration</td>
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</tr>
<tr>
<td>South East England RDA</td>
<td>Paul Hudson</td>
<td>Director of Development and Infrastructure</td>
<td>£130,521</td>
<td>-</td>
<td></td>
<td>Annual Report and Accounts 2006-07</td>
</tr>
<tr>
<td>One North East</td>
<td>John Holmes</td>
<td>Director of Regeneration and Tourism</td>
<td>£120,542</td>
<td>£128,266</td>
<td>6.4%</td>
<td>Annual Report and Accounts 2006-07</td>
</tr>
<tr>
<td>South East England RDA</td>
<td>Jeff Alexander</td>
<td>Director of Business and International</td>
<td>£122,512</td>
<td>£128,266</td>
<td>6.4%</td>
<td>Annual Report and Accounts 2006-07</td>
</tr>
<tr>
<td>Yorkshire Forward</td>
<td>Don Stewart</td>
<td>Executive Director of Strategy</td>
<td>£123,458</td>
<td>£126,521</td>
<td>2.5%</td>
<td>Annual Report and Accounts 2006-07</td>
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<tr>
<td>Yorkshire Forward</td>
<td>Trevor Shaw</td>
<td>Executive Director of Finance</td>
<td>£122,825</td>
<td>£126,521</td>
<td>3.0%</td>
<td>Annual Report and Accounts 2006-07</td>
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<tr>
<td>Advantage West Midlands</td>
<td>Mary Harpley</td>
<td>Corporate Director of Strategy and Communications</td>
<td>£124,765</td>
<td>-</td>
<td></td>
<td>Annual Report and Accounts 2005-06</td>
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<tr>
<td>Advantage West Midlands</td>
<td>Richard Hutchins</td>
<td>Corporate Director of Economic Development</td>
<td>£124,727</td>
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<td>Annual Report and Accounts 2005-06</td>
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<td>Yorkshire Forward</td>
<td>Jan Anderson</td>
<td>Executive Director of Environment</td>
<td>£115,700</td>
<td>£123,882</td>
<td>7.1%</td>
<td>Annual Report and Accounts 2006-07</td>
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<tr>
<td>South West RDA</td>
<td>Nick Lewis</td>
<td>Executive Director Resources</td>
<td>£111,714</td>
<td>£123,684</td>
<td>10.7%</td>
<td>Annual Report and Financial Statements 2006-07</td>
</tr>
<tr>
<td>South East England RDA</td>
<td>John Parsonage</td>
<td>Director of Learning and Skills</td>
<td>£120,988</td>
<td>£123,523</td>
<td>2.1%</td>
<td>Annual Report and Accounts 2006-07</td>
</tr>
<tr>
<td>Organisation</td>
<td>Person</td>
<td>Current position</td>
<td>Total Remuneration</td>
<td>Increase</td>
<td>Source</td>
<td>Notes to 2006-07 remuneration</td>
</tr>
<tr>
<td>------------------------------</td>
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<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>South West RDA</td>
<td>Stephen Peacock</td>
<td>Executive Director Enterprise and Innovation</td>
<td>£115,941</td>
<td>£123,031</td>
<td>6.1%</td>
<td>Includes performance related payment of £7,510 and pension of £22,720</td>
</tr>
<tr>
<td>Advantage West Midlands</td>
<td>Karen Yeomans</td>
<td>Corporate Director Operations</td>
<td>£118,932</td>
<td>-</td>
<td>Annual Report and Accounts 2005-06</td>
<td></td>
</tr>
<tr>
<td>Yorkshire Forward</td>
<td>Simon Hill</td>
<td>Executive Director of Business</td>
<td>-</td>
<td>£118,584</td>
<td>Annual Report and Accounts 2006-07</td>
<td>Includes bonus of £1,575, other benefits of £1,800 and pension contributions of £23,409</td>
</tr>
<tr>
<td>South East England RDA</td>
<td>Paul Lovejoy</td>
<td>Director of Strategy and Sustainability</td>
<td>£106,565</td>
<td>£118,326</td>
<td>11.0%</td>
<td>Includes bonus of £6,592, car benefit of £3,809 and pension of £21,929</td>
</tr>
<tr>
<td>One North East</td>
<td>Stacy Hall</td>
<td>Director of Communications</td>
<td>£104,419</td>
<td>£111,037</td>
<td>6.3%</td>
<td>Includes bonus of £2,047, other benefits of £4,314 and pension contributions of £21,269</td>
</tr>
<tr>
<td>South West RDA</td>
<td>Suzanne Bond</td>
<td>Executive Director Strategy and Communications</td>
<td>-</td>
<td>£110,224</td>
<td>Annual Report and Financial Statements 2006-07</td>
<td>Includes performance related payment of £5,525 and pension of £19,025</td>
</tr>
<tr>
<td>East Midlands RDA</td>
<td>Abby Johnson Brennan</td>
<td>Deputy Chief Executive</td>
<td>-</td>
<td>£102,500</td>
<td>Annual Report 2006-07</td>
<td>Includes benefits in kind of £5,100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>£4,364,062</td>
<td>£4,080,988</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Average</td>
<td>£132,244</td>
<td>£136,033</td>
<td>2.9%</td>
</tr>
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</table>

For comparison

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Person</th>
<th>Current position</th>
<th>Total Remuneration</th>
<th>Increase</th>
<th>Source</th>
<th>Notes to 2006-07 remuneration</th>
</tr>
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<tbody>
<tr>
<td>Police officer</td>
<td></td>
<td></td>
<td></td>
<td>2005-06</td>
<td>2006-07</td>
<td>£20,000</td>
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</table>
### Appendix B

**Table B1: Central Government Allocations to RDAs, 1999-2008**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<tr>
<td>Communities and Local Government</td>
<td>579,000</td>
<td>943,998</td>
<td>1,196,000</td>
<td>1,369,000</td>
<td>1,523,945</td>
<td>1,532,883</td>
<td>1,491,604</td>
<td>1,582,564</td>
<td>1,588,414</td>
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<td>Business, Enterprise and Regulatory Reform</td>
<td>2,000</td>
<td>24,000</td>
<td>71,000</td>
<td>160,000</td>
<td>272,853</td>
<td>222,540</td>
<td>595,022</td>
<td>605,621</td>
<td>535,110</td>
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<td>Environment, Food and Rural Affairs</td>
<td>19,000</td>
<td>26,000</td>
<td>80,000</td>
<td>42,000</td>
<td>40,559</td>
<td>45,559</td>
<td>76,859</td>
<td>84,569</td>
<td>92,430</td>
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<tr>
<td>Innovation, Universities and Science</td>
<td>30,000</td>
<td>48,000</td>
<td>57,000</td>
<td>42,000</td>
<td>42,350</td>
<td>42,500</td>
<td>42,500</td>
<td>43,500</td>
<td>44,500</td>
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<tr>
<td>UK Trade International</td>
<td>10,000</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
<td>12,930</td>
<td>13,230</td>
<td>15,230</td>
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<tr>
<td>Culture, Media and Sport</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>640,000</td>
<td>1,053,998</td>
<td>1,416,000</td>
<td>1,625,000</td>
<td>1,896,237</td>
<td>1,860,312</td>
<td>2,224,815</td>
<td>2,337,084</td>
<td>2,281,284</td>
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### Table B2: RDAs at a glance, 2006-07

<table>
<thead>
<tr>
<th>Regional Development Agency</th>
<th>Staff</th>
<th>UK Grant-in-aid £000</th>
<th>EU Funding £000</th>
<th>Program Expenditure £000</th>
<th>Total Expenditure £000</th>
</tr>
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<tbody>
<tr>
<td>One North-East</td>
<td>446</td>
<td>246,000</td>
<td>10,337</td>
<td>233,487</td>
<td>305,952</td>
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<tr>
<td>North West</td>
<td>402</td>
<td>369,000</td>
<td>5,926</td>
<td>365,819</td>
<td>462,526</td>
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<tr>
<td>Yorkshire Forward</td>
<td>428</td>
<td>286,000</td>
<td>2,620</td>
<td>305,185</td>
<td>339,492</td>
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<tr>
<td>East Midlands</td>
<td>247</td>
<td>160,115</td>
<td>7,588</td>
<td>160,200</td>
<td>188,224</td>
</tr>
<tr>
<td>Advantage West Midlands</td>
<td>327</td>
<td>212,337</td>
<td>4,343</td>
<td>209,992</td>
<td>284,909</td>
</tr>
<tr>
<td>East of England</td>
<td>223</td>
<td>136,789</td>
<td>3,938</td>
<td>129,575</td>
<td>149,015</td>
</tr>
<tr>
<td>South East England</td>
<td>370</td>
<td>136,889</td>
<td>14,188</td>
<td>157,440</td>
<td>195,409</td>
</tr>
<tr>
<td>South West of England</td>
<td>303</td>
<td>159,915</td>
<td>4,550</td>
<td>146,949</td>
<td>188,591</td>
</tr>
<tr>
<td>London Development Agency</td>
<td>385</td>
<td>415,630</td>
<td>8,550</td>
<td>423,521</td>
<td>546,585</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,131</td>
<td>2,122,675</td>
<td>62,040</td>
<td><strong>2,132,168</strong></td>
<td><strong>2,660,703</strong></td>
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</tbody>
</table>
Appendix C

‘The Extraordinary Story of Advantage West Midlands’

Matthew Elliott
Chief Executive
The TaxPayers’ Alliance
43 Old Queen Street
LONDON
SW1H 9UA

Dear Mr. Elliott,

The Extraordinary Story of Advantage West Midlands and Handouts to Quangos

I was interested to read your recent report on Quangos and thought you might be interested in another extraordinary waste of taxpayers’ money:

A reorganisation of farming levy boards took place on 1 April 2008. The new single body, the Agricultural and Horticulture Development Board (AHDB) will move to purpose built premises at the Royal Agricultural Society for England’s showground at Stoneleigh in Warwickshire. AHDB is paid for by a direct tax on farmers, and as such it shouldn’t raise questions for taxpayers.

However, the West Midlands Regional Development Agency, Advantage West Midlands (AWM), has agreed to provide a grant of c. £7 million to pay for the move to Stoneleigh, so taxpayers are subsidising a move which will not create any new British jobs, merely shuffle their location.

The agreement to pay this grant was announced by AHDB even before it received legal status in its business case published in July 2007. Without this £7 million grant the business case to move to Stoneleigh didn’t stack-up.

Oddly, there is no announcement of such a large grant on the AWM website and one can only wonder whether due process was followed or whether Defra and others put pressure on AWM to pledge the grant at a political level. Perhaps it is only coincidence that Lord Rooker, the Defra minister in charge, was a West Midlands MP.

Stoneleigh, a very well-off part of the country, isn’t even in an Objective 1 or Objective 2 area, and the European Commission views the actual work of AHDB as being an economic activity, so it would even appear that AWM’s grant breaks

State Aid Rules, which do not allow public money to subsidise economic activities outside Objective 1 and 2 areas. Confirmation that its project work is regarded as an economic activity can be found in the EU approval of AHDB [Section 3.1]. This also gives full background to AHDB.

I find this whole state of affairs wholly unacceptable raising as it does questions about the internal processes of AWM and whether political pressure has been applied and whether State Aid rules have been followed.

Given I am a serving civil servant (not in Defra) you will appreciate I am unable to provide you with my details, but you may wish to follow up with AWM.

Yours sincerely,


19 September 2008
Memorandum submitted by Ashford Borough Council (RDA 5)

PROSPEROUS PLACES: TAKING FORWARD THE REVIEW OF SUB NATIONAL ECONOMIC DEVELOPMENT AND REGENERATION

I am writing to convey Ashford Borough Council’s formal response to the above consultation document, as approved by the Borough Council’s Executive Committee meeting on 29 May.

In the circumstances, the Council does not wish to respond in detail to the specific questions posed in the document.

The Council would, however, like to take this opportunity to register its fundamental objection to the whole thrust of the Review of Sub National Economic Development and Regeneration (SNR), as clarified by the consultation document.

Major regional planning decisions go to the heart of the “place shaping” agenda. They have a major impact on individuals and communities throughout the region in question and they can have major (both positive and negative) impacts on land and property values. Ashford Borough Council takes the view that such decisions should therefore be approached in a carefully considered way that balances all the interests that arise; that they should follow a comprehensive, inclusive process that involves extensive consultation and community engagement; and that they should incorporate a high degree of local political accountability. The present arrangements, under which Local Planning Authorities have at least a degree of influence on regional planning matters via their membership of the Regional Assemblies, may not be perfect but it does provide some indirect local political accountability and that has helped to ensure a reasonably rounded approach to the development of Regional Spatial Strategies.

Local authorities are directly representative of the communities they serve and, particularly through the exercise of their responsibilities for plan making and development control, they have a key role in ‘shaping’ the places that those communities inhabit. The exercise of those responsibilities needs to take place within a robust and well-founded regional planning context, in which all stakeholders can have confidence. The decision incorporated in the SNR to abolish Regional Assemblies and place regional planning decisions in the hands of unelected quangos represents an unacceptable diminution in the role and influence of local government on decisions that will have profound effects on their communities.

The consultation document also makes clear the Government’s intention to ensure that the new arrangements should be highly responsive to central Government guidance. This represents an inappropriate and unwelcome centralisation of important powers, which runs counter to the government’s professed commitment to “localism” and the empowerment of local government. Our concern on this front is
reinforced by the fact that the abolition of the Regional Assemblies will result in a very significant reduction in the level and effectiveness of scrutiny of the Regional Development Agencies: we do not regard the scrutiny proposals in the consultation document as being likely to compensate adequately for this.

It is also clear from the consultation document that the process of drawing up or reviewing regional strategies will be truncated and altered in ways that will represent a significant move away from the consultative, inclusive and bottom up approach that has traditionally been taken. This will weaken the ability of communities and stakeholders to influence these important strategies.

At the time of the publication of the SNR it was said that it would offer a new and powerful role for local authorities in shaping and delivering economic development and regeneration in their areas. The reality, as expressed in the consultation document, falls far short of that. The consultation document says that the Regional Development Agencies will continue to be “business led”, with no mention of any seats for representatives of local government on the RDA boards. The duty to prepare a “local economic assessment” could be a useful step forward (even though the majority of Local Planning Authorities are excluded from the new duty) but the most that is said of the local economic assessments is that they will “inform” the integrated Regional Strategies. The proposed Regional Leaders’ Forums are to be given a role in developing and “signing off” the integrated Regional Strategies, but there is no “dual key” decision mechanism and no power of veto for the Regional Leaders’ Forums so they seem likely to be toothless.

There is also the practical problem of developing a model for a Regional Leaders’ Forum that would be both small enough to be “manageable” and “able to engage effectively with the RDA” whilst simultaneously being “representative” and having “sufficient authority” to take strategy decisions and agree priorities on behalf of all local authorities in the region. This will be a particular problem in the South East, with 74 very different local authorities covering a wide range of economic and social experiences. Ashford Borough Council is concerned that the legitimate interests of local authorities in general will not be adequately represented through any such mechanism, leaving aside the fact that the proposed Regional Leaders’ Forums appear to have very little real power in any event.

For all these reasons, Ashford Borough Council objects strongly to the underlying propositions that have emerged from the SNR. We believe that those propositions should themselves be consulted upon before any further attention is paid to the detail of how they should be implemented. In particular, we feel strongly that any new arrangements for regional planning following the abolition of the Regional Assemblies should provide full opportunities for all democratically elected bodies in the region to examine, influence, scrutinise and if necessary call in the recommendations of the RDAs.
The Council also challenges the government’s apparent intention – reflected in the consultation document – to implement many of the fundamental changes proposed in the SNR without waiting for necessary primary legislation to be debated – or even drafted. That is an abuse of power.

Ashford is of course one of the designated Growth Areas in the South East under the Sustainable Communities Plan. Ashford Borough Council has proactively worked with partners to deliver housing growth and economic development – to the benefit of our community. The Council has consistently voted by very large majorities to support the growth plans for the Ashford urban area. So the Council’s objection to the SNR does not reflect any opposition to housing growth and economic development per se. The Council remains totally committed to the principles of community engagement, widespread consultation and local democratic accountability and it takes the view that the proposals in the SNR as elaborated by the consultation document do not reflect those principles.

19 September 2008
Memorandum submitted by The RAC Foundation (RDA 6)

1 Introduction

1.1 The RAC Foundation for Motoring is an independent charity established to promote and conduct research into the environmental, economic, mobility and safety issues relating to use of motor vehicles. Our vision is to advocate innovative transport solutions for safer roads, safer drivers, greener cars, improved mobility and a fair deal for motorists.

1.2 The Foundation welcomes the Committee’s inquiry into the future role of Regional Development Agencies (RDA), which is timely. England requires housing, education, employment and transport transformation to accommodate the country’s rapidly growing population and RDAs have a crucial and increasing role to play in this process, which must be adequately supported by policy and financial provision.

1.3 If RDAs are to take on a wider remit, which includes roads, they should be required to work within a comprehensive national roads policy framework, and be provided with adequate funding to meet these new responsibilities.

2 The need for a level of economic development, business and regeneration policy between central and local government

RDAs provide an essential link between central and local government to encourage economic, business and regeneration policy. However, problems come when the relevant finances are not allocated to RDAs to perform their functions adequately. Where transport is concerned this was seen to be the case in the recently published A12 inquiry (Essex County Council, 2008), where the road in question did not receive adequate attention from any one authority body.

If RDAs are to continue to provide a link between central and local government, commensurate funding to support this role must be forthcoming. This is particularly vital if transport is to be included in the RDAs future, expanded remit, as transport, by its nature extends across local government boundaries, with distinct regional and national requirements. These are well documented in the RAC Foundation’s (2007) Roads and Reality Report as well as in the Eddington Transport Study (2006).

The effectiveness of RDAs and their role in adding value
Due to limited funding streams for RDAs their effectiveness to date has been limited. There is significant potential for these bodies to add value at the regional level where transport is concerned, but this must not be at the expense of a coherent strategic road network, which meets regional and national needs cost effectively.

The RAC Foundation (2007) ‘Roads and Reality’ report concluded that; ‘The Eddington Report has outlined the importance of overcoming the difficult challenges which those responsible for planning and developing the transport systems must face if transport is to support economic growth and provide for increasing demand. For this job to be done successfully there must be clarity of responsibility at all levels for the bodies involved in planning and delivery with simple and effective arrangements for liaison’. Present arrangements do not meet these criteria: this has also been highlighted within the Nichols report.

4 RDA expertise

4.1 Skills are a concern that reaches across all sectors and is particularly acute in planning. If RDAs are to maintain their position, it is essential that employment packages be provided in a way that attracts skilled employees.

5 The extent and need for overseas activities

5.1 It is important for bodies such as RDAs to experience and share best practice amongst colleagues, but from a regional perspective it is unlikely that comprehensive overseas activities will be the best use of funds available for improving the economic vitality of the regions. Attracting new business and funding to an area is undoubtedly important, but this must be in proportion and is a function possibly best dealt with at a national rather than a regional policy level.

6 Consequences of expanding the RDA remit to include new functions

6.1 Expanding RDA functions to take on the current role of the regional assemblies to address the totality of issues affecting a region is welcome, but the capacity of the system to deal with these new remits must be in place and appropriate.

6.2 If RDAs are given extended functions it is essential that central government does not simply defer difficult decisions about national policies and infrastructure to RDAs on the pretense that such decisions are 'regional matters'. The RDAs will only work properly if they carry out their work within a clear national framework and, for roads, this requires a comprehensive
national road network and policies to which a regional dimension can be added, without detracting from or obstructing national projects or policies.

6.3 For the network of major roads to operate as effectively as possible, planning and management must reflect all of the local, regional and national concerns. Recent moves towards devolving decisions about investment for regional strategic roads to regional bodies has tended to mean that the national dimension of strategic road planning has not been adequately considered, therefore working against the objective that the investments with the highest returns get the highest priority.

6.4 The impact of further devolving transport to the regions, without adequate finances and a national view on strategic priorities should be approached with caution. RDAs must have the resources and financial freedoms to match their responsibilities. Current attempts to build Regional Infrastructure Funds suggest that this is not currently the case.

6.5 If National Road Pricing were to become a reality, there would be a powerful case for setting up a National Roads Corporation or similar organisation, to distribute and manage the collected finances appropriately, with a strategic eye on capacity provision.

7 The accountability of RDAs

7.1 Accountability and transparency is essential to the effective running of RDAs. They must be, as is now the case, accountable to central Government, but with enough jurisdiction and financial independence to make decisions on projects and funding with most relevance to the region. With the imminent demise of Regional Assemblies the issue of ‘democratic accountability’ of RDAs must be investigated and resolved.

8 RDA performance measurement

8.1 The RAC Foundation is not equipped to provide detailed analysis or comment on the benefits or failings of existing performance management processes in RDAs. By way of general comment, it is important that the measurements in place adequately reflect the changing nature of the respective region and that they are meaningful and comparable.

19 September 2008
Memorandum submitted by Dr Paul Benneworth (RDA 7)

Introduction & Summary

1. The Business and Enterprise Select Committee have recently announced an Inquiry into the future roles and responsibilities for regional development agencies. I welcome this Inquiry as a timely opportunity to reflect on a decade of attempts to address the ‘delivery deficit’ in the English regions outside London (where there is a directly elected Mayor). I am a Research Councils UK Academic Fellow in “Territorial Governance” at Newcastle University, and submit this evidence as part of RCUK’s commitment to outreach work by its fellows.

2. I can fairly claim to be one of the first people in England active in researching the eight English RDAs created by the 1998 Regional Development Agencies Act. I wrote a bi-monthly column for the Regions magazine from the time that the Act was passed into law until 2003. These columns were later published by the Regional Studies Association as the book Regional Development Agencies: the early years. I was subsequently funded by the RDAs individually and collectively to undertake very small amounts of consultancy for them35. I was also funded by two regional assemblies (the North East and North West) to support their scrutiny activity. My evidence is informed by all this work, with various elements (developed with colleagues at Newcastle University) presented to previous Parliamentary Inquiries36.

3. In this memorandum, I argue that the RDAs suffer from an image worse than their performance justifies, and contemporary calls for their abolition are driven as much by a drive for revenge as dispassionate analysis (paras 4-5). I argue that the continuing salience elsewhere for a regional approach to economic development implies its continuing significance for the English regions (paras 6-12). RDAs are indisputably an improvement on the way that spatial policy was previously carried out (paras 13-23). RDAs have delivered strategic projects in the regions with wider national benefit, but which would fall between the ‘silos’ of Whitehall ministerial thinking (paras 24-35). However, not all functions are suitable for RDAs to execute: both small business support and regional spatial strategic functions are too different from RDAs’ core integrative roles to sensibly be executed by RDAs (para 36-44).

Preamble

4. There is clearly a gap between the performance of Regional Development Agencies and the way they are perceived by key stakeholders. In comparison with the


piecemeal institutional framework which preceded them, the RDAs are qualitatively better in ensuring all the English regional economies contribute to the national wellbeing. However, it is a problem that the RDAs have made some very simple and largely inconsequential mistakes which have apparently generated a disproportionate level of ill-feeling towards them. There also appears to be in some recent publications a sense of revenge, that the very idea of regions is part of an overall political project very much in retreat. RDAs may well become the early sacrificial victims satisfying a demand for visible signs of change around a wider political watershed, which will be demonstrably very harmful for the northern regions.

5. Some analogies can be drawn between the current situation and that in Wales in the early 2000s. The Welsh Development Agency (WDA) were initially very dismissive of the newly elected Welsh Assembly Government (WAG) and there were some ill-timed salary increase announcements. This contributed to the decision by Rhodri Morgan’s decision to bring the WDA within the Welsh “bonfire of the quangos”. In this memorandum, I will argue that the RDAs perform a vital administrative function with national economic benefit. Launching into another round of administrative reforms, and especially abolition, has risks not just for the regions but also for the national economic interest.

The need for a regional economic development tier

RDAs in an international comparative perspective.

6. There is an increasing recognition of the increasing importance of ‘place’ to economic activity. As innovation becomes central to economic performance, and inter-personal interaction is vital for innovation, regions are increasingly important as the ‘natural scales’ for interpersonal interaction, innovation and competitiveness.

7. Regions are also the natural scale for the exploitation of strategic infrastructure such as airports, hospitals and universities. The interaction between these investments, often located in core urban areas, and the potential beneficiaries in their hinterlands, requires that public bodies ensure that these infrastructures’ benefits are spread as far as possible.

8. An increasing number of governments recognise the need for a sub-national tier to optimise policy delivery within in these ‘natural’ regions, both for the benefit of the regions, and also for the nations of which they are part.

9. Professor Mike Danson (University of the West of Scotland) and Professor Henrik Halkier (University of Aalborg, Denmark) are the leading European experts on the purposes, functions and roles of regional development agencies. Danson & Halkier emphasise that effective RDAs occupy a middle ground between top-down

37 Stimulating for example criticism from the Taxpayers’ Alliance and Policy Exchange in August 2008.
central approaches and local bottom-up mobilisations. They are creatures of neither local nor national government, but a means to ensure that each benefits as far as possible from the other’s policies.

10. In the last decade, there has been a substantive shift in the tasks undertaken by European RDAs, from helping local businesses to create jobs, to improving regional capacity for supporting innovative, high growth or high-growth potential businesses40. In practice, this involves ensuring that business support offered helps small, innovative companies to be formed and to grow by local entrepreneurs working with global networks of knowledge suppliers.

11. However, what has not changed about effective RDAs is that what makes them successful are the long-term relationships that they establish. These relationships enable RDAs to national policies work better locally, to respond to external shocks such as factory closures, and to take (or advise impartially on) difficult decisions between competing local interests.

12. But RDAs are not just agents for central government – as well as implementing national policies, they also help national departments to make policy that better reflects the needs of all its regions by acting as repositories of knowledge about the economic situation in their regions41.

The demand for a regional English economic development tier

13. There are three main economic rationales for why England needs RDAs, which are similar to the rationales for regions elsewhere in Europe outlined above.

14. The first is that England is a very big country, and different places face different challenges: RDAs can tailor national economic development policies to regional needs and responsiveness to these policy measures42.

• The second is that there are persistent economic disparities between the English regions, which undermine England’s overall economic performance. Regional institutions provide a means to target this ‘regional growth gap’43.

• Thirdly, RDAs can ensure the most effective public decision-making concerning flagship infrastructure investments ensuring that all localities can benefit from these regional prize assets, and advising nationally on the optimal location for these assets.

• England’s administration remains as heavily centralised as a decade ago – the Public Service Agreement process has subjected increasing numbers of publically-funded bodies to meeting centrally directed targets. These three rationales remain as

important for effective policy delivery today as they did a decade ago when the RDAs were created.

15. It is reasonable to ask how effectively the RDAs have realised these potential benefits: that question will be addressed in subsequent sections. However, there does not appear to be a diminishment in the a priori case justifying RDAs as a solution to deep-seated regional economic inequalities limiting national economic performance.

16. One of the key debates which is still salient is whether every region needs an RDA - particularly the richer south eastern regions - if their purpose is to ‘level up’ poorer regions’ performance towards the national average. There are arguments both for and against the present situation. I certainly follow Professor Kevin Morgan’s maxim (Cardiff University) that treating “unequals equally is hardly a recipe for promoting equality”44.

17. However, we also have sympathy with the axiom that “services for the poor easily become poor services”: a policy focused on England’s poorer regions could easily become a poor regional policy. Having RDAs for all English regions ensures that regional policy is not seen by central government as something exceptional, but as something with salience for all departments. This ensures that regional policy expenditures are seen as investing in places’ competitive potential (which are a sensible use of public funds) rather than subsidies for past failure (which are not).

**RDAs contributions to effective national policy-making**

18. This is not a hypothetical situation – there are areas where the eight RDAs acting in concert have improved UK policy-making by placing something on the national policy agenda. The most obvious example of this is what is now called PSA 7, namely to “improve the economic performance of all English regions and reduce the gap in economic growth rates between regions”. This is a highly contentious PSA target for Whitehall ministries because it runs counter to the notion of intervening only in market failures45. It has also been very difficult to operationalise, because of a series of technical issues around how to fairly measure gaps in regional economic growth rates.

19. In CSR2000, there was a much weaker (in terms of implied economic rebalancing) target set for the (then departments) DTI and ODPM to raise the average economic growth rates of all regions and nations. The RDAs worked closely with DTI to demonstrate that this target could be operationalised and measured, and would not become a Trojan Horse for arguing for directly redistributive regional policies.

20. The shift between this easy PSA and the much more substantial 2002 PSA, in the 2002 CSR reflects this work by the RDAs which laid the foundation for the more substantial commitment, to closing divergence in growth rates. Working with the Government departments, they were able to address a problem that had long been regarded in government as ‘too difficult’ and contribute to more sensible public

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45 The Green Book
policy-making though the Spending Review process. Having a network of development agencies covering all regions allowed the RDAs to reflect a national position from a regional perspective, rather than being seen as special interest pleading from failing regions.

**The effectiveness and added value of RDAs**

21. In assessing the effectiveness and added value of the RDAs, it is not my intention to look at the detail of RDAs’ value for money, as they were given a clean bill of health by the National Audit Office as recently as 2007, a fact that has been overlooked in much of the recent criticism of the RDAs. It is more instructive to consider how their organisational characteristics and performance compares as against the organisations they replaced.

22. The RDAs (outside London) were created from a number of antecedent organisations which were merged, depending on which bodies were already present in the region. These bodies included residual bodies of urban development corporations, Government Office Regeneration teams, Inward Investment promotion bodies and the Rural Development Commission.

23. Prior to 1994, urban policy had been a highly fragmented policy area, criticised for lacking a systematic approach to dealing with the problems of poorer areas, often tackling particular symptoms of deprivation without addressing its root causes. One set of bodies which had avoided that criticism were the Urban Development Corporations, which focused on comprehensive redevelopment of highly localised land-parcels with special planning powers to rehabilitate the land and facilitate urban land markets. A number of them had been relatively successful in developing large multi-functional projects but these were often criticised for failing to relate to local needs or support local business activities, a result of their very narrowly specialised management teams.

24. The Single Regeneration Budget (SRB) was introduced in 1994 in response to these criticisms of existing urban regeneration policies. SRB introduced the opportunity for a single regional authority to organise proposals into coherent work programmes, avoid the situation where new programmes were introduced to deal

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46 National Audit Office Report (HC 1268, 2003-04): *Success in the Regions*. In 2006-07, NAO performed Independent Performance Assessments of all eight RDAs: two were adjudged as performing well overall, and six as performing strongly overall. The scores (out of 24) for the eight RDAs were EEDA 15, SWRDA 18, AWM 20, YF, 20 NWDA, 20, SEEDA 21, ONE 22, EMDA 22.


with the problems arising from past policy interventions, and ensure that activities delivered a balanced score-card of outcomes. What the SRB programme did not do was use the funds as an investment tool to create wider regional spill-over effects which addressed local deprivation more systematically. It remained almost entirely focused on solving the problems of the country’s most deprived localities.

25. For the first three years of their existence, RDAs budgets were primarily those inherited from the antecedent organisations, and consequently SRB funds. These prior commitments largely prevented the RDAs from supporting regeneration activities embedded within ‘urban science policy’. Underlying urban science policy is the concept of using investments in science, technology and innovation – in an urban setting – to drive wider regeneration activities. Building a new science quarter amidst or adjacent to pockets urban deprivation has proven a very effective driver of gentrification. RDAs initially did not have the budget flexibility or indeed the budget to invest in these kinds of flagship activities.

26. Notable European examples include the 22@ Quarter in Barcelona or the “Västra Hamnen” district of Malmö, Sweden. Urban Development Corporations were successful in this; in the North East, Tyne and Wear Development Corporation provided new inner city campuses for Sunderland and Newcastle Universities respectively at St. Peters and the Life Centre. European Union structural funds played a similar role in the Objective 1 regions, Merseyside and South Yorkshire, notably the Cornerstone campus of Liverpool Hope University in Everton.

27. In 2002, in response to perceptions within senior Government politicians that RDAs were achieving their objectives, RDAs were granted the Single Programme Budget, the so-called Single Pot. In return for agreeing a single set of targets with central Departments, the RDAs were given considerable freedom to spend their resources according to their own choosing. This opened up the possibility of investing resources in large-scale projects serving multiple aims, such as regeneration and innovation.

28. The RDAs received an additional encouragement to engage in urban science policy in December 2004, when the then-Chancellor of the Exchequer announced the designation of three “science cities”, Manchester, York and Newcastle. This group was later joined by three more southerly science cities, namely Bristol, Nottingham and Birmingham. However, despite the rhetoric of a “£100 million technology investment programme”, no new central funds were forthcoming.

29. Nevertheless, all six of these regions have developed “science city partnerships” of some form. Manchester Knowledge Capital (the Science City body) has won significant funds from the National Endowment for Science, Technology and the Arts (NESTA) to evaluate the generic benefits of urban science policy exemplified by MKC. In Newcastle, the RDA, University and city council have invested £30m in a city-

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52 Hansard, 2nd December 2004, Col. 782.
centre regeneration site to build a new knowledge marketplace bringing universities and businesses together adjacent to poor localities.

30. These science city projects could not have been funded under SRB, because they concentrate resources in central urban locations rather than sharing them between all locations. They would not have been funded by Urban Development Corporations, because they lacked the depth of senior management to juggle relationships with local firms, universities, municipalities, hospitals and other bodies. National government would not have funded them because urban science policy falls between too many policy silos (science, industry, education and regeneration).

31. RDAs’ effective adoption of an approach proven elsewhere but unsupported by other institutional arrangements demonstrates without question that RDAs can and do add value to policy-making with overall national economic benefits.

The acquisition and discharge of new functions by RDAs

32. The RDAs have acquired considerable new functions since their formal investiture in 1999. There have been two quite distinct rationales underpinning this build-up of responsibilities. On the one hand, before 2004, DETR/DTLR/ODPM sought to make RDAs the lead bodies for economic development in regions, so that RDAs could provide the kernel of an executive arm for elected regional authorities (ERAs). On the other, RDAs acquired some functions as a consequence of the continual reforms to which the general ‘machinery of government’ has been subjected in the last eleven years. In both cases, this has left the RDAs exercising some functions for which there is no longer a clear rationale for them to exercise. There is also some ambiguity between whether RDAs are strategic or operational bodies.

33. One of the most trenchant recent criticisms of RDAs in recent months has been levied by the Opposition Industry Spokesman. To paraphrase his words, the needs of small business support show as much variation within regions as between regions, and what is important is quality and consistency of delivery rather than regional oversight of services. I wholeheartedly concur with this point, but do not concede that this is an argument against RDAs. The blame for this clearly lies with continual central government tinkering with the Business Link and Small Business Service organisations. Business support is an operational matter and it is probably better delivered to national quality standards, but remains just one small element of what RDAs do, and is largely irrelevant to their strategic, joining-up missions.

RDAs as regional planning authorities

34. The 2007 Sub-National Review was concerned with rectifying inconsistencies at the regional level created by the rejection of elected regional assemblies (ERAs) for

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53 The latest being the Sub-National Review (2007)
55 It is important also to acknowledge that there are regional differences in the types of business start-up which emerge, and hence regional variations in demand for business advice.
England. The ‘no’ vote in the one region which did vote (78% no in the North East of England) was of such ferocity to warrant dismantling the structures created in anticipation of ERAs. The 1998 Act established Regional Chambers in each region to scrutinise the work of the RDAs. The Regional Chambers contain a mix of elected members and stakeholder representatives, and only made sense as shadow bodies for ERAs. The 2002 White Paper designated them as the statutory planning authorities for their regions, replacing the Regional Planning Conferences.  

35. The sub-national review plans to disband the Assemblies (or de-recognise them) and pass regional planning powers to RDAs. This proposal is intuitively attractive, as RDAs will be given the power to produce integrated regional strategies bringing land use planning together with transport and economic strategies. When I once highlighted the potential value of integrated regional strategies as a valuable tool for improving regional governance, my co-authors and I did not envisage a model where a single body was responsible for all strategies.

36. I see little merit in proposals to pass regional planning powers to the Regional Development Agencies, and envisage serious problems if this proposal is not moderated.

37. I anticipate that the UK’s professional planning bodies will be commenting on this specific proposal, and do not wish to detract from their points. I would underline the fact that RDAs Regional Economic Strategies follow very different principles to regional spatial strategies. Regional Economic Strategies are written to satisfy a bewildering complex of stakeholders, and have held back from making hard decisions in favour of demonstrating regional consensus and promoting a positive rather than critical regional image.

38. The 2003 Regional Economic Strategy for the North East of England identified 38 ‘strategic sites’ for economic development in the region. This large number was driven by a desire to ensure that all local authorities with spare land parcels felt they would be eligible for RDA support if a large inward investor proposed developing the site. Whatever the rationale behind the designation, it was not ‘strategic’ in a way that land user planners would acknowledge, namely a site whose development would stimulate pan-regional economic development.

39. Taking hard decisions and being prepared to talk critically about the region and differences between localities lies at the heart of effective spatial planning. They create a set of principles in which conflicts over land use are mediated, recognising that development creates winners and losers, and it is important to maximise the public gain from private developments. These are not principles to which the RDAs have yet had to address themselves, and there are potentials for conflicts between

dispassionate spatial strategy development and the more ‘boosterist’ elements of the RDAs’ work.

40. I have grave reservations about RDAs’ to impose regional spatial strategies with the degree of firmness necessary to provide a robust conflict resolution mechanism which ensures the maximisation of the public benefit.

19 September 2008
Memorandum submitted by Historic Houses Association (RDA 8)

Introduction

The Historic Houses Association represents the interests of Britain’s historic houses, castles and gardens in private ownership. The HHA has 1,500 member properties of which more than one third are regularly open to the public. The only criterion for membership of the HHA is that the member property is listed.

The HHA estimates that approximately two-thirds of the built heritage is privately owned and maintained. Between them HHA members represent, collectively, one of the greatest ‘ownership’ of listed buildings in Britain: both I and II* properties as well as Grade II properties, many being ancillary buildings on large estates.

It is our members who manage much of the nation’s finest privately owned heritage, paying for it and securing its future. Owners have extensive responsibilities in respect of the maintenance of both buildings and land, often at great personal cost.

Historic houses play a key role in local economies, particularly in relation to tourism, the UK’s fifth largest industry and are often identified as hubs around which regeneration can take place. They also contribute significantly to a sense of identity among local communities and indeed to broader issues of quality of life.

However, there is little sign that RDAs have developed coherent strategies specifically aimed at supporting the historic environment and the wider benefits that can flow from its successful management.

Below is the response of the HHA to the specific issues about Regional Development Agencies, raised by the Business and Enterprise Committee.

The need for a level of economic development/business/regeneration policy delivery between central and local government

1. The HHA supports the mission of the Regional Development Agencies to spread economic prosperity and opportunity to everyone in the nine regions of England and the original government aspiration to 'bring fresh vitality to the task of economic development and social and physical regeneration in the regions', through a business-led approach.

2. The RDAs see their role as providing strategic direction for economic development, ensuring the needs and opportunities for every region are taken into account and making lasting improvements in the economic performance of all regions to reduce the gap in growth rates between the regions.
3. In doing so, RDAs work with a large number of other public sector bodies, from local authorities to government offices of the regions and specialist organisations.

4. As a consequence, the potential for duplication is substantial. For example, in *Culture Counts*, a recent publication of the South East England Development Agency, intended to highlight its role in culture, all the initiatives cited, such as the South East Cultural Observatory and Cultural Olympiad, are originated by other agencies. While this approach is not, in itself, invalid, it raises questions about the unique value of the role that RDAs play.

5. Equally, the substantial overlap between the remit of public sector agencies may sometimes result in incoherent or unwieldy strategy. In the field of culture, in which heritage has an important role to play, county and district councils, the regional cultural consortium, local strategic partnerships, the government office of the region, the regional development agency and a range of specialist bodies, such as the regional offices of the Arts Council and the MLA, all believe they have an important strategic role to play.

6. The development of strategy which can be agreed and implemented by appropriate partners might well benefit from less duplication at regional level. Neither the added value nor an essential, effective role for RDAs in this area appear proven, not least because of their remoteness, in most circumstances, from delivery mechanisms.

**The effectiveness of RDAs**

7. RDAs readily acknowledge the importance of historic houses. Yorkshire Forward, for example, states that, ‘Yorkshire has more historic houses, castles and national parkland than anywhere else’, while South West England believes that ‘South West England is the UK’s favourite visitor location…with more monuments, museums and historic houses than any region in the country’.

8. However, there is little evidence that RDAs have any coherent strategy aimed at supporting the historic environment, or the significant role that historic houses often play in regional economies, particularly in terms of tourism.

9. Nevertheless, there are schemes promoted by RDAs which can play a role in stimulating the rural economy. For example, Yorkshire Forward’s Rural Enterprise Investment Programme, supports rural business growth by investing in farm diversification and tourism ‘product’ and the South East England Development Agency offers schemes of targeted financial support, such as Rural Redundant Building Grants.

10. Sometimes RDAs will be well-placed to make an appropriate response to particular regional circumstances, such as the effect of the 2001 Foot-and-Mouth disease outbreak on the north-west. Rural Renaissance, the North West Development Agency’s six-year, £100m programme, was developed to broaden the countryside’s economic base, focusing on diversification, including developing and promoting agricultural produce, developing rural skills and strengthening and modernising the tourism sector, while protecting the environment.
11. One specific example of good practice is the Northwest Regional Development Agency’s support for the initiation of the Heritage Tourism Executive grant scheme. Relatively small amounts of funding, currently totalling £100,000 p.a., have helped lever in more substantial partnership funds from other sources to attract visitors to heritage sites in the north west. Not only were improvements made to heritage sites and visitor numbers consequently increased, but the initiative also played a role in improving each organisation’s business planning process.

12. RDAs are also capable of acting as an important regional resource in terms of information, advice and research. For instance, eligibility for grant aid frequently depends upon an understanding of specific regional conditions and Yorkshire Forward, for example, researches and provides information on European Union, Business Link Yorkshire, Rural Development Programme England and other grants for its rural areas.

**RDA expertise**

13. The RDAs see their role as principally one of strategic planning and collaborative working with other agencies. The expertise within RDAs tends to be based around strategic planning and is inevitably strongest in this area and less strong in terms of implementation and delivery.

14. There is limited specialist expertise within RDAs and it is in many ways appropriate that the principal specialist skills, for example in relation to the historic environment, should remain within English Heritage and should not be duplicated. However, RDAs need to make use of specialist expertise in the development of cross-cutting strategies and it is important that they should consult as widely as possible with national, regional and local bodies before developing their strategic plans.

**The consequences of expanding RDA remit**

15. The proliferation of public bodies with overlapping strategic aims, suggests that the expansion of the RDAs’ remit is not the only viable option.

16. Indeed, given the lack of direct local or public accountability and the limited opportunities to influence RDA agendas, there must be questions about the desirability of expanding RDA remits without fully exploring the alternatives.

17. Government plans to require Arts Council England, English Heritage, Sport England and the Museums, Libraries & Archives Council to work together to jointly deliver a core set of shared priorities across the cultural agenda, also have an impact on the role of RDAs. Given that these priorities include Regional Strategies and Local Area Agreements, one logical conclusion of the creation of this new strategic alliance would be the contraction of any leadership role for RDAs in the field of culture.

18. Indeed, even where culture relates directly to regeneration, the RDAs’ lack of local accountability, specialist knowledge or proximity to delivery mechanisms,
indicates that they are unlikely to be able to play a lead role in this area in the new circumstances.

**Accountability and performance measurement of RDAs**

19. In terms of remit, expertise and accountability, it is important that the RDAs have a clearly identifiable position, distinct from, but complementary to, other government agencies or regional offices, for example.

20. As a regional agency, regional accountability is crucial to the RDAs’ effectiveness and credibility. Each RDA reports into its local Regional Assembly and consults with it on the development of its Regional Economic Strategy.

21. However, their reporting structure means that the RDAs’ principal accountability is to the Department for Trade and Industry. Yet Economic Development and Regeneration are cross-cutting agendas which also impact on the remits of, for example, the Department for Culture, Media & Sport and the Communities and Local Government Department.

22. The HHA has previously identified that this reporting structure has a potential effect in relation to delivery of legislation in respect of the planning system, for instance, where accountability to the DTI alone is unlikely to prove sufficient.

23. While each of the RDAs may have its own plans for delivery and must ensure it has the capacity to deliver those plans and manage performance, the performance-monitoring process should be transparent. In practice, there is little opportunity for communities to influence their RDA’s plans for delivery, or to scrutinise the outputs and outcomes.

24. The HHA has already expressed its serious concern over the accountability and scrutiny arrangements for RDAs in the CLG/dBERR consultation on the Review of Sub-national Economic Development and Regeneration in June 2008. RDAs are in an influential position, but have insufficient accountability to the populations, including the rural populations, of the areas they serve.

30 July 2008
Memorandum submitted by The Institution of Economic Development (RDA 9)

This submission has been prepared by the Council of the Institution of Economic Development (IED). The IED is the leading professional membership organisation for UK economic development practitioners. The views contained within this submission are endorsed by the Council of the IED, on behalf of the IED. The intention is to represent the views of those involved in the economic development profession, as other professional organisations represent the views of their given profession.

In this response we have addressed the specific topics identified in the invitation to submit evidence. We would, however, also refer the Committee to our representation on the Review of Sub-National Economic Development and Regeneration (SNR), which can be found as an appendix. In particular, the IED identifies that SNR requires all major agencies, including local authorities and RDAs to considerably raise their capacity and adapt their roles.

1. The need for a level of policy delivery between central and local government

There is a broad agreement among economic development professionals that some key issues must be addressed at a regional and sub-regional level. IED is strongly committed to the guiding principle of subsidiarity. As set out in the SNR consultation, devolution promises to be an iterative process, but will benefit from greater clarity as the agenda develops.

IED has members in RDAs as well as local authorities and we therefore recognise there is a danger of them being forced to face two ways at once. There should be a clear distinction in the national and regional local accountabilities – the former should be in relation to audit, organisational propriety and performance, the latter should be about policy, equity and delivery of outputs and outcomes in relation to the Integrated Regional Strategy (IRS).

2. The effectiveness of RDAs and their role in adding value

The experience of the RDAs’ impact varies from region to region. While it’s understandable that inconsistencies can be frustrating for agencies within regions, differentiation is an inevitable by-product of decentralisation. If the RDAs are to genuinely address the needs of the regional economy then all nine will necessarily set different priorities that are delivered through varied methods.

Assessing the effectiveness of the RDAs since the 1998 Act is complicated by their remit, which has evolved frequently and significantly. Both remit and funding has increased steadily even before the SNR. Problems are compounded by RDA involvement in initiatives such as Single Regeneration Budget (SRB), where they operated to a specific, time limited Government remit.

Generating a counterfactual scenario where RDAs never existed is impossible, so any estimate of their added value will, to some extent, be speculative. The volume and variety of
performance data available for the period 1999-2006 makes analysing exactly what RDAs have achieved tricky. Gross Value Added (GVA) and economic activity rates – which are the preferred future performance indicators – are useful headline indicators but, as far as RDAs are concerned, it is difficult to disentangle potential and actual impacts in the regions. It has been suggested that those areas with a greater need for regeneration are those in which there has been a clearer role for RDAs. There is also no simple relationship between the locally perceived worth of RDAs and their performance.

The substantial financial resource that RDAs have at their disposal brings with it benefits and disbenefits. Had the Government consistently allocated only moderate funding to the RDAs they would have been accused of not following through on their commitment to regional development. It is, therefore, to their credit that they have delivered financial support commensurate with the scale of the challenge. However, within the regions themselves, the RDAs have found that their relative riches generate envy from other organisations. Their financial omnipresence can perhaps be overbearing, with direct undesirable consequences. First, independent organisations carrying out work for an RDA might lean towards sycophancy because they are unwilling to risk a lucrative funding stream. Second, the RDAs themselves might find it difficult to establish productive working relationships with partner organisations if they are forever seen primarily as a wealthy benefactor.

The IED conclusion is that RDAs have certainly had a positive effect, but it is a complex exercise to quantify this within a regional or UK context, within the terms they were expected to be evaluated.

3. RDA expertise

We have already acknowledged that RDAs’ expertise will have to change to take on board new areas of activity – such as planning, housing and community empowerment – that are perhaps more technically meticulous. Lack of consistency/continuity of role can have a detrimental impact on building such expertise. IED members in most local authorities would also acknowledge a value in having RDAs with the ability to offer peripatetic expertise or help with one off challenges such as major development programmes or redundancies.

Professional membership bodies should be important to all professional organisations and the RDAs are no different. Professional membership organisations offer training opportunities and monitor members’ continuous professional development, initiatives that are welcomed by the RDAs. Although the IED has a number of members in some RDAs, our overall impression is that this is lower than it should be. A failure to embrace professional membership could lead to RDAs experiencing specific weakness when attempting to meet new challenges.

4. The extent of, and need for, their overseas activities

Whilst the IED acknowledges the charge that RDAs’ overseas office are alleged to be competing with one an another in an attempt to attract Foreign Direct Investment (FDI), we have seen no specific evidence of deadweight competition. On this basis the IED has no reason to believe that there are any detrimental effects arising from these activities, but equally would support attempts to achieve greater transparency in terms of their actual benefit/impact.
5. The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding

We have addressed the need to build greater capacity within the SNR consultation response in the Appendix. Here we would add that it takes time to build new expertise and new networks, and importance of a continuity of role in this respect.

6. The accountability of RDAs

IED recognises that there is clearly a “democratic deficit” at the regional level. The relationships between local authorities and RDAs are critical. Some regions have six times as many councils as others which increase the potential problems. A key principle that needs to be adhered to is transparency in dealings between RDAs and local government. This will particularly need to be applied to the designation of appropriate areas for functional devolution of responsibility and capacity assessment. In parts of the country where local authorities and RDAs work less well together, this should form the basis of partnership working to increase their collective capacity to deliver.

The relationship between local authorities and RDAs will alter as a result of the SNR. One of the more controversial aspects of the SNR instructs that RDAs adjudicate over local authorities’ capabilities to deliver economic development programmes. RDAs will also be required to devolve greater financial resources to local authorities to deliver these programmes. However, a local authority leaders’ forum will be instituted in each region and it is they who will eventually be required to approve the IRS. This arrangement, while gallantly attempting to address this democratic deficit, could lead to excessive bureaucratic brinkmanship. It is important that this achieves greater accountability without leading to systemic paralysis.

Tackling the issues will be an Iterative process and IED does not believe a one size fits all solution should be imposed from the centre. The structure through which RDAs respond to central government may also benefit from review. It seems slightly peculiar that RDAs should remain accountable to the Department for Business, Enterprise and Regulatory Reform (BERR) when the majority of their funding continues to come from the Communities and Local Government (CLG) department.

7. How RDA performance has been measured in the past and will be measured in future

Currently, RDA targets are set and agreed with their Board. They are also subject to periodic reviews carried out by the National Audit Office. The corporate plans that are signed off by the Board might leave the RDAs open to accusations that they enjoy a rather cosy arrangement. It would be interesting to know if an RDA has failed to achieve a target agreed in-house and what corrective action was taken by the Board.

We would reiterate the comments made in section 2 above. The creation of a single economic growth objective and the development of the IRS may help, but it might also lead to simplistic conclusions. There are also clearly major difficulties in looking just at GVA, especially taken together with the relatively poor performance on this and economic activity in the North.

19 September 2008
Appendix: IED RESPONSE TO SNR CONSULTATION

Q1. How should RDAs satisfy themselves that sufficient capacity exists for programme management and delivery at local or sub-regional level?

IED accepts that SNR requires both local authorities and RDAs to considerably raise their capacity and adapt their roles. On the other hand many local authorities deliver and manage multi-million pound projects on a regular basis and are well capable of handling additional responsibilities.

Local authorities will generally have to increase their strategic policy and delivery skills, while RDAs will need a new capability in regional planning and community engagement. Both will also need to support the further development of sub and city region working.

RDAs and local authorities already work closely together on a day to day basis on the delivery of effective regeneration and therefore have a good idea of each other’s capabilities and limitations. To supplement this appreciation work is already underway in some regions to systematically evaluate capacity and we would commend this. We would suggest that it be closely linked to the future activities of Regional Centres for Excellence for Regeneration (RCEs), the work of the Regional Improvement and Efficiency Partnerships (RIEPs) and the Academy of Sustainable Communities.

A key principle that needs to be adhered to is transparency in dealings between RDAs and local government. This will particularly need to be applied to the designation of appropriate areas for functional devolution of responsibility and capacity assessment. In parts of the country where local authorities and RDAs work less well together, this should form the basis of partnership working to increase their collective capacity to deliver.

IED is convinced that considerable capacity already exists within the system and it is willing to commit itself to working with the RCEs, RIEPs and other professional bodies to upgrade this. With the imminent creation of the new Homes and Communities Agency (HCA) we would particularly identify the need to link economic and housing regeneration agendas.

Q2. Do you agree that local authorities should determine how they set up a local authority leaders’ forum for their region, and that the Government should only intervene if the required criteria are not met or if it failed to operate effectively? If not, what would you propose instead?

Yes, IED supports the principle of subsidiarity and greater devolution of powers and resources to local, sub-regional and regional bodies as they increase their capacity and establish clearer lines of accountability to the communities they serve.

We do however recognise that this is easier in some regions than others, simply because in some there are 10-20 councils and in others 60 plus. We believe the Government should consider funding a small directorate or secretariat in each region to assist this forum.

Q3. Are the proposed regional accountability and scrutiny proposals proportionate and workable?

As set out in the consultation document this promises to be an iterative process, and we would therefore agree that they are appropriate at this stage, but will need much more clarity as the agenda unfolds. IED has members in RDAs as well as local authorities and we therefore...
recognise there is a danger of them being forced to face two ways at once. There should be a clear distinction in the national and regional local accountabilities – the former should be in relation to audit, propriety organisation and performance, the latter should be about policy, equity and delivery of outputs and outcomes in relation to the IRS.

Q4. Do you agree that the regional strategy needs to cover the elements listed at paragraph 4.13? Are there other matters that should be included in the regional strategy to help in the delivery of key outcomes?
We would not wish to be too prescriptive at this stage given our earlier comments, but a number of our members felt more sustainability criteria should be considered to counterbalance the stress on GVA. In addition, we would ask that a Government contribution be considered to set out the following –
- the distinctive role that each region might be expected to contribute to the national well-being,
- a statement of how the IRS related to other existing regional strategies,
- a summary of relevant regional aspects of the skills agenda (especially as it relates to FE and HE provision),
- a statement of national transport priorities as they affect the region, and
- a list of any other major infrastructure and other commitments that will assist in achievement of the strategy.

Q5. Do you agree with the way in which we propose to simplify the preparation of the regional strategy, as illustrated in the figure (on page 35), in particular allowing flexibility for regions to determine detailed processes? If not what other steps might we take?
We welcome the clarity of this process and its potential timescale. We would however point out that previous commitments to streamlining planning processes – from structure plans to local development frameworks – have largely not been met. Our members would generally point to the amount of detail and prescription previously required as major stumbling blocks and would urge a firm commitment to the principles of subsidiarity. We would also advocate the recognition of sub-regional priorities as building blocks of the IRS where these have been agreed.

Q6. Do you think that the streamlined process would lead to any significant changes in the costs and benefits to the community and other impacts?
IED, through its working with public and private sector, recognises that the planning process is not held in high regard. We recognise however there is always a tension between democratic accountability and the desire to speed up the process especially for significant development proposals. It is however accepted that too many important proposals have far too many hurdles, despite many Local Planning departments showing much improved performance.
A streamlined process that works would go a long way towards re-establishing the credibility and commitment which is a natural prerequisite of a successful system.

Q7. Which of the options for the local authority economic assessment duty (or any other proposals) is most appropriate?
From our previous statements IED would generally advocate maximum local flexibility, although we also see the merits of having reasonable guidance on what might be considered appropriate in a local assessment. We do not however see the merit in such guidance being statutory, as we suspect that local authorities will be only too willing to comply with sensible advice, not least in order to increase their credibility, and we therefore favour option 2.
Q8. What additional information or support do local authorities consider valuable for the purpose of preparing assessments?
We would echo our comments in Q1 above. Support for such work should be a priority for the future activities of Regional Centres for Excellence in Regeneration (RCEs) and the work of the Regional Improvement and Efficiency Partnerships (RIEPs). We would also urge consideration of support from RDAs and the Government for developing sub-regional partnerships to assist this capacity.

Q9. How should lead local authorities engage partners, including district councils, in the preparation of the assessment?
We would advocate local cooperation to determine these issues, with perhaps a simple requirement for statement of involvement, similar to that required for LDFs etc. RDAs or Government Offices should offer assistance if local partners are unable to agree.

Q10. Which partner bodies should be consulted in the preparation of the assessment?
Local authorities are well used to involving a wide range of local partners, but typically these should include
• Business Link.
• The LSC or successor bodies
• Local HE and FE providers
• Neighbouring local authorities
• Primary Care Trusts
• Key Community and Voluntary Sector organisations
• Regional Tourist Board
• Local private sector representatives

We would additionally urge that the RDAs and RCEs consider a possible mechanism for high level private sector involvement in local assessments, perhaps by facilitating contact with strategically important private sector partners.

Q11. Should any duty apply in London and, if so, which of the proposed models is most appropriate?
We feel that the London area should be able to determine its own structure in the same way as the rest of the Country.

Q12. Do you agree that there is value in creating statutory arrangements for sub-regional collaboration on economic development issues beyond MAAs? What form might any new arrangements take?
Yes, subject to the principles of subsidiarity we would advocate the potential creation of economic and planning sub-regional partnerships where there is a local desire to see them, where is going to be recognisable added-value and where there is a track record of successful cooperation.

Q13. What activities would you like a sub-regional partnership to be able to carry out and what are the constraints on them doing this under the current legislation?
IED would not wish to be prescriptive at this stage, but it can see a current desire in some regions for partnerships which would be able to deliver on a wide range of economic issues,
including enhanced communications, skills provision, bringing forward employment land or serviced space and access to employment sites, affordable housing environmental schemes and waste provision.

Q14. How would a sub-regional economic development authority fit into the local authority performance framework?
There are parallels with the way in which CPA currently takes into account the activities of LSPs and other partnerships outside the sole control of local authorities. Where MAAs are pursued then appropriate performance criteria will be agreed, but other than this we would ask why the performance frameworks should be part of the current local authority framework?

Q15. Should there be a duty to co-operate at sub-regional level where a statutory partnership exists? To whom should this apply?
No we do not believe this makes a significant contribution and we rarely have examples of local partners not being able to cooperate where they have common objectives given the appropriate resources.

30 June 2008
Memorandum submitted by English National Park Authorities Association (RDA 10)

SUMMARY

[1] The English National Park Authorities Association (ENPAA) exists to promote the needs and provide a collective voice for the nine English National Park Authorities (NPAs). We welcome the Business and Enterprise Committee’s decision to hold an inquiry into the role of regional development agencies (RDAs) and the implications of the Government’s review of sub national economic development and regeneration (the SNR).

[2] English National Park Authorities are the sole planning authority for the National Parks, which are significant areas within many regions. This role includes local, strategic, minerals and waste planning (a role equivalent to both upper tier county councils and second tier district councils). NPAs also have a statutory role in the existing regional spatial planning arrangements. To discharge their statutory spatial planning responsibilities NPAs work in partnership with other planning authorities, regional planning bodies and a range of other organisations, including RDAs. Such partnership working is also a key contributor to meeting our purposes: to conserve and enhance the natural beauty, wildlife and cultural heritage of the areas and to promote opportunities for the public understanding and enjoyment of their special qualities; and our duty to seek to foster the economic and social wellbeing of local communities with the National Park.

[3] Based on our evidence and experience, we present a number of observations we hope the Committee will wish to explore. The five priority issues are that:

- NPAs expect that Government will ensure that they are included on the leaders’ forums or equivalent bodies in all regions with National Parks within their boundaries;
- as Local Planning Authorities, NPAs expect to be involved in all stages of the development of the Single Integrated Regional Strategy (SIRS) – as they are with Regional Spatial Strategies;
- securing economic prosperity is important but ensuring that sustainable development continues to underpin regional spatial and economic planning is vital for the future success of all the regions;
- new skills will be required for RDAs to take on the regional spatial planning remit; and
- there is great potential for conflict of interest to adversely affect the regions if the RDA remit is expanded as currently planned. Clear and effective demarcation between the RDAs’ various roles will be essential.

[4] While preparing our evidence ENPAA has consulted with the Campaign for National Parks (CNP). We support their views which have been submitted separately.
1. INTRODUCTION

1.1 The English National Park Authorities Association (ENPAA) exists to promote the needs and provide a collective voice for the nine English National Park Authorities (NPAs). We welcome the Business and Enterprise Committee’s decision to hold an inquiry into the role of regional development agencies (RDAs) and the implications of the Government’s review of sub national economic development and regeneration. Based on the NPAs’ experience of working as Local Planning Authorities at the regional level in eight of the English regions we comment on five of the areas covered in the inquiry. In our comments we also draw on ENPAA’s experience of working with BERR and CLG officials during the consultation on the SNR proposals and subsequently.

1.2 We recognise that the Government wishes to provide flexibility to regions to establish their own arrangements. In doing so, however, ENPAA believes there is an important role for Government to ensure certain minimum conditions are achieved across the country and we encourage the Committee to explore what these conditions might be. We hope the Committee will agree that the Government needs to be pro-active in this respect and not wait for a region to fail before intervening. Specifically, we would expect the Government to ensure that National Park Authorities have a place on the proposed Leaders’ Forums. There are a number of reasons for this:

- National Park Authorities can provide a helpful contribution to the discussions that will be needed within the Leaders’ Forum on reconciling conflicts through spatial planning, environmental assets and delivering public benefits, to proper management of environmental assets;

- National Park Authorities are the sole planning authority for the National Parks, which are significant areas within many regions. This role includes local, strategic, minerals and waste planning (a role equivalent to both upper tier county councils and second tier district councils). The NPA therefore has statutory spatial planning responsibilities and should be represented on the Leaders’ Forum given its key role in the preparation of the Single Integrated Regional Strategy;

- a National Park Authority is a named authority under Section 4(4) of the Planning and Compulsory Purchase Act 2004 and thus, for planning purposes, is equivalent to a county or unitary authority. For this reason, NPAs have a seat on Regional Assemblies which enables them to engage with regional partners and perform a scrutiny role. We look for this representation to be maintained through the new arrangements;

- National Parks cover many administrative boundaries, and in a number of cases cross regional boundaries too. This enables NPAs to take a wider perspective – which is helpful in addressing strategic planning issues. But it also means that it would prove extremely difficult for the National Parks’ interests to be adequately represented by the local authorities sitting on the Leaders’ Forums;
• National Parks cover rural areas so can bring their experience and knowledge of planning for and working in rural areas to regional spatial planning. Without NPAs on the Leaders’ Forum, urban areas are likely to dominate the spatial planning process; and

• under Section 62 of the Environment Act 1995, public bodies have a duty to have regard to the statutory purposes of National Parks. A way for Government to discharge this duty would be through ensuring proper representation of the National Parks, via the NPAs, in the legislation and guidance relating to Leaders’ Forums and the Single Integrated Regional Strategy.

1.3 Currently, English NPAs are in discussions with Government Offices, RDAs and the Local Authorities within their region over the new arrangements. There are significant differences in how RDAs and local authorities view future NPA engagement. These range from the recently approved Leaders’ Forum structure in the North West (called 4NW), which will include the Lake District National Park Authority, to currently no representation for the New Forest in the South East or for Northumberland in the North East. In the North East the Northumberland NPA is the only Local Planning Authority not represented on the proposed Leaders’ Forum.

1.4 Some NPAs seem to be being excluded from the transitional discussions and arrangements but others are encountering problems because transitional arrangements in their region/s are not clear for anyone. The Peak District National Park lies in four regions and currently the NPA can get no clear idea, or firm commitment, as to how engagement in any of those regions will work under the new arrangements. This is clearly unsatisfactory for all concerned. The Peak District NPA expects to be included in arrangements for the East Midlands Region, where it has been fully involved in the Regional Assembly and RSS process, and to continue to be consulted by the other three regions but are concerned by the continuing uncertainty.

1.5 Whilst the local arrangements for delivering the SNR framework may differ in each region such inconsistency in involving NPAs is unacceptable given that they exist to deliver statutory purposes which are of a national interest; and the statutory planning functions apply to all nine National Park Authorities. The continued uncertainty about arrangements in some regions helps no-one.

1.6 We hope the committee will set out its own views on what minimum standards and expectations for the new regional structures and processes should be; and will support the involvement of the NPAs in the new regional structures and processes as outlined above. The impacts of continued uncertainty about transitional arrangements also merits further investigation.

2. THE NEED FOR A LEVEL OF ECONOMIC DEVELOPMENT/BUSINESS/REGENERATION POLICY DELIVERY BETWEEN CENTRAL AND LOCAL GOVERNMENT
While NPAs recognise that securing economic prosperity is important, we believe the focus of the SNR on economic growth and regeneration is too narrow – and risks undermining other Government initiatives. Sustainable development should continue to provide the overarching framework for regional planning. We strongly believe that a key method of delivering economic prosperity and well being, particularly for sparse rural populations, is the active maintenance and enhancement of high quality environments. This can provide the backbone for a host of businesses.

A study undertaken by SQW Consultants demonstrated the importance that businesses attach to high quality environments within the Yorkshire/Humber Region. The Region has three National Parks within it (North York Moors, Yorkshire Dales, and the Peak District). Overall findings of the in-depth study (published in a Council for National Parks report: *Prosperity and Protection*) were:

- sales by businesses in the National Parks in the one region are worth £1.8 billion annually, supporting over 34,000 jobs;
- spend by visitors to the three National Parks amounted to £400 million annually, and a further £260 million elsewhere in the region;
- a survey of 400 businesses within the National Parks, the towns around them, and against a comparator found that 69% of businesses believed that high landscape quality has a positive impact on their business performance; and
- 58% would expect a deterioration in landscape quality to affect their business.

High quality environments are key to the economic success of many of our rural areas and ENPAA believes the Government needs to reflect this more strongly in the arrangements for implementing the SNR. England’s National Parks are important test-beds for such an approach. Furthermore, as sole local planning authorities (with additional statutory roles in the preparation of Regional Spatial Strategies) we believe NPAs have significant expertise and experience which would be valuable in supporting the new arrangements. We expect to continue to have a statutory role in relation to the proposed Single Integrated Regional Strategies.

In exploring the need for a level of economic development/business/ regeneration policy delivery between central and local government we ask the Committee to consider the links between environmental quality and prosperity and recognise the NPAs’ expertise in this area.

RDAs are currently business led and have a clear remit to focus on economic development and regeneration within their region. The skills that will be required by RDAs if they are to take on the expanded remit outlined in the SNR, including regional spatial planning and delivery of EU funding, are different to those required to project manage large scale developments or produce more narrowly defined regional economic strategies.

At the very least, it will be important that the body responsible for preparing a Single Integrated Regional Strategy has the necessary expertise to adopt the holistic
approach which is needed when considering spatial planning. This will require a new skills set; understanding of the roles and public benefits that spatial planning is to achieve; expertise in how to address issues in both urban and rural areas; and commitment to widespread community participation.

3.3 In taking on the role of regional planning body, RDAs will also take on responsibility for monitoring the measures and indicators included in regional spatial strategies that assess the region’s social, economic and environmental assets and performance. The RDAs will need the relevant skills and expertise to perform this function and will need adequate resources to collect and analyse monitoring data.

3.4 Based on our experience, we feel that RDAs have the expertise required to deliver the EU funding role. Ensuring funds are aligned towards spatial planning priorities and the vision for the region would seem to be a sensible move forward. We are concerned, however, that local authorities are to be given lead responsibility for scrutinising how the RDA spends money – when they themselves are due to be the main beneficiaries of such decisions. This risks creating an environment where scrutiny functions are too closely tied to financial decisions – rather than the long term sustainability of the region. Examples of the sort of activities that are currently funded and potential problems with future arrangements are given below (4.2-4.4).

3.5 In considering RDA expertise we expect that the Committee will wish to draw out the existing areas of expertise within RDAs and indentify gaps. It may also be worth exploring how other regional bodies can help RDAs fill any gaps in their expertise. NPAs can, for example, provide a wealth of experience in spatial, community and environmental planning in rural areas.

4. **THE CONSEQUENCES OF EXPANDING RDA REMIT TO INCLUDE NEW FUNCTIONS, AS PROPOSED BY THE SUB NATIONAL REVIEW, INCLUDING DELIVERY OF EU FUNDING**

4.1 RDAs are currently business-led and have an economic focus. Yet the role of spatial planning is to deliver a range of public benefits and to plan for a longer timeframe than many businesses. We believe there is a serious risk of conflicting interests within the RDA if they are given these dual functions. Indeed, we are aware that some RDAs themselves have expressed concern over the proposal that they absorb spatial planning responsibilities.

4.2 The SNR indicates that RDAs should delegate funds to local authorities where possible. As we said above (3.4), based on our experience, we feel that RDAs have the expertise required to make this work well. RDAs and National Park Authorities have benefited from very good partnership working, which has extended to NPAs receiving funds for specific projects. The Community Renewables Project run by the North York Moors National Park Authority is an example that relies on the ability of the NPA to work closely with local people in two rural villages, but which is generating national lessons regarding the installation of micro-renewables in rural environments, and which is reliant on RDA funding (from Yorkshire Forward) for its continued
success. Other NPAs have worked with RDAs successfully in supporting rural regeneration projects.

4.3 We are concerned that the future relationships between local planning authorities and regional planning authorities could be complicated by the fact that the regional planning authority is also a funding delivery body. Conflicts of interest could easily arise and working relationships be adversely affected if transparent and robust systems for keeping the planning and funding functions separate are not set up from the outset.

4.4 NPAs have an excellent track record of managing projects through RDA funding, yet are not defined as local authorities. ENPAA believes NPAs should not be excluded from accessing funds as a consequence of the SNR through wording of legislation or guidance and hope the Committee will endorse a more flexible approach based on delivering outcomes.

4.5 In looking at the consequences of the expanded RDA remit, we hope the Committee will explore how the different functions of the RDA will be robustly separated without comprising effective working or jeopardising existing working relationships.

5. **THE ACCOUNTABILITY OF RDAS**

5.1 With the expanding remit of RDAs there are concerns about the loss of accountability. Regional Assemblies were comprised of elected representatives of local governments and regional umbrella bodies while the RDAs are made up entirely of appointed members. We believe they will continue to be seen as lacking in democratic accountably and therefore would stress the benefits from ensuring a clear demarcation between those responsible for spatial planning, and those who perform the business-led, inward investment aspects of an RDA’s work or manage funding streams. This is essential for:

- continued public trust in the spatial planning process;
- accountability of the RDA;
- partnership arrangements with other Agencies, including NPAs; and
- reducing the risk of legal challenges caused by conflicts of interest.

5.2 The potential loss of accountability at the regional level is one of the main consequences of the SNR and links directly to the expanded RDA remit. This issue merits further investigation by the committee.

6. **HOW RDA PERFORMANCE HAS BEEN MEASURED IN THE PAST AND WILL BE MEASURED IN FUTURE**

6.1 Existing RDA performance measurement reflects their remit as economic development bodies. With an expanded remit and new functions RDAs will need indicators and measures of their own performance which reflect these changes. Future RDA performance should take into account accountability, transparency and partnership
working as well as measuring performance on economic, social and environmental targets.

6.2 For the suite of measures of future RDA performance to encompass this range of issues in a single measure, it should include a measure of quality of life, not just economic performance. RDAs have been working on a joint project to develop regional indicators of quality of life (Regional Index of Sustainable Economic Welfare) for some time. With the change in RDA remit, the time is right to include such a measure in the RDA tasking framework. The Treasury are familiar with such indicators of quality of life (although do not publically endorse them) and could potentially provide support to RDAs, BERR and CLG in developing a robust and holistic measure of quality of life for the regions.

6.3 As we said in 3.3 above, in taking on the role of regional planning body, RDAs will also take on responsibility for monitoring the measures and indicators included in regional spatial strategies that assess a region’s social, economic and environmental assets and performance.

6.4 In considering how measurement of RDA performance will differ in future, we urge to committee to consider how best the full range of RDA activities can be included in any performance measurement system and reflected in a new tasking framework.

September 2008
Memorandum submitted by The Environment Agency (RDA 11)

SUMMARY

The Environment Agency welcomes the opportunity to respond to the Business & Enterprise Committee inquiry into the ‘future role and responsibilities of Regional Development Agencies’ (RDAs). Through the reforms announced in the Sub-National Review (SNR), RDAs will have a more strategic remit in co-ordinating the development and delivery of Single Regional Strategies (SRSs), in association with Local Authority leaders forums and input from wider stakeholders. This presents a variety of opportunities and challenges, and the Environment Agency looks forward to working with RDAs in their evolving role.

Our main points are summarised below:

• We believe the policy reforms enshrined within the SNR are a key opportunity to ensure that sustainable development is placed at the heart of regional planning, decision-making and subsequent delivery activity.
• The reforms should facilitate the much needed shift to sustainable economic development, ultimately leading to a more resource efficient and lower carbon economy. They should also ensure that future RDA interventions deliver a wider set of economic, social and environmental outcomes.
• As the RDAs take on a more strategic and less project based role, it is essential that they are able to conduct effective stakeholder engagement.
• We are concerned that RDAs may not have fully the capacity, in skills and resources, to discharge their new responsibilities. Expertise and champions for spatial planning, within the context of sustainable development, must be established at a Board and technical level. RDAs must also have access to expertise on key environmental issues including climate change.
• We are concerned that the proposed timetable for developing SRSs provides insufficient time for necessary environmental checks, including proper evidence gathering, appraisal and examination in public.
• New regional scrutiny and monitoring arrangements of RDAs must include an assessment of the extent to which sustainable development and climate change objectives are met. Defra should have a role in assisting Business Enterprise & Regulatory Reform (BERR) in setting the tasking framework and assessing how effectively RDAs are performing their functions.
• We believe that the existing RDA performance indicators must be revised to reflect their wider functions. The delivery of sustainable development and indicators which track performance in moving to a resource efficient/low carbon economy should be explicitly reflected within RDA targets.
• Overall the RDA tasking framework must drive an integrated approach to sustainable development, supported by leadership and a cultural shift throughout the organisation.
1.0 INTRODUCTION

1.1 The Environment Agency is the leading public organisation for protecting and improving the environment in England and Wales. We work across all levels of government, with staff at regional and local level. We welcome the opportunity to respond to the inquiry into the role of RDAs.

1.2 Our interest in the future role of RDAs is based on the potential implications for the environment and our ability to undertake our functions. This response is informed by our work at a regional and local level, and our direct involvement as a statutory consultee in the preparation of Regional Spatial Strategies, Local Development Frameworks, Strategic Environmental Assessments and on planning applications. Our comments are grouped under the main areas addressed by the inquiry.

2.0 MAIN COMMENTS

The need for a level of economic development/business/regeneration policy delivery between central and local government

2.1 Spatial planning at a regional level provides an important bridge between national and local planning policy. It should help put planning policy within the context of a region’s particular characteristics, including geography, population and environmental conditions. It plays an important role in addressing cross boundary issues, helping to make provision for critical infrastructure and should ensure sufficient environmental safeguards are established and maintained.

2.2 We believe the policy reforms enshrined within the SNR are a key opportunity to ensure that sustainable development is placed at the heart of regional planning, decision-making and delivery. The proposals will bring about major changes to both regional bodies and policy. In particular, RDAs will become the Regional Planning Body. Government, (see Planning Policy Statement 1: Delivering Sustainable Development) has made clear that the statutory purpose of planning is to deliver sustainable development. Therefore as RDAs take over the regional planning function, they will have a crucial role in co-ordinating regional planning policy to plan for and facilitate sustainable development. This includes ensuring that development is planned in a way which successfully adapts to the unavoidable impacts of climate change.

2.3 The SNR sets out an ambition for regional institutions and policy to focus on promoting economic growth. Whilst this is of course a central objective, we are concerned that it must be set in the context of accompanying social and environmental objectives. The aim must surely be to secure the best achievable sustainable development, rather than simply focusing on raising Gross Value Added
(GVA). The reforms are an opportunity to drive England’s response to climate change and this should not be missed through too narrow an economic focus.

2.4 There now needs to be a fundamental shift in thinking which recognises that environmental sustainability is an essential component of economic development, rather than a constraint. For example, resource efficiency leads to enhanced business competitiveness i.e. reducing consumption of energy and water, and production of waste, and thereby cutting running costs. The policy reforms should facilitate the much needed shift to sustainable economic development, making the wider connections to achieving a low carbon, resource efficient economy.

2.5 We welcome the SNR references to the need to move to a low carbon economy and efforts to define sustainable economic development, in particular the reference to environmental limits. In addition they should help ensure that RDA interventions on a policy and project basis (e.g. sector support programmes, physical regeneration activities etc) deliver a wider set of economic, social and environmental outcomes in an integrated way.

The effectiveness of RDAs and their role in adding value

2.6 In some regions, for example in the South East, we have worked closely with RDAs and this has led to some positive results, such as on physical regeneration projects, as well as water and waste policy. Yorkshire Forward has also contributed to funding opportunities, providing around £3.5 million for flood defences around the Humber Estuary. It has also contributed financially to projects in Leeds, the Dearne Valley and North Yorkshire and has recognised the need for local investment in flood defences by contributing to the local levy. However, in other regions we have found it a challenge to establish an open dialogue and effective partnership working.

2.7 Our experience in working with RDAs reveals that the degree of buy-in to the sustainable development agenda can be dependent on individuals which presents a risk to its widespread take-up. In taking forward the SNR reforms, it is clear that sustainable development needs to mainstreamed and embedded throughout the organisation.

2.8 We also note the recent Environmental Audit Committee (EAC) report into Climate Change and Local Government. This highlights that local and regional Government sometimes face contradictory national messages on climate change. The Environment Agency reiterates the EAC recommendation that Government must minimise the inconsistencies between policies and ensure departments have a joined up approach to climate change.

2.9 As the RDAs take on a more strategic and less project based role, it is essential that they are able to engage in effective partnership working and stakeholder engagement, through the ability to respond to a wider interpretation of sustainable
development. We look forward to working in partnership with RDAs to help implement the SNR proposals and recommend that innovative methods of partnership engagement are considered.

2.10 One option for enhanced partnership working is through secondments. These can help ensure a better dialogue between partners and an exchange of skills. For example, the Environmental Planning Manager in the Environment Agency Midlands Region will be seconded to Advantage West Midlands (AWM) to work in their SNR transitional team. We welcome this as a positive step forward and recognition of the need to bring in other stakeholders’ expertise and guidance during the SNR transition process.

RDA expertise

2.11 The EAC report into Climate Change and Local Government also highlights a concern that RDAs pay insufficient attention ‘to the economic risks posed by climate change impacts’ and that regions ‘should have a strategic overview of climate change’. This needs addressing when considering the future roles and responsibilities of RDAs. In addition we support their calls for the Government to review how the SNR addresses sustainable development and ensure that the opportunities it offers for improving local and regional co-operation on climate change issues are taken.

2.12 We are concerned that RDAs may not have the capacity, in skills and resources, to fully reflect and discharge their new responsibilities. Expertise and champions for spatial planning, within the wider context of sustainable development, must be established at Board and technical level. RDAs also need to ensure they have sufficient expertise on important environmental issues, including climate change mitigation and adaptation. A key challenge remains in mainstreaming this expertise across RDAs, something that could be encouraged by the integration of environmental objectives for the organisation as a whole. Their more strategic role also requires RDAs to have the expertise and skills to facilitate effective stakeholder engagement.

2.13 RDAs need to be well positioned to help facilitate the much needed shift to a low carbon economy. For example, this will require access to experts on renewables, resource (including energy and water) efficiency and waste minimisation. Where appropriate, the Environment Agency will seek to support RDAs for example in the provision of advice, information and data etc. We may also be able to input to sector specific projects which relate to our core activities and where we have a particular specialism. For example, environmental technologies (innovative fish pass design), food and drink (environmentally-benign agricultural practice), tourism and leisure (angling participation and fish stock improvement) and livestock (best practice).
The consequences of expanding RDA remit to include new functions

2.14 There is potential that the RDA-focussed reforms could result in economic development being given a higher prominence, with environmental issues given (or perceived to be) a lesser priority. We are concerned that this may result in policy and/or investment priorities that do not adequately protect the environment or maximise opportunities for delivering genuinely sustainable development. As highlighted above, RDAs need to be equipped with the expertise to ensure they can discharge their new responsibilities effectively. More widely, a culture change is required to ensure that the new responsibilities are not just regarded as a ‘bolt on’, but integrated throughout the entire organisation.

2.15 As highlighted in our response to the recent SNR consultation, in principle we support the development of the national sustainability framework as a means of ensuring that SRSs take an integrated approach to economic, social and environmental issues. It is important that this sustainability framework is delivered sufficiently ahead of SRSs being developed, to ensure that it influences their content and plans for delivery. It will also be important to test the SRS against the appropriate Regional Sustainability Framework, ensuring that different regional priorities are considered and accounted for.

2.16 When considering the process for developing the SRS, it is important to give regional stakeholders sufficient flexibility to ensure the very necessary environmental checks are made. We are concerned that the proposed timetable for developing a SRS provides insufficient time to allow for proper evidence gathering, appraisal and examination in public. In their co-ordinating role, RDAs need to be given sufficient time to ensure that a meaningful Sustainability Appraisal/Strategic Environmental Assessment (SA/SEA) is conducted. This will avoid the potential risk of non-compliance with statutory SEA requirements.

2.17 The SNR also proposes to devolve responsibility for allocating funding to Local Authorities. We are concerned that with the emphasis on promoting economic growth, there is potential for regional Sustainable Development and Climate Change expertise to be weakened. Safeguards must be put in place to ensure that at a minimum these are maintained, and ideally strengthened. This is likely to require financial support from central government departments.

2.18 We are actively engaged with some RDAs on EU funding. This involves being present on high level committees and sub-groups. We welcome this partnership approach and believe this should be given a stronger emphasis in determining future arrangements for the delivery of EU funding. This will enable RDAs to utilise other organisation’s skills and expertise to supplement their own. A subsequent challenge is to ensure that high level commitments to embed environmental sustainability in EU Funding schemes are delivered in practice.
The accountability of RDAs

2.19 New regional scrutiny and monitoring arrangements of RDA performance must include an assessment on the extent to which sustainable development, climate change and wider environmental objectives are being met. A robust relationship with partners, to feed in their expertise and experience, is also vital. Regional Assemblies had access to a range of social and environmental partners whose expertise they could draw on to help scrutinise RDA performance. It is unclear how the proposed Local Authority leaders forums will precisely discharge their scrutiny responsibilities. Clarity also needs to be provided on how Regional Select Committees will interact with the region.

2.20 As the lead department for delivering the Government’s Sustainable Development Strategy (Securing the Future, 2005), Defra should have a role in assisting BERR in assessing how effectively RDAs are performing their functions, and making an appropriate contribution to the achievement of sustainable development. We also believe that Defra has a wider role in helping BERR set the RDA tasking framework and recruiting board members.

How performance has been measured in the past and will be in future

2.21 Measures to assess RDA performance have largely been based on narrow economic development indicators. Examples include jobs created, brownfield land reclaimed and the number of business start ups. Performance indicators are critical to driving core activity and opportunities to take a more integrated approach, e.g. delivering projects in a way which maximises benefits for the local community and environment, may not always have been secured.

2.22 We believe that the indicators on which RDA performance is assessed must be revised to reflect their wider functions. The SNR ambition to drive sustainable economic development should be explicitly reflected within RDA performance indicators. Measures to promote genuinely sustainable economic development cannot just focus on raising GVA. They must include a range of environmental and social indicators, including decoupling targets, a reduction in carbon footprint, alongside a specific reference to climate change adaptation. Concepts such as the Index of Sustainable Well-Being and Ecological Footprint may, in the long term, be used as measures of progress. Overall the RDA tasking framework must drive an integrated approach to sustainable development, supported by leadership and a wider cultural shift within the organisation.

2.23 We believe the existing RDA purpose ‘to contribute to the achievement of sustainable development in the UK where it is relevant to its region to do so’ is too weak. This duty should be strengthened to ensure that contributing to sustainable development is central to their emerging strategic role. This could be linked to the Government’s four priorities for action on sustainable development: sustainable
consumption and production; climate change and energy; natural resource protection and enhancement; and sustainable communities.

19 September 2008
Memorandum submitted by Groundwork UK (RDA 12)

Executive Summary

1. Groundwork is currently sponsored by Communities and Local Government to deliver cleaner, safer, greener communities in England and works closely alongside local authorities, social landlords, public agencies and partnerships, other voluntary sector providers and businesses to deliver a broad range of outputs and outcomes. Groundwork’s submission builds on this experience of working strategically with partners to address regeneration needs in deprived communities.

2. Groundwork – like many other organisations working to build sustainable communities – has concerns about the potential for Regional Development Agencies (RDAs) to focus on achieving traditional models of economic growth at the expense of promoting new economic agendas designed to underpin sustainable development. The development of integrated regional strategies is welcomed, and Groundwork would encourage the RDAs to ensure they draw on all the organisational resources available to them, and to ensure that they have the full range of skills and knowledge in their organisations to develop truly integrated strategies.

3. Groundwork is also concerned that there is significant potential for conflict in RDAs becoming the Regional Planning Body whilst also retaining its responsibilities for promoting regional growth.

Introduction

4. Groundwork supports communities in need, working with partners to help improve the quality of people’s lives, their prospects and potential and the places where they live, work and play. Our vision is of a society of sustainable communities which are vibrant, healthy and safe, which respect the local and global environment and where individuals and enterprise prosper.

Groundwork’s projects aim to deliver benefits:

- for people – creating opportunities for people to learn new skills and become more active citizens;
- for places – delivering environmental improvements that create cleaner, safer and greener neighbourhoods;
- for prosperity – helping businesses and individuals fulfil their potential.

5. Groundwork has more than 25 years experience of working in deprived neighbourhoods to support community development and deliver regeneration
and throughout this period has been supported by both central and local government.

6. Groundwork is currently sponsored by Communities and Local Government to deliver cleaner, safer, greener communities in England and works closely alongside local authorities, social landlords, public agencies and partnerships, other voluntary sector organisations.

Factual Information

7. The primary role of RDAs is as strategic drivers of regional economic development in their region. The RDAs aim to co-ordinate regional economic development and regeneration, enable the regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions.

Under the Regional Development Agencies Act 1998, each Agency has five statutory purposes, which are:

- to further economic development and regeneration;
- to promote business efficiency, investment and competitiveness;
- to promote employment;
- to enhance development and application of skill relevant to employment; and
- to contribute to sustainable development.  

8. Based on the RDAs’ reported end year outputs for 2007/08, the RDAs do not have a specific performance output relating to the contribution made to sustainable development.

Recommendations

9. To ensure that sufficient capacity exists for programme management and delivery at local or sub-regional level, RDAs and local authorities should be encouraged to explore the full range of organisational capacity available to them. In particular there is a danger that those responsible for promoting economic well-being fail to recognise the value they could achieve by engaging organisations whose primary remit may be social or environmental. Many of these organisations contribute directly or indirectly to the economic well-

being of localities, for example by building the confidence or capacity of the community or creating enhanced settings for investment. RDAs could help by working with these organisations to capture the economic impact of these interventions in a consistent way.

10. There are concerns about the potential for conflicts of interest – ie the RDA will be responsible for distributing funding to local authorities and local authorities will be responsible for the scrutiny of RDA activity. RDAs will take over regional planning functions, even though their boards will remain business-led. Having both the RPB and the regional growth remit will inevitably lead to conflict, yet there are no proposals as to how this will be addressed.

11. The use of GVA (gross value added) as the lead measure of success for RDAs is clearly problematic in light of the role they will undertake as a consequence of the Sub National Review. Given the RDAs’ much wider role and remit, it seems more logical to develop a set of key performance indicators which connect directly with the four shared priorities for action in the Government’s Sustainable Development Strategy. A regional sustainable development roundtable or champion could be helpful in ensuring that RDAs have full regard to PPS 1: Delivering Sustainable Development, in carrying out their functions.

12. RDAs and local authorities should be directed to work closely with organisations or forums that can support the development of sustainable development strategies and ‘sustainability-proof’ the priorities and proposals in the Integrated Regional Strategy. In particular it will be essential to ensure that the social and environmental priorities in the region are not seen as secondary to the economic priorities.

19 September 2008
Memorandum submitted by the Institute of Directors in the East Of England (RDA 13)

This Submission is made in response to the The Business and Enterprise Committee’s inquiry into the future role and responsibilities of the Regional Development Agencies (“RDAs”) and in particular the role of the East of England Development Agency (“EEDA”). The Institute of Directors (“IoD”) is a membership organisation for directors of UK companies, partners in professional firms, and chief executives of voluntary bodies. The membership of the the IoD nationally is in excess of 51,000, and the membership in the East of England (“Region”) is in excess of 6,500. A National response to this consultation will be issued centrally. This Submission is made on behalf of the members within the Region.

This Submission assumes that the review of sub national economic development and regeneration (“SNR”) will be implemented broadly as indicated in the recent consultation exercise, to which the IoD responded, both nationally and regionally. For the avoidance of doubt, the IoD concluded in its response on SNR that the proposal was dangerous and ill-considered, although the concept had some merit.

This Submission addresses the seven areas identified in PN 48. Thus:

1. The need for a level of economic development/business/regeneration policy delivery between central and local government.

There are fundamental problems caused by this statement. Local government in the Region is unsure of the outcome of impending decisions on Unitary versus District Councils. The reorganisation of local government that is presently being trialled in the West of England is not producing the benefits hoped for. Until the precise structure of the local authorities in the Region is known it will be impossible to identify suitable economic development groups at local level with the capability of delivering the so called benefits of SNR. Can the RDAs help in this process? The IoD doubts this to be the case. EEDA in particular has such minimal funding when compared with other RDAs, that it will not be able to contribute substantively towards this exercise.

If Government feels the need for another tier of public sector employees between it and the local authorities, it will have to show:

1.1 that the RDAs have the skills needed. EEDA probably do not as their funding is so meaguer, and
1.2 that the economic benefits outweigh the cost of the provision of this extra layer of government, and
1.3 that the RDAs are properly funded for these purposes, which EEDA most certainly is not.
The IoD in the Region doubt that any of these criteria can be met.

2. The effectiveness of RDAs and their role in adding value.

EEDA is on record as stating that it has had the following impacts:

1. It developed an effective system for the formulation of the Regional Economic Strategy (“RES”), by creating a Strategy Committee of all interested parties who were able to challenge the drafting of the RES as it developed.

2. It lead on direct interventions such as;
   2.1 provision of higher education infrastructure in key parts of the Region, such as Ipswich and Southend;
   2.2 streamlining business support to provide a more customer focused service – Business Link East;
   2.3 putting forward the business case for greater investment in the Region’s transport infrastructure.

Were these involvements ultimately of value? The arguments both for and against this proposition are many. The IoD take the view that, with the exception of the RES, this work could have been done just as well by a properly staffed Government Office. From the viewpoint of business in the broadest sense of that word, the benefit of the RDAs has been their business focus. Unfortunately as the years have gone by, that focus has diminished in the Region, not through the fault of EEDA, but through Government’s consistent underfunding of EEDA, with the consequent reduction of the quality of their performance.

3. RDA Expertise

RDAs will only have expertise at the levels that business would expect, if they are properly funded. The North East has a budget in excess of £800 million, yet EEDA is only funded to £140 million. The expertise available to EEDA is therefore dramatically reduced. The Board of EEDA has done a remarkable job given such chronic underfunding, but it’s inability to match the budgets of other RDAs means that recruitment of the right people is very hard. The IoD has noticed with regret the rapid staff changeover that has gone on over the last two years. It is almost impossible to keep up with those changes, which in turn makes it very difficult to have a consistent relationship with EEDA.

Business invests in success. It will not pour money into projects that are unlikely to succeed. The Region is the third most successful region in the country, yet Government consistently fails to fund the infrastructure it needs to build on that success. That infrastructure deficit is not just about roads. It also encompasses those institutions needed to facilitate further success. Government does need to spend money in the underperforming regions, but it ignores this Region at its peril.
Nothing reflects this deficit better than the poor relation that EEDA has been allowed to become when viewed against other RDAs.

4. The extent of, and the need for, their overseas activities.

RDA’s are supposed to facilitate economic development. The United Kingdom relies on foreign businesses setting up businesses within it’s jurisdiction. It is inevitable therefore that RDAs will need connections within those areas that are seen as “connected” to their regions. EEDA has a very limited presence in Bruxelles. Europe is a short boat ride away. This presence is justified and much used.

Anything beyond the EEDA model is beyond what the public purse should fund.

5. The consequences of expanding RDA remit to include new functions, as proposed by SNR, including the delivery of EU funding.

5.1 Funding of the RDAs will have to be increased, not reduced as BERR are currently requiring. The IoD has noted that the Government has funded its property market initiatives by clawing back money from RDA budgets. No business can operate in this way, yet Government proposes to increase the workload of the RDAs at the same time. Quite simply, the SNR based proposals will fail if such conduct continues.

5.2 The RDAs do not have the expertise needed for such tasks. EEDA will be required by SNR to take over the planning function of the Regional Assembly when it is abolished in 2010. They are simply not equipped to do this.

5.3 The body that will oversee EEDA will be the Regional Local Authorities, yet the functions of EEDA will be to empower those same authorities to spend money/provide services. Such a conflict of interest would simply not be accepted in Business.

5.4 Those same local authorities will have the right to appoint directors of the RDAs, yet if company law is followed those directors will not be able to vote on many of the board decisions as they will be conflicted out.

5.5 Business is supposed to be the focus of the RDAs, yet the consequence of SNR will be to deprive business of any effective involvement in the economic development of the Region. There is no provision within SNR for business to be consulted on anything. EEDA have given the business organisations an assurance that they will continue to consult with business, as they realise that excluding business in this way will be counterproductive.

Overall Government is making the roles of the RDAs less business orientated, and more overtly political – yet it was to avoid that problem (inter alia)that the RDAs were first conceived.

6. The accountability of RDAs
The argument behind SNR is that expenditure on regeneration and economic development should be made at a local level by politicians who are elected for that purpose. This is not the place to question the wisdom of giving funds into the care of people who do not have the expertise to use them properly. However local authorities would at least be publicly accountable for the monies they spend. The board of directors behind the RDAs are not in any way elected, probably do not have the expertise needed for this role, and in EEDA’s case will have insufficient funds to ensure that their staff possess that expertise. If national government does not believe that it has the ability control local authorities through it’s departmental structure, then some form of intermediate body is inevitable.

The IoD are of the view that given chronic underfunding of EEDA, government should consider:

6.1 either a complete re-organisation of the Region by properly funding GO-East to perform the RDA role to the degree needed. That would at least make the economic “controller” an accountable body. A separate planning body would then be needed, probably centrally funded, and not necessarily regionally focused.

6.2 Or EEDA’s budget should be trebled to allow it to perform it’s role properly.

More generally, government has, through SNR, and the proposed Supplemental Business Rate, effectively disenfranchised business both from a meaningful role in the economic development of the Region, and by allowing local authorities to impose additional rates burdens without any consultation with business. This latter step adds to the problems that government has caused in making the United Kingdom a far less attractive place in which to locate a business. The IoD in the Region does not understand why government should be concerned about accountability, given the above track record.

7. How RDA performance has been measured in the past and will be measured in the future.

This area concerns the IoD in the Region as it presupposes that the RDAs will survive this review in some form or other. The question is particularly sensitive in relation to EEDA as it has underperformed in the past. Indeed the last occasion on which EEDA was judged resulted in the poorest score for any RDA that was then adjusted after objections so that EEDA was merely one of many failing RDAs. The IoD in the Region finds it difficult to understand how this can happen when EEDA is so underfunded, yet is custodian of a region that is one of only three that “make a profit” in the United Kingdom. The methods imposed by the DTI, now BERR in making these assessments are a source of mystery to simple business folk. The GVA methods being applied to the RES may in fact be the only way to measure success of an RDA, but if that RDA does not have the same per capita amount to spend within it’s region as do other regions, how can there be any true comparison?
Conclusion.

The IoD in the Region believes that the disenfranchisement of Business through the effect of SNR both locally and on the RDA, coupled with the imposition of the Supplementary Business Rate, will make the Region a very uncomfortable place for business to work in.

RDAs can only function if they are independent from Government. Current funding and roles make that proposition difficult to fulfill. Having said that, with business being disenfranchised though SNR, there is a need for a business focused organisation within the Region. It must be properly funded, and independent of the hand of Government. Without those essentials, there is little argument for an RDA in any region.

11th September 2008
Memorandum submitted by the Campaign to Protect Rural England (RDA 14)

Introduction

1. We welcome the opportunity to submit evidence to the Business and Enterprise Committee on the future role and responsibilities for regional development agencies (RDAs). As a leading environmental charity, CPRE has worked to promote and protect the beauty, tranquillity and diversity of rural England by encouraging the sustainable use of land and other natural resources since our formation in 1926. An essential part of our work is undertaken at the regional level where, among other things, we work closely with the Regional Planning Bodies, currently the Regional Assemblies, to try to influence the development of Regional Spatial Strategies. We also engage with RDAs across the country on particular issues.

2. In 2007 CPRE, along with Friends of the Earth England and WWF - UK, commissioned work which analysed the strategies developed by Regional Assemblies and the RDAs\(^1\). The work aimed to see if the policies set out within them are moving England towards or away from environmental sustainability. The research found that although many Regional Spatial and Economic Strategies included good individual policies and practices, none of them, even if fully delivered, would make its region fully environmentally sustainable. Consequently many of our recommendations on reforms to regional bodies and planning have developed following the findings of this research.

3. As the Committee is aware, the Review of Sub-National Economic Development and Regeneration makes a number of proposals to reform the role and responsibilities of the RDAs. This will significantly change the landscape of public bodies’ involvement in economic development and regeneration issues, but it will also have wide-reaching implications for spatial planning, the future of our countryside and the sustainable development of England’s regions.

4. In light of our experience and involvement with the RDAs our evidence focuses on three key areas: the consequences of expanding the remit of the RDAs; their accountability; and how their performance is measured.

Summary

5. CPRE has worked for a long time at the regional level to promote sustainable development that improves the quality of England’s towns and countryside. We are concerned that the proposals set out by the Government in its Review of Sub-National

\(^1\) CPRE, Friends of the Earth England and WWF-UK (2007) *How Green is My Region?*
Economic Development and Regeneration, of which the role and responsibilities of the RDAs are an essential part, could significantly hamper the attempt to achieve this.

6. If the RDAs are to be designated as Regional Planning Bodies their remits will broaden significantly to include planning, housing and transport. If they are to be able to undertake this new role effectively, CPRE believes that the Agencies will need to be radically reformed over the coming years. Regional planning must consider economic, social and environmental issues in an integrated fashion. Currently, we do not believe the RDAs are equipped to do this. Therefore, at the very least, we advocate that the Community Empowerment, Housing and Economic Regeneration Bill should amend section 4 of the Regional Development Act 1998 and place a principal duty on the RDAs to deliver sustainable development.

7. As part of the Government’s proposals, it is intended that the RDAs will have lead responsibility for developing the new regional strategy. The involvement of stakeholders in the development of RSSs in the past has ensured the Assemblies have had access to apolitical, expert advice which can be given from a regional perspective. This engagement should be enshrined in the new processes and underpinned by secondary legislation.

8. The RDAs are currently accountable to Parliament through the Secretary of State for Business, Enterprise and Regulatory Reform. CPRE does not feel that the current arrangements are sufficient and this will be even more of a concern when the remit of the RDAs expands. Although we feel that the recommendations of the Modernisation of the House of Commons Committee, if implemented, should help, we also feel that the RDAs must become more transparent. Therefore, we recommend board meetings should be held in public and that the minutes and papers from these meetings should be available so that there is greater transparency concerning what, and how, decisions have been made.

9. We believe that it is no longer adequate for only the Department for Business, Enterprise and Regulatory Reform (BERR) to be responsible for monitoring the performance of the RDAs. In light of their expanded remit we recommend that any assessment of the RDAs effectiveness must involve input from the Department of Environment, Food and Rural Affairs (Defra) and the Department for Communities and Local Government (CLG), as well as BERR. We would also recommend that relevant expert public bodies are asked to feed into the process, including Natural England, Environment Agency, the National Housing and Planning Advice Unit, English Heritage and the Sustainable Development Commission.

10. Finally we are concerned about the continued use of GVA as a performance indicator for the RDAs. GVA masks inequalities within regions and gives no consideration to the sustainability (in all senses) of that growth. Other indicators, that consider the environmental and social impacts and sustainability of economic growth should be developed and used in future.
The consequences of expanding RDA remit to include new functions, as proposed by the Sub-National Review, including the delivery of EU funding

11. The proposals within the Sub-National Review (hereafter known as the SNR) recommend that the RDAs will be formally designated as the Regional Planning Body (RPB) and that Regional Assemblies ‘in their current form and function will not continue’. RDAs will then have executive responsibility for developing the new single regional strategies, which will replace Regional Economic and Spatial Strategies. The new strategy will set out economic, social and environmental objectives for the region. This will require the RDAs to broaden their remit well beyond their currently narrow economic focus.

12. Land use, or ‘spatial’, planning shapes how and where people live. Due to the significant impact it has on the public through shaping the environment in which we all live, it is essential that planning policies and decisions are underpinned by democratic accountability at the appropriate level. We believe that one consequence of moving regional planning responsibilities from the, at least partially accountable, Regional Assemblies to the RDAs will be to create a serious democratic deficit at the regional level. The involvement of the Local Authorities Leaders’ Forum will ensure that Councillors are involved in the development of the new strategies, but they will not have lead responsibility for them. We believe that making the RDAs the Regional Planning Bodies will undermine the democratic base of regional governance by removing the limited degree of accountability and transparency that currently exists.

13. If the Government does pursue the proposals to abolish the Regional Assemblies, CPRE believes the RDAs will need to be radically reformed to be able to undertake their new wider responsibilities. These reforms should include changes to both the expertise and the governance of the RDAs.

14. The Regional Development Act 1998 set out five purposes for the organisations it created. They are as follows:
   (a) to further the economic development and the regeneration of its area,
   (b) to promote business efficiency, investment and competitiveness in its area,
   (c) to promote employment in its area,
   (d) to enhance the development and application of skills relevant to employment in its area, and
   (e) to contribute to the achievement of sustainable development in the United Kingdom where it is relevant to its area to do so.

15. CPRE does not believe that an organisation with the five purposes set out above will be able to develop and deliver a holistic regional strategy which is underpinned by

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62 HM Treasury, Department for Business, Enterprise and Regulatory Reform and Department for Communities and Local Government (2007) Review of sub-national economic development and regeneration, paragraph 6.100
sustainable development as the fifth purpose is too weakly worded. Therefore, to prevent the Government’s proposals resulting in further social and environmental degradation in the English regions the Community Empowerment, Housing and Economic Regeneration Bill should remove the fifth purpose and place a principal duty on RDAs to deliver sustainable development. The purposes set out in (a) to (d) above should also be reconsidered in light of the RDAs proposed new role, which will be far wider ranging than economics and regeneration. Their purpose should therefore include issues that are necessary to ensure the improvement of the quality of life of those living and working in English regions, including sustainable economic development, housing, health and the natural environment.

16. As the Rt. Hon. Hazel Blears MP and the Rt. Hon. John Hutton MP set out in their Ministerial Foreword to the SNR consultation document, ‘we must make sure the principles of sustainable development…remain at the heart of our plans for Britain’s future’\textsuperscript{63}. CPRE welcomed this statement. We note that the Government has also stated, however, that the RDAs will remain business-led and economically focused. We are therefore concerned that the RDAs will place a greater emphasis on economic growth in the new regional strategies, at the expense of environmental and social considerations.

17. Our current concerns have been illustrated by recent events in the North West region. The North West Development Agency recently produced 28 Evidence Papers to inform the development of their ‘shadow’ single regional strategy\textsuperscript{64}. The aim is that these papers will begin to form the evidence base for the new strategy. Our assessment of these papers is that they would be adequate for an economic strategy, but not for a statutory development plan because they are so economically dominated. The NWDA is consulting on these papers and has stated that they expect their form and content to evolve as a result, but their current form illustrates that as an organisation their focus remains very much on economic issues. With their current skills, knowledge and experience base and tasking framework, RDAs will be constitutionally incapable of delivering a strategy that integrates and balances social, environmental and economic objectives. We therefore do not believe that they are currently capable of undertaking the role of RPB.

18. Part of the reform of the RDAs will also need to be initiated by the Secretary of State for Business, Enterprise and Regulatory Reform. The minister must take the new remit into consideration when appointing future RDA Board members. Although the transfer of powers is not scheduled until 2010 if the Government decides to continue with its plans to abolish the Regional Assemblies, appointments made from now onwards must look to fill the spatial planning skills, and other gaps, currently present on all of the existing Boards.

\textsuperscript{63} Department for Communities and Local Government and Department for Business, Enterprise and Regulatory Reform (2008) \textit{Prosperous Places: Taking forward the Review of sub-national economic development and regeneration}, page 1

\textsuperscript{64} Papers available from http://www.nwriu.co.uk/2489.aspx.
19. We are also concerned that a possible consequence of the proposed reforms will be that stakeholders could be side-lined in the process of developing the new single regional strategies. The involvement of economic, social and environment partners in the development of RSSs had many benefits. These partners not only provided expertise in the areas they represented but they were apolitical and gave a genuinely regional perspective that can be difficult for those representing local authorities to achieve. We have been concerned throughout the SNR process that inadequate attention has been given to the role of non-business stakeholders in future arrangements. While there has been an acknowledgement by central Government and regional bodies of the benefits stakeholders have brought to current policy development, their involvement is not enshrined in the new system. Unless this is addressed, stakeholders will only be able to rely on good practice in individual regions which is unlikely to be satisfactory.

20. While we recognise that the RDAs have experience of consulting stakeholders in the development of Regional Economic Strategies they do not, in our experience, have the same track record for inclusive engagement as the Regional Assemblies developed. The process for developing the new strategies needs to go far beyond a simple three month formal consultations. The process for developing RSSs, as set out in PPS11 and underpinned by primary legislation, enshrines partnership working throughout the process and includes stakeholders in decision-making through the Regional Assemblies. The process for developing the new integrated strategies should be based on the same principles as those used for spatial strategies and be underpinned by statute. The aim should be to secure meaningful engagement with stakeholders and local communities from beginning to end. Reaching consensus through meaningful engagement on how policies should be developed should also ensure easier implementation of those policies further down the line.

The accountability of RDAs

21. As we set out above we believe that it is essential that land-use planning is undertaken in a democratically accountable way. We do not believe that the RDAs are sufficiently accountable at present and we do not believe that the proposals set out in Prosperous Places will make them sufficiently accountable in the future.

22. The RDAs are currently accountable to Parliament through the Secretary of State for Business, Enterprise and Regulatory Reform and it is proposed that this should continue post 2010, when the RDAs remit expands to include land-use planning at the regional level. In light of this broadened remit we would question whether the RDAs should continue to be solely accountable to BERR as CLG, and therefore the Secretary of State for Communities and Local Government, has lead responsibility for spatial planning at the national level.
23. We believe that a relatively simple, but essential, step to make the RDAs more accountable to the public would be to make them more transparent. This could be done by holding RDA board meetings in public. The minutes and board papers should be publicly available at least a week before the meetings. At the moment limited information is available on the RDAs websites compared to Natural England, for example, which holds its meetings in public and makes board papers available ahead of meetings. A further example is the London Development Agency, which is committed to major policy discussions taking place in public and so has public sessions at the vast majority of their Board meetings. The same should be the case for all RDAs.

24. We acknowledge that since the SNR was published the Modernisation of the House of Commons Committee has undertaken an inquiry into regional accountability. The Committee’s report recommended that regional select committees and grand committees be created for an experimental period\textsuperscript{65} and this approach has since been endorsed by the Government\textsuperscript{66}. CPRE supports the creation of these committees. We hope that they will ensure that RDAs are answerable to the public at the regional and local level, rather than only to Ministers as they are now.

25. We also believe that the Regional Ministers, as elected Members of Parliament who are therefore accountable to the public, could play a useful role in the new arrangements. CPRE believes an explicit role should be placed on the Ministers to ensure that sustainable development is delivered in practice and to ensure proper engagement with local communities in the development of regional strategies. As with our concerns of the focus of the new regional strategies, Regional Ministers should not solely focus on delivering central Government’s priorities of housing and economic growth in their regions.

How RDA performance has been measured in the past and will be measured in the future

26. BERR has to date been responsible for monitoring the performance of the RDAs and under the proposals set out in Prosperous Places this is set to continue. ‘BERR will be responsible for assessing how effectively the RDAs are performing their functions, including leading the development of the regional strategy.’\textsuperscript{67} However, in light of the expanded remit of the RDAs, we do not believe that that department alone has the expertise to undertake this role. For example, will BERR have the expertise to assess whether regional strategies the RDAs have produced really are underpinned by sustainable development as they should be?

\textsuperscript{65} House of Commons Select Committee on Modernisation of the House of Commons (2008) \textit{Regional Accountability: third report of session 2007-08}
\textsuperscript{66} Office of the Leader of the House of Commons (2008) \textit{Regional Accountability: the Government’s response to the Modernisation Committee’s third report of session 2007-08}
\textsuperscript{67} Department for Communities and Local Government and Department for Business, Enterprise and Regulatory Reform (2008) \textit{Prosperous Places: Taking forward the Review of sub-national economic development and regeneration}, paragraph 3.20
27. We recommend that any central government assessment of the RDAs effectiveness in undertaking their roles must involve input from Defra and CLG, as well as BERR. We would also advocate the involvement of relevant expert public bodies, including Natural England, Environment Agency, the National Housing and Planning Advice Unit, English Heritage and the Sustainable Development Commission.

28. We are also concerned that the performance measurements for RDAs proposed in Prosperous Places only specify housing, economic development and carbon emission reduction targets. While we recognise the importance of reducing emissions, it is our view that the RDAs will need to be measured against a wider set of indicators of environmental sustainability if they are to fulfil their new sustainable development role. We understand that it is BERR’s intention to maintain increasing Gross Value Added as a key performance indicator for RDAs. Unless firmly related to resource productivity, GVA is not a suitable indicator for sustainable development as it masks inequalities within regions. The East Midlands RDA has proposed their Index of Sustainable Economic Wellbeing as the key economic performance indicator. We propose this is adopted for all RDAs, alongside specific environmental and social sustainability indicators.

19 September 2008 Memorandum submitted by the London Development Agency (RDA 15)

Introduction

The London Development Agency (LDA) is one of five organisations that have become known as the ‘GLA Group’.

While the Agency has much in common with the eight regional development agencies outside London, there are also significant differences. In addition to London’s unique devolved governance arrangements, the democratic accountability provided through the Mayor of London and the unique nature of London’s economy, there are unique institutional arrangements for the delivery of some wider aspects of economic development, specifically housing, skills and transport. These significant differences play out in the day to day work of the Agency but they also influence the decisions that Government takes on national policies, which frequently play out differently in London as has been the case with the review of Sub-National Economic Development and Regeneration.

The mission of the LDA is to deliver the Mayor’s priorities for London’s economic development and the jobs, skills and growth that London needs in line with the Economic Development Strategy for London (EDS), which provides the blue-print for the Agency’s work and is intended to provide a focus for all of our delivery partners.
The EDS is one of twelve strategies that the Mayor must produce by law, and the LDA has delegated responsibility to produce it. (www.london.gov.uk/mayor/strategies/economic_development/sustaining_success.jsp).

The LDA also contributes to the delivery of the Mayor’s other strategies. (the other statutory strategies are: Climate change adaptation, Climate change mitigation & energy, Culture, Health inequalities, Housing, London Plan (Spatial development strategy), Municipal waste management strategy, Transport strategy, Biodiversity, Air quality and Ambient noise).

London’s economy and the role of the LDA

Information on London’s economy and progress towards the objectives set out in the EDS is published regularly, most recently in July 2008 (http://www.lda.gov.uk/server/show/ConWebDoc.1203).

Guided by our understanding of London’s economic strengths and challenges, and working with our partners in the private, public and third sector, the LDA’s focus is on sustaining and improving London’s role as a centre for business, while increasing economic opportunity for all Londoners by:

• Creating the conditions London needs to facilitate business growth, productivity and employment (jobs);

• Ensuring all Londoners are able to access this employment by working with business to tackle barriers to employment and progression (skills);

• Driving London’s growth and development while supporting a switch to a low carbon London (growth).

The LDA is also the lead agency for the delivery of the Olympic Legacy; and we have devolved responsibility for managing London’s European Regional Development Fund and European Social Fund programmes for 2007-13.

Details of our approach and the targets the Mayor has set for us are set out in our annual corporate plan. For 2009-2010 onwards, we are currently developing an approach based on identifying shared objectives and working collaboratively with our partners to meet them, building on the Mayor’s consensus approach, to maximise the impact of our joint investments. Overall thematic and spatial outcomes will dictate appropriate processes and structures for delivery. There will therefore be less emphasis on activity and output targets and the machinery that goes with them. This will be replaced by a commissioning model based on outcomes.
The following appendices provide information on specific issues raised by the Committee.

- Appendix 1 – LDA Performance & Evaluation; and Audit Arrangements
- Appendix 2 – LDA capacity to deliver and our evolving new organisational structure
- Appendix 3 – LDA investment in overseas offices
- Appendix 4 – LDA’s Role with respect to EU funding
- Appendix 5 – Summary of the Mayor of London’s response to the Review of Sub-national Economic Development & Regeneration
Appendix 1

LDA Performance & Evaluation; and Audit Arrangements

Performance

Performance management at the LDA is currently changing. The introduction of a Corporate Performance Management Office (PMO) will improve significantly the way that performance is measured, giving greater visibility of programme and project performance and over outputs and outcomes.

An output is defined as a unit of achievement that occurs immediately (for example, one person receiving skills training). An outcome is defined as a beneficial result which will be measured sometime after the output occurs (for example, that person achieving sustained employment).

How performance data is collected

Project performance data first enters the LDA via monthly project progress reports. These are e-mailed to LDA project managers by delivery partners and summarise the outputs and outcomes that have been delivered that month. These data are then entered into our central performance monitoring system which informs monthly performance meetings of the LDA’s senior management team.

Decision makers can then make interventions to address performance issues as necessary.

How performance has been measured in the past

LDA project performance has been measured against 14 corporate output targets divided between 45 programmes of work and constituent projects. Success was defined as meeting the 14 targets alongside equalities targets every month and being on course to meet projected performance for the remainder of the year.

In order to demonstrate the impact that the LDA intervention has had on London, LDA projects and programmes are evaluated by:

- self evaluations for projects valued under £1m; or
- externally commissioned economic impact evaluations for larger projects and programmes.

Project and programme performance was measured by comparing:

- targets set for each project/programme; actual outputs to date; and
• projected output delivery for the remainder of the year.

**How performance will be measured in the future**

The focus of future performance measurement is going to change with the work of the agency being grouped under our three strategic objectives: jobs, skills and growth. Current business planning activity will see programmes reduced from 45 to between 20 and 30.

Our measure of successful performance will have greater focus on the achievement of outcomes, such as sustained employment and sustained business growth, rather than measuring outputs alone.

The Corporate PMO is undertaking further work to enable improved performance measurement, including:

- the introduction of five formal gateways that projects must pass through in their lifetime, including Monitoring (Gateway D) and Evaluation & Closure (Gateway E);
- procedures to improve compliance with performance reporting requirements and escalation of non-compliance;
- clearly defining all outputs and outcomes and the data necessary to measure them;
- improved programme level performance reporting that shows a RAG (Red, Amber, Green) status for meeting targets for outputs, equalities, expenditure and milestones

**Impact Evaluation**

**Internal evaluation resource:** the LDA’s Evaluation Team sits within the Corporate Programme Management Office (PMO) and consists of 3 Evaluation Officers (two full-time and one part-time) and a Senior Evaluation Manager. This function sits alongside appraisal, monitoring and performance reporting functions that make up the Corporate PMO enabling evaluation processes to be coordinated and embedded at each stage of a project’s lifecycle. The Evaluation Team is responsible for developing and facilitating processes that enable all LDA projects to effectively plan, conduct and disseminate the learn lessons from impact evaluation in a timely, proportionate and robust manner. The evaluation team is supported internally by strategy and policy teams who participate in evaluation steering groups in order to validate the strategic analysis and conclusions arising from the work of external consultants. Similarly, the team is supported by a dedicated economist resource that is drawn upon to scrutinise the economic analysis and impact assessment work undertaken by consultant evaluators.
**Approach to evaluation:** the LDA’s approach to evaluation requires all projects incurring a LDA investment of less than £1m to conduct a self-evaluation that is peer reviewed by both the LDA Delivery Manager and Evaluation Team. All projects with a LDA investment greater than £1m require an externally commissioned independent impact evaluation that must be fully compliant with the RDA Impact Evaluation Framework (IEF) Guidelines. In these instances the Evaluation Team is responsible for quality assurance of the evaluation process to ensure that the end product is fully compliant with the IEF. This involves supporting Delivery Managers responsible for delivering evaluation by: reviewing and approving the contract specification for the evaluation work required; scoring and assessing tenders; participating in evaluation steering groups; reviewing and approving the proposed methodologies, interim and final reports. Once an evaluation has been completed the evaluation team disseminates the findings and lessons learnt (via a combination of communication channels) across the agency to key audiences in strategy and policy, development, delivery, economic analysis teams and the Senior Management Team in order to facilitate a process of evidence-based investment decision-making.

Since the start of 2007 the Evaluation Team has made significant progress in promoting the need for, and value of good quality evaluation across all areas of the agency’s business. As a result the LDA has been able to improve its stock of existing evaluation evidence and ensure that good evaluation practice is embedded more consistently within the agency’s activities and processes.

**Conducting impact evaluation:** towards the end of 2007, with a view to meeting the requirements set out by BERR for the RDA Impact Report, the LDA commissioned SQW Ltd. to develop an evaluation framework that captures the economic impacts of LDA interventions and enables cost benefit analysis that can be used to establish the value for money of those interventions. This piece of work also involved a review of the LDA’s existing evaluation evidence to assess its compliance with the IEF, and identifying priorities for evaluation packages required to achieve a reasonable degree of coverage of LDA expenditure (2002-2007) and intervention types for the completion of the RDA Impact Report in November 2008. This scoping work has enabled the agency to bundle its evaluation requirements into sizeable contract packages that secure value for money and as such ensure that good quality evaluation could be commissioned within the limited timescales available. The agency is currently on course to complete a large amount of IEF-compliant impact evaluation by September 2008 that represents 80% coverage of its relevant expenditure from a baseline of 1% coverage in December 2007.

**Evaluation going forwards:** the agency is currently developing its approach to programme evaluation that will enable a more strategic, systematic and comprehensive assessment of project activities delivered through clearly defined programmes. The agency’s approach to programme evaluation is currently being developed alongside the establishment of a gateway approach to performance management. This process aims to establish full visibility of all projects and
programmes by ensuring that quality control processes and procedures are implemented at each lifecycle stage enabling the agency to instigate real time improvements in performance. The final 'Evaluation and Closure' Gateway stage will be designed to ensure that lessons learnt from impact evaluation are systematically and transparently fed back into the development of new projects and programmes entering the ‘Concept Acceptance’ Gateway at the start of the process.

How we are audited

LDA Assurance Arrangements

Audit Commission’s appointed external auditors provide a true & fair audit opinion on the annual financial statements produced by the LDA. In addition, they produce an annual audit and inspection letter with recommendations for improvements to the internal control environment that have been identified during their annual audit and inspection. This includes a scored Use of Resources assessment which considers, Financial Reporting, Financial management, Financial Standing, Internal Control and Value for Money. The LDA has achieved level 3 from a scale of (1 to 4) for this assessment in the last 3 years which equates to “consistently above minimum requirement – performing well”

In addition, the LDA is subject to a tailoring of the Comprehensive Performance Assessment (CPA) regime which has been introduced for Local Authorities by the Audit Commission. The LDA was assessed as “Performing Well” in its overall Initial Performance Assessment (IPA) in 2004. Since then it has been subject to a non-scored Direction of Travel review. From 2009 the IPA/CPA process is being replaced with a Comprehensive Area Assessment (CAA) inspection process. The application of this process to the LDA and the other GLA Functional bodies is currently under consultation with the Audit Commission.

The Agency’s new Audit, Risk & Performance Committee has delegated authority by the LDA Board for overseeing the LDA internal and external assurance arrangements and reviewing the annual effectiveness assessment of the internal control environment. This review process is undertaken on a continuous basis throughout the year.

The Committee will meet monthly and its responsibilities include:

- Agreement of a risk strategy and the compilation of a corporate risk register;
- Agreement of an assurance strategy and an annual assurance plan;
- Monitoring the delivery of the annual assurance plan;
- Reviewing the findings of assurance reports and the implementation of recommendations;
• Consideration of evaluation reports for all programmes and projects over £1m in value;
• Monitoring the LDA’s performance including the delivery of risk strategy and the management of risk;
• Monitoring the delivery of the LDA’s governance framework and the consideration of any breaches or irregularities;
• Receiving the external auditor’s annual plan and considering the reports of the external auditor;
• Consideration of the LDA’s draft and final financial statements and the conclusions of the external audit of the financial statements; and
• Preparation of an annual governance report to the LDA Board.

• Also, individual Group Directors in the LDA provide a Stewardship Statement in relation to their responsibilities for supporting the effectiveness of the internal control and governance environment. Audit outcomes are communicated to the Group Directors who are ultimately responsible for ensuring the policies and procedures explicit within the internal control environment are adhered to.

The LDA reports to the Mayor of London who appoints its Board, sets the Agency’s targets and has power of guidance and direction. It is also subject to scrutiny by the London Assembly, which holds the Mayor and LDA senior management to account for the proper stewardship of public money through Mayoral Questions, scrutiny reviews and plenary sessions. The Mayor appointed a Forensic Audit Panel in May 2008 to review LDA efficiency and grant making. The outcome from this review was published on the 15th July 2008.

Appendix 2

LDA capacity to deliver and evolving new organisational structure

The LDA is changing its organisational structure in light of various demands and pressures:

1. To improve and increase the transparency of governance arrangements;
2. To gain greater accountability for the outcomes of the organisation’s activities;
3. To bring in process changes to improve efficiency and value for money;
4. To focus on delivering benefits to Londoners.

The future operating model provides opportunities for efficiencies including
• Commissioning outcomes, not managing development and delivery of outputs;
• Targeted divestment;
• Shared roles and service.

The following principles have been taken into account when designing the new organisation as follows

• A lean, streamlined organisation;
• A clear role; no duplication with other London agencies;
• Relationship management accountability based on businesses’ requirements;
• geared around driving value from investments;
• All current functions covered;
• Recognition of the Mayor’s announcement on the Olympic Legacy special purpose vehicle;
• Target headcounts sized with Group Directors;
• To meet existing £10m savings target.

The restructuring process is currently in train but further details can be provided if required.

Appendix 3

LDA investment in overseas offices

The LDA has invested in four offices in important emerging markets:

• Beijing, China
• Delhi, India
• Mumbai, India
• Shanghai, China

In addition, there is an office in Brussels (funded jointly by GLA, LDA, TfL, LFEPA, and London NHS) with a quite different purpose: it focuses on engagement with the European Commission.

The LDA’s overseas offices are currently being examined as part of a process considering whether the Greater London Authority’s international offices perform a useful strategic function and represent value for money. This is being undertaken by the Mayor’s Office led by Ian Clement, Deputy Mayor for Government relations, who will report in the Autumn.
The LDA also commissions Think London to undertake foreign direct investment activity on its behalf. Think London has offices in New York and San Francisco and shares the LDA-funded offices in Mumbai, Delhi and Beijing. Think London also shares marketing costs with UK Trade & Investment in Brazil and shares a representative in Korea with the South East England Development Agency.

1. The Mayor delegates his statutory duty to promote and develop tourism in London to the LDA which commissions destination marketing to Visit London which works in partnership with Visit Britain. Visit London has a 4 year grant agreement with the LDA, which expires in March 2010. Funding for the current financial year is £15.4m and covers promotional activity overseas including events for the travel trade (25% of Visit London’s income is from the private sector). There is a Visit London representative in India, who works out of the LDA Delhi office, and the LDA’s representatives in the China offices offer support to Visit London’s activity in that country, such as consumer campaigns aimed at changing outdated perceptions of London.

Working closely with Visit London and Think London on a number of projects is Film London, the regional screen agency for the capital. Alongside national funding from the UK Film Council, the LDA currently has a £5.9m grant contract with Film London (expires in March 2009) intended to achieve a number of objectives around business support, skills and inward investment. The latter includes promotional events held overseas, production and finance markets hosted in London and, in partnership with local authorities and a number of other agencies, a strategy intended to make film making in London far easier and less costly.

Rationale

London’s economic success depends to a significant extent on its openness and international links. This is particularly true across the three crucial areas: foreign direct investment; tourism; and higher education:

- 80% of the London’s Stock Exchange’s business is international, reflecting the fact that London does not have the national market that sustains New York and Tokyo;

- Over 13,000 overseas companies operate in London

- Foreign Direct Investment accounts for over a quarter of London’s economy, representing a £52 billion a year contribution to GVA, employing 500,000 people, representing 13% of all London jobs.

- Tourism is one of London’s major industries, worth an estimated £15 billion a year;
• Overseas students are worth £1 billion a year to London – and many stay or return to forge their careers here. Approximately one-third of London’s senior managers were born overseas.

The offices in China and India were set up in response to the rapid growth in these economies in recent times, principally to be an effective means of promoting London.

China and India are becoming increasingly important in the world economy – they collectively contributed 44% of global growth in 2006 and 50% in 2007 and economists expect them to grow strongly for several decades. The dramatic growth rates of China and India represent a major economic opportunity.

London already has significant economic links with China and India through investment, tourism and study. These links are currently estimated to contribute £14 billion GDP and support 200,000 jobs in London.

An additional consideration is that there can be scope to exchange experiences and learn from other global cities: directly with the leading emerging markets’ cities where London is represented, and, through the Brussels office, with other European cities. Topics on which exchanges have occurred include climate change, transport, tourism promotion, housing and planning.

**Objectives**

The main objectives of the LDA’s offices in China and India are as follows:

• Raise the number of companies from target markets choosing to set up their European headquarters in London;
• Increase the number of tourists from target markets visiting London each year;
• Increase the number of people from target markets choosing to study in London
• Promote the London 2012 Olympic and Paralympic Games.

To achieve this, the LDA and its representatives:

• Build relationships with key government agencies, e.g. in culture, education and trade, in order to develop projects such as cultural exchange programmes, media promotion and education programmes
• Support projects by GLA and Chinese partners, including seasons and events such as the China in London and London in China seasons
• Arrange/host delegations to/from London’s businesses
• Use them as a base to penetrate other cities in emerging markets in order to promote London and establish contacts there as well
• Compile databases of contacts for partner delivery organisations such as London Higher and Visit London
• Provide local news monitoring and market intelligence updates
• Ensure a London presence in major events and exhibitions, including the 2008 Beijing Games, Shanghai Expo 2010

Think London’s activities

In India, since the opening of the offices in Delhi and Mumbai in 2007, Think London has targeted clusters of companies in priority sectors and under explored sub-sectors, generating 46 projects and 106 leads in the year. They also handled 32 projects and 23 leads generated by partners such as UKTI. They contributed 210 jobs to the London economy from 5 successful investments (a contribution of £24.5 million to London’ GVA, based on the economic model developed by DTZ).

In China, the strategy is to pursue Key Accounts and Small High Growth companies and the raise London’s profile and strengthen links with key intermediaries and government organisations. A focus has also been to promote the Touchdown Centre which provides and incubator and soft landing for Chinese companies establishing in London. A key benefit of having the offices has been a clear improvement in relations with key UK partners and stakeholders. The Beijing office generated 24 new projects and 109 leads last year. The office was involved in 10 investment projects resulting in 204 jobs equating to a contribution of £23.5 million to London’s GVA.

Appendix 4

LDA’s role with respect to EU funding

Unlike the position in the regions outside London, the LDA and the Mayor of London have devolved responsibility for both London’s European Regional Development Fund 2007-2013 Programme (ERDF) and London’s European Social Fund 2007-13 Programme (ESF).

The ERDF and ESF programmes are administered by the European Programmes Management Unit within the LDA, which has been set up separately from those parts of the LDA that may bid for ERDF, and the part of the LDA that operates as an ESF ‘co-financing organisation’.

ERDF

A Statutory Instrument has delegated responsibility for management of ERDF to the LDA and the Mayor of London.
The £140m ERDF programme (plus match-funding) is relatively small, and funds are allocated to projects via open competitive bidding rounds. ERDF projects must supply their own match funding.

The Mayor, following recommendations by a moderation panel confirms the ERDF projects to be supported.

ESF

The LDA plays the same role in respect of administering ESF as Government Offices (GOs) do in regions outside London. Whereas GOs chair ERDF and ESF Programme Monitoring Committees outside London, the Mayor chairs the London Committees.

The £375m ESF programme (plus match-funding) is England’s largest. Funding is co-ordinated between four co-financing organisations (CFOs), one of which is the LDA. Each of these CFOs supplies match funding and operates its own competitive bidding processes.

JESSICA

London also hopes to be first EU region to launch the new Joint European Support for Sustainable Investment in City Areas (JESSICA) financial instrument, in partnership with the European Investment Bank.

Appendix 5

Summary of the Mayor of London’s response to the Review of Sub-National Economic Development & Regeneration (SNR)

As highlighted by Government, many of the SNR proposals are not relevant to London because of the capital’s unique governance arrangements. The Mayor will continue to be responsible for preparing a suite of strategies for London, including its spatial development plan (the London Plan), Transport and Economic Development Strategies, and for oversight of the London Development Agency.

The Mayor welcomes the proposal that there is a duty for London boroughs to carry out Local Economic Assessments in their area. The duty should allow for preparation at sub-regional level rather than borough level, where appropriate. The Mayor proposes a framework of light touch Mayoral guidance to ensure an appropriate level of consistency across the region.

The Mayor supports the principle of increased delegation of delivery from the London Development Agency (LDA) to the boroughs and has already agreed a memorandum of understanding with London Councils which aims to ensure that local and regional decisions are made as close to people as possible. The existing powers of the Mayor (and the LDA) already allow further delegation of LDA programmes to take place to boroughs or other appropriate agencies.
The Mayor agrees with the general thrust of the SNR but notes that the proposed arrangements do not directly affect planning in London due to the different statutory arrangements and the democratic accountability already in place at regional level.

19 September 2008
Memorandum submitted by Community and Voluntary Forum
Eastern Region (COVER) (RDA 16)

Declaration of interest: EEDA have provided on average between 5 and 10% of our annual funding since 2001.

Responses:

1. Need for regional economic development:
Place shaping at the regional level is useful in that local district, unitary and county councils have a political footprint that does not match the economic, social and cultural footprint of the local populations. Artificial political ward boundaries have a political reality but little economic, social or cultural match up.
Some economic development targeted at the poorest communities in the poorest of places has to happen regionally or nationally because the resources, capacity, expertise and political will do not exist locally.
Given those facts an intervening economic development tier between national and local is useful in balancing downward pressures from government and upward pressures from localities.

2. Effectiveness of RDAs and adding value:
Effectiveness: Would the renaissance activities bringing regeneration capital and revenue, skills, university and HE provision to areas in the East such as Southend, Thurrock, Ipswich and Harlow have happened without EEDA our RDA?
Adding value: Value for money/ adding value are hard to quantify… some RDA activity adds value, gives Value for Money some does not. An example from the East region: EEDA the RDA runs the EU ERDF ‘Low Carbon Growth’ scheme. Recently EEDA put forward, and approved, a £6m project for Business Link East, a subsidiary of EEDA, to provide energy saving advice to some 315 SMEs in the region. Recently the National Trust replaced 45,000 lightbulbs with low energy bulbs which should save up to £10 per bulb per year. So given that Nettos, early in the year were selling low energy bulbs at 49p a bulb, that £6m EU/ ERDF project could have bought 12m bulbs, which at a saving of up to £10 per bulb pa could save SMEs up to £120m a year. It would be hard for an advice service to generate that level of ongoing savings …

3. RDA expertise:
EEDA, the RDA in the East has developed expertise in a number of areas key to the future prosperity of the region. RDAs such as EEDA have varying levels of competence in the Leitch Skills, Employment, Enterprise and Productivity agendas; they have economic research skills; planning skills; and varying levels of leadership, management, professional and administrative competence; they have procurement and commissioning skills; and in the East of England they are well connected in networking and partnership terms across Public, Private and Voluntary sector stakeholders.

4. Need for overseas RDA activity:
EEDA, the RDA in the East of England promotes inward investment from outside the EU and supports the regional EU Brussels office, both are useful activities at regional level, that support the winning of public and private sector inward investment into the region.

5. Expanding RDA remit to include SRS, regional planning and transport and EU funding:
RDAs have considerable experience of regional planning in terms of the joint work in reconciling regional Spatial and Economic Strategies. They do not have the expertise in dealing with the politics of local government but under TUPE regulations expertise could be brought into EEDA from the Regional Assemblies and other layers of local government. Specialist advice and expertise in terms of planning, transport and EU funding is already partly in place in RDAs and could be bought in via consultancies as RDAs do on a regular basis particularly as the remit is likely to be strategic rather than operational.

6. RDA accountability:
RDAs are accountable upwards to national government but less accountable downwards to communities in the region. RDAs, with ‘business majorities’ on boards are less representative in decision making than the Regional Assemblies. Regional Assemblies are quite representative of stakeholder interests but have a democratic deficit, whereas other layers of local government may be democratic, if 10-30% share of electorate is democratic, but are generally unrepresentative of the communities they serve in terms of gender, age, ethnicity, poverty and class.

7. Measuring RDA performance:
Measures: Political targets and measures of performance don’t always converge with Economic, Social and Environmental targets or realities. The ‘Sustainable Development’ label masks some inherent contradictions.
Poverty: The poor in the East of 1998 are still up in the 17/18% numbers and in relative terms relatively poorer in 2008 than they were then.
Skills: The low skilled of 1997 are still relatively low skilled in 2008. They work long hours for low pay with little access to additional skills.
Disadvantage: the 180,000 people on incapacity benefits in the East have seen the economic growth of the last 10 years largely pass them by.
Environment: The East skills over consumes world resources by a factor of 4.
Regional/ local differences: RDAs vary widely in terms of inputs and outputs, in terms of jobs created, skills enhanced, brownfields regenerated, university and college sites developed, concrete and digital infrastructure for business put in the ground, businesses supported, NEETS employed, 000s of people off welfare and into work, NVQ2s obtained. Apparently in the East of England St Albans district in Hertfordshire, near to London, is the only place in the region that already meets all the Leitch 2020 targets. Does the Hertfordshirisation of the rest of the East of England really meet the aspirations of the diverse and diverging communities? Would a
national one size fits all national model or approach, or leave it all to the localities produce any better outcomes?

Making a difference: Chou en lai on the 200th anniversary of the French revolution was asked what difference the revolution had made said it was too early to tell. To ask what difference the RDAs have made in 10 years gets the same response. It is too early to tell. In the Voluntary and Community Sector change is generational and can take decades to emerge. Lifecycles economic, social and cultural, are much longer than political cycles and they are much longer than media cycles.

12 September 2008
Memorandum submitted by Dr Simon Bennett, Qinetiq (RDA 17)

Dear Sir

I am writing to you in my capacity as Managing Director of Applied Technology at Qinetiq in Malvern, Worcestershire. I understand you are gathering evidence for your inquiry into the role of Regional Development Agencies (RDAs) and I would particularly like to offer some thoughts and views on the impact Advantage West Midlands (AWM) has had on the regional economy.

As you may be aware, Qinetiq is FTSE 250 technology company and has a considerable footprint in Malvern Worcestershire employing 2500 staff on an 80 acre site. I do not particularly wish to promote Qinetiq in this letter, but I think it is worth placing the ensuing comments about AWM in the context - so the next few paragraphs explain what we are and what we do.

Qinetiq (www.qinetiq.com) provide technological advice, research, technical consulting and technology services into the defence, security, energy and environmental market sectors. We pride ourselves on the fact that we bridge the ‘innovation gap’ between universities and manufacturers & service providers. The diagram below is how we normally illustrate this.

We have a very strong pedigree in science. For example, out of our 7500 UK employees we have 650 who hold PhDs, over 30 hold Visiting Chairs in universities and we have as many members of the EPSRC Peer Review College as BAe and Rolls Royce together and three times as many as GSK.

We have an extremely successful track record in working with and transferring technology to industry. For example we did more than £200M of work for industry last year including some of the most prestigious global technology companies such as Intel, Boeing, and some of the Formula 1 racing teams.

In summary, we know more than most about how to successfully bridge the difficult innovation gap and recognise that technology transfer is difficult and takes a thorough understanding of the tried and tested processes and techniques we apply.
Returning to the purpose of this letter - AWM. Our first involvement with AWM was associated with the Malvern Hills Science Park (MHSP – www.mhsp.co.uk). This was set up by QinetiQ and the local authorities (Worcestershire CC, Malvern Hills DC and the local Chamber of Commerce) in 1998 and is an excellent vehicle for technology transfer. There are now 27 companies on the 6 acres (of the 10-acre site) which have been developed. Five of the MHSP tenant companies are spin-offs from QinetiQ, 20 are technology start-ups and 5 have moved into the region. Most of the companies have grown by more than 50% over the past 5 years. From a standing start, 27 technology companies are now (10 years later) based in Malvern alongside QinetiQ. This has created a vibrant technology community with a new blend of entrepreneurial skills being added to the mix. The contribution to this process by AWM has been essential. Though not there at the inception, AWM recognised the importance and potential of MHSP and has been extremely supportive in the subsequent development phases, culminating in significant and innovative support over the most recent development, Phase 3.

A further significant and fruitful interaction between QinetiQ and AWM has been in connection with the Technology Corridor to the SW of central Birmingham. This incorporates the former BBC Pebble Mill site, Birmingham University, the former Rover site at Longbridge and ends at MHSP/QinetiQ. QinetiQ were strongly coupled into the Working Groups and activities that ultimately led to the Central Technology Belt (www.centraltechnologybelt.co.uk) and contributed to the debate that has resulted in the science and technology park development that has been undertaken along the Corridor. This regeneration is not yet complete but the strategy builds on the MHSP experience and is expected to do much for a part of the WM that was frankly ‘on its knees’ after the demise of Rover. AWM are to be commended for what they are doing here and they have taken the trouble to consult thoroughly with companies such as ourselves in the process.

In 2007, AWM jointly created a joint venture project which is designed to transfer sensor technology to industry. The business model for this project is very innovative and both parties worked very constructively together to develop it. It is called the Advanced Sensor Innovation Projects (ASIP - www.qinetiq.com/home/capabilities/sensors.html). So far there are seven projects running in which sensors are being developed for innovative applications which will be transferred to companies in the healthcare, transport and environmental market sectors. This project builds on QinetiQ’s strength, mentioned above, in understanding how transfer technology to industry. It is to AWM’s credit that they have recognised this strength and have endeavoured to harness it for the benefit of both regional and UK industry.

We are now in the early stages of working together on the Quantum Technology Partnership which is a partnership of QinetiQ and a number of national and regional universities who have come together to create a national Centre of Excellence in quantum technology based at Malvern. If this project succeeds it will create an
important national asset that could be the springboard for a successful UK presence in an important emerging technology.

Finally, as testament to the strong relationship between AWM and QinetiQ, QinetiQ have provided representatives to sit on the MHSP Board, the AWM Innovation and Technology Council, the Science City Board and there is bi-monthly dinner meeting between AWM the relevant local authorities and myself and other senior managers from the QinetiQ, Malvern site.

To summarise, you will see from the above that it is the QinetiQ perception that AWM:

- have been extremely important in bringing business (such as ourselves), higher education and local authorities together, thus enabling strategic dialogue and action in key areas such as knowledge transfer, transport, site development and investment, and generally to build positive and constructive relationships. The CTB has been a key factor in this role.
- have seized the opportunity presented by Birmingham being designated a Science City to bring companies such as ourselves together with other key technology stakeholders to provide significant investments in regionally and nationally significant technology areas.
- have recognised and strongly supported knowledge transfer as a corner stone in building a stronger regional economy as evidenced by it support of science and technology parks and the ASIP project. This, of course, strongly underpins the aims of the TSB, research councils, DIUS, etc, linking with industry nationally and in the region.
- acts as the strategic lead, and the ‘glue’ in building and cementing relationships between industry, the research base, central government departments and the rest of the public sector, including local authorities

I hope that you find this information of use in your inquiry. Please do not hesitate to contact me should you have any questions.

19 September 2008
Memorandum submitted by Association of Regional Observatories (RDA 18)

Prosperous Places: implementing the Review of Sub-national Economic Development and Regeneration

I am writing to you with regard to the proposals for implementation of the Sub-national Review. I note that you are the Chair of the Business and Enterprise Select Committee.

The Association of Regional Observatories represents the observatories in the English regions, who work closely with regional bodies such as Regional Development Agencies and Regional Assemblies to create, share and disseminate the best quality regional data and intelligence to support policy-making.

Accompanying this letter is a position paper which represents a detailed response by the Association to the issues raised by the consultation document “Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration”. This response is based on considerable consultation with other important stakeholders such as the Local Government Association Analysis and Research Team, Regional Development Agencies and others, and therefore represents an attempt to address the key questions on evidence needs resulting from the SNR. The Association would like to draw your attention to the key recommendations raised in the briefing paper:

- A robust evidence base to underpin the regional strategy

Consideration should be given to how best to support a mechanism which ensures that the regional evidence base is seen as independent, impartial and credible; the regional observatories may be best able to fulfil that role.

- An evidence base which is collaboratively developed by local, sub-regional and regional partners

Regional observatories may be best placed to provide a vehicle for collaboration between stakeholders. Where this is the case, they should be supported to meet emergent need.

- An evidence base founded on regional good practice

Capacity to synthesise, analyse and interpret information from a variety of sources needs to be developed; resource efficiency would be demonstrated by further supporting and developing the capacity and expertise of regional observatories, which would also provide a regional resource for local authorities.

- A regional strategy and evidence base which are effectively scrutinised

Regional observatories are responsible for much good practice in this area, and this should be explored to inform any guidance issued on monitoring the regional strategy.

As noted in the accompanying position paper, the Association believes that its members can make a valuable contribution to the proposed reforms to regional governance, and would ask that, as legislation
is brought forward to implement the proposals, you would consider supporting that contribution by ensuring a continuing role for regional observatories. If you are able to reflect these recommendations in the legislation, or if you would like to discuss this letter or position paper further, I would very much welcome that.

19 September 2008
Memorandum submitted by the Public and Commercial Services Union (PCS) (RDA 19)

Introduction

1. The Public and Commercial Services Union (PCS) represents more than 315,000 workers predominately in the Civil Service but also increasingly in the private sector, particularly where those jobs were once in the public sector. We represent staff employed in all the Regional Development Agencies across the country. We currently have 650 members in the RDAs and are a “top to bottom” organisation representing all grades from Executive Directors to Clerical support staff and all disciplines. This, we believe, enables us to speak with a degree of authority on behalf of all RDA employees.

2. We welcome the Business and Enterprise Committee inquiry into the role of regional development agencies (RDAs) and the implications the Government’s review of sub national economic development and regeneration may have on that role.

3. We can provide further oral evidence if required.

Commitment to the future of RDAs

4. PCS is totally committed to ensuring that the Regional Development Agencies are successful.

5. Under the Regional Development Agencies Act 1998, each Agency has five statutory purposes, which are:
   - To further economic development and regeneration
   - To promote business efficiency, investment and competitiveness
   - To promote employment
   - To enhance development and application of skills relevant to employment
   - To contribute to sustainable development

6. Following a Sub-National Review of Economic Development in July 2007 the Government has proposed that RDAs will, in the future, have responsibility for integrating regional economic development alongside planning, transport and housing into a single strategy.

(a) Flexibility

(b) A clear indication of our commitment to helping ensure the success of the Agencies has been the flexible manner in which are members have responded to the various challenges that have arisen since the Agencies were created in 1999 (The London Development Agency was created a year later in 2000).

(c) To demonstrate what we mean by this it is helpful and informative to review the changes that have occurred since 1999.

(d)
9. In researching these developments it is difficult to imagine any other agency that has been subjected to the constant political flux and economic changes that have occurred in RDAs.

(e)

10. When RDAs where first established they were economic vessels – taking over principally from the Training and Enterprise Councils (TECs) and mainly servicing the inherited programmes of the Government Offices for the Regions and English Partnerships (EP).

(f)

11. There was then a movement to see economic development in “social” terms and much intervention was put this way - then a movement to stronger economic focus and so on.

(g)

12. This movement has necessitated significant changes within agencies that has resulted in constant manoeuvres regarding restructures, assimilations and other reviews. Whilst this is not unknown in many public sector agencies we feel the RDAs have had to endure more than most.

(h)

13. Despite all of these pressures the RDAs have managed to establish a credibility of knowledge and know-how that has in large part gone unrecognised. Activities include:

(i)

- Advice and support regarding evidence and area needs
- Leverage of private sector support and funding to deliver large tracts of development which have impacted on the increased Gross Value Added (GVA), jobs and business growth of regions
- Partnership development – assurance of local, regional and national alignment of strategies within a complex and divided environment
- Leading on the environment improvement and equality agenda ensuring sustainable communities agenda
- International intervention and big business engagement to attract larger scale investment.

Accountability

(j)

14. RDAs are accountable through their Chairman to the Secretary of State and the Chief Executives are personally accountable for the effective and efficient management of public money to Parliament (through BERR, their sponsor Department).

(k)

15. RDA Chief Executives also currently report to Regional Assemblies, the voluntary bodies in each region who report on the outcome of their scrutiny review each year. The LDA is accountable to the Mayor and the London Assembly.

(l)

16. The Government’s decision to abolish the Regional Assemblies in 2010 does therefore leave a potential gap in regional accountability which PCS considers to be vital to ensuring the success of the Agencies.

(m)

(n)

(o) New Challenges

(p)

17. As mentioned above following a Sub-National Review of Economic Development in July 2007 the Government has proposed that RDAs apart from London which has different arrangements...
related to the Mayor, will, in the future, have responsibility for integrating regional economic development alongside planning, transport and housing into a single strategy.

(q)
18. In addition RDAs have inherited responsibility from the Government Offices for the Regions for the the European Structural Programmes, the Rural Development Programme for England and the Convergence Programme – formerly Objective 1 Funding - for Cornwall.

(r)
19. These additional responsibilities have been taken on against a background of the Comprehensive Spending Reviews and a requirement for each RDA to make 5% year on year savings in their admin budgets.

(s)
20. The response of the Agencies to this conundrum has been to significantly reduce the number of permanent full time staff they employ and to make ever greater use of temporary staff and consultants.

(t)
21. The effect of these practices is to dilute the experience and expertise available to the Agencies whilst the cost of employing consultants does not in the view of PCS represent Value for Money.

(u)
22. The extent to which the RDAs rely on the use of consultants is demonstrated in the following response to a Parliamentary Question tabled by David Drew MP:-

David Drew: To ask the Secretary of State for Business, Enterprise and Regulatory Reform (1) how much each regional development agency spent on consultants in (a) 2004-05, (b) 2005-06 and (c) 2006-07;

Pat McFadden: Consultancy services have been identified as services commissioned by RDAs to inform the management of the Agency, organisational development, strategy development, and communications and marketing. The services are used when the necessary knowledge and resources cannot be found in-house. This definition does not relate to services for specific project or programme delivery (for example legal advice on land deals as part of development projects). The following table shows how much each RDA has spent on consultants in 2004-05, 2005-06 and 2006-07. Figures in £000

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1 LDA. An Agency wide restructure was key to implementing changes required to align the LDA management team with the challenges and opportunities presented as a result of London winning the 2012 Olympics. Consultants were employed to oversee the restructure and the 'New ways of Working' project.

23. The most recent challenge however is linked to the Government’s recent announcement of a £1 billion housing package to help first time buyers get onto the housing ladder, support homeowners at risk of repossession, and support the house-building industry. £300 million of this package will be funded through resources previously allocated to Regional Development Agencies (RDAs) for regeneration projects.

24. Clearly this will have an impact on the medium term spending plans, but PCS members will, as we always have, demonstrate our flexibility and respond positively. We will work with our partners to ensure the impact on the regions is minimised and that our collective regional resources continue to be deployed where the greatest impact can be made either by targeting need or investing in success.”

Conclusions

25. PCS believes that the Regional Development Agencies have a vital role to play in helping to ensure that all the English Regions can develop to their full potential.

26. To achieve this however it is in our view essential that maximum efforts are made to ensure that all Agencies can recruit and retain staff with the appropriate professional skills.

27. PCS believes that excessive use of temporary staff and consultants in an effort to reduce “head count” militates against this and does not represent Value for Money.

28. There is an urgent need for the Government to clarify how Regional Accountability will be maintained after the abolition of the Regional Assemblies in 2010.

19 September 2008
Memorandum submitted by Aston University (RDA 20)

Aston University is located in Birmingham, within the West Midlands region, and this submission will focus on the University’s experience in working with Advantage West Midlands (AWM).

1. The need for a level of economic development / business / regeneration policy delivery between central and local government

As a region, the West Midlands does not have a natural or historic identity, embracing rural areas such as Worcestershire and Herefordshire, the urban conurbation of Birmingham and the Black Country, and areas with a strong local identity, such as Stoke-on-Trent and the Potteries. These diverse and historically separate identities have, from the start of its existence, presented challenges and caused tensions in AWM’s region-wide economic development and regeneration role.

As a result, AWM has always made strenuous efforts to demonstrate inclusion across the region, and has sought to ensure that the region’s wide range of rural, industrial, business and special needs is reflected within its economic development activities. Initially this led to some concerns that Birmingham’s role as the major economic driver within the regional economy was not fully recognised, but this is now a key feature within the current Regional Economic Strategy (RES).

During its relatively short lifetime, there has been demonstrable progress and maturing within AWM’s economic development and regeneration role. Its regional scale enables a degree of co-ordination and collaboration not practicable at a central or local government level. For example, there are 13 higher education institutions (HEIs) within the West Midlands, and AWM has played a significant role in increasing the extent to which they work with business and industry, and collaboration between HEIs. To demonstrate this point, AWM has funded two high-profile projects led by Aston University on behalf of the region’s HEIs – INDEX, which encourages small companies to access universities’ expertise and funds this through a voucher scheme, and Graduate Advantage, which encourages small companies to recruit graduates and enables them to trial this through project placements.

AWM has also been able to catalyse initiatives across the region’s HEIs, bringing together specialist expertise and facilities. It has part-funded several projects at Aston University which would not have proceeded otherwise, and which have achieved their tasking output targets by creating new businesses, jobs, business support and skills development for the region. One example is the Aston University Day Hospital, located on Aston University’s campus, which combines leading edge research in ophthalmics, neuroscience and medical imaging with clinical services and commercial activities, and which won the regional award for best medical start-up company. In addition, out of this original investment, Aston is now working with AWM on proposals for the Aston Brain Centre which will include the world’s first paediatric MEG facility. Under the Birmingham Science City initiative, AWM funded the UK’s first ocular allergy centre uniting Aston’s expertise in ophthalmics with the University of Worcester’s expertise in allergies, leading to business benefits for optometrists and pharmacists across the region, and which was cited in the recent DIUS white paper – Innovation Nation. AWM is also currently working with Aston University to establish the European Bio-energy Research Institute, which will bring together partners from other HEIs, industry and the public sector.

2. The effectiveness of RDAs and their role in adding value
RDAs have a broad and complex role, and they were required to become operational very soon after formation. In AWM’s case its effectiveness was frequently questioned during its early years (up to around 2004), with confusion over funding opportunities, poor communications, lengthy response times, inconsistent approaches, and ambiguous monitoring and reporting arrangements. In many cases these difficulties were attributable to a lack of robust systems and suitably experienced staff. As stated above, since that time AWM’s effectiveness has improved markedly.

As stated above, AWM has been shown to add value in the HEI context, and other examples include action to deal with the MG Rover crisis, Birmingham Science City, broadband provision across the region, and a range of significant capital projects. Increasingly, its region-wide perspective has enabled a better gauging of demand, for example in the case of medi-parks and incubators, and it has been able to combine or head-off some projects where duplication could have occurred.

3. **RDA expertise**

The role of the RDAs requires many different types of specialist knowledge and, during the early years of AWM’s existence, there were demonstrable weaknesses. This was compounded by a fragmented organisation structure and working arrangements which, on occasions, led to an uncoordinated, parochial approach.

However, this has improved significantly in recent years with the benefit of more experience and training amongst staff, clearer strategies and practices, and more effective organisational arrangements. Specific changes include the introduction of allocated AWM project sponsors to work with applicants on bids for funding.

4. **The extent of, and need for, their overseas activities**

Overseas activities are recognised as an essential component of economic development, both in terms of supporting exporters and in attracting inward investment. In AWM’s case these include providing support on European funding opportunities, being the lead partner for the West Midlands in Europe office in Brussels, an inward investment team, and close working with UK Trade and Investment.

The nature of these activities, and available support, is not always understood by external parties and there have been changes recently, with the West Midlands in Europe office being restructured and EU Connects, a source of advice on EU funding opportunities, being established. There also has been, and continues to be, confusion regarding the respective roles of AWM’s inward investment team, and that of Birmingham City Council (Locate in Birmingham).

5. **The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding**

Expanding the RDA remit to include ERDF funding would seem a logical step, enabling further integration of economic development funding, and AWM has been implementing this change. However, the eligibility criteria, processes and reporting requirements for ERDF funding have not been well understood by external parties generally, and this change is presently requiring further specialist
knowledge within the RDA. AWM is unifying its bidding procedures to incorporate ERDF requirements so, in time, the incorporation of ERDF should create further opportunities for applicants, but both RDA staff and external parties need to develop a good understanding of its requirements for these opportunities to be realised.

Other changes, such as the integration of the RES with the Regional Spatial Strategy would also appear logical but, clearly in this case, there are many issues still to be considered and resolved. Within the West Midlands both the RES and the Regional Spatial Strategy have adopted an evidence-based approach and discussions are just commencing to consider the implications for an evidence-based Single Integrated Regional Strategy.

6. The accountability of RDAs

The role of RDAs is such that accountability will be required to both central and local government. This, in turn, will require that planning processes ensure appropriate local input and consultation, while not becoming unwieldy or unduly lengthy.

7. How RDA performance has been measured in the past and will be measured in the future

In the past the combination of Independent Performance Assessment (IPA) together with “top-line” reporting of quantified tasking outputs has provided an acceptable assessment of performance together with media-friendly numbers.

However, these tasking outputs have been cascaded to individual projects, leading to a culture whereby projects are often “output” driven, rather than “outcome” driven with a longer term change objective.

Going forward, the incorporation of such functions as EU funding and spatial planning will have implications for the RDAs’ objectives and will require greater flexibility in both strategy and performance measurement. Although the tasking outputs are welcomed by the media because of their simple, quantified nature, they are not necessarily suited to many of the more complex, longer term initiatives and should be reviewed with more focus given to broader outcomes.

19 September 2008
Memorandum submitted by Graham Pearce, Aston University, and Sarah Ayres, Bristol University (RDA 21)

1. Introduction
1.1. This memorandum draws upon the findings of a recent ESRC study into English regional governance. In the absence of demands for a locally-rooted regionalism the Government has pursued a centrally orchestrated process of administrative decentralization in the English regions outside London, including the appointment of Regional Development Agencies (RDAs). The Agencies have acquired a key position as strategic power brokers between Whitehall and sub-national interests. Nonetheless, they lack sufficient resources to make a significant impact on economic disparities, operate within complex, competing structures and too little attention has been given to capturing their impacts. Ongoing reforms set out in the Sub-National Review of Economic Development and Regeneration (SNR) and Prosperous Places (HM Treasury et al., 2007; DBERR and DCLG, 2008) are intended to extend the Agencies’ leadership role, but uncertainties surround their coherence, how they are to be implemented and their effectiveness in achieving sustainable development.

2. Regional institutions
2.1. RDAs, Government Offices (GOs) and Regional Assemblies are the key regional bodies. RDAs are accountable to the Secretary of State for DBERR and are responsible for formulating and delivering Regional Economic Strategies (RESs). They are the latest in a long line of centrally inspired initiatives designed to remedy regional economic disparities in England. GOs are Whitehall’s key outposts in the regions and over the past decade their role has been bolstered to improve co-ordination across the agendas of different government departments and programmes. Whitehall is also represented in the regions through a multiplicity of Non-Departmental Public Bodies (NDPBs). The Assemblies are nominated bodies, comprising representatives of local government and other regional interests and are charged with scrutinizing the RDAs’ activities, drafting statutory Regional Spatial Strategies (RSSs) and encouraging strategy integration. Following the SNR, it is intended that the Assemblies’ planning functions will be transferred to RDAs, which will also become responsible for preparing Single Regional Strategies (SRSs).

3. Motives for strengthening the regional tier
3.1. The Government’s regionalization agenda is designed to:

- Improve service delivery through modernising central and local government structures,
- Reduce economic disparities by building on the productive capacity of regions, and
- Enable the development of solutions that take account of regional diversity.

4. Modernising government
4.1. It is widely held that UK policy making is too centralised and, to deliver the high quality public services required, responsibility for decision-making and delivery should be directed downwards to a level closer to citizens and where policies and investment can be synchronized. The Government has also acknowledged the need for better integration of national initiatives with a regional dimension; improved understanding of regional and local issues in the design of national policy and for service delivery to reflect local circumstances.

5. Reducing regional economic disparities
5.1. Regional differences in GDP per capita are greater in the UK than in any other EU country (European Commission 2007). The Government has a PSA target to make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions. It has also taken the view that regions are the
natural territories in which economic development should be promoted through both institutional and policy innovations. Indeed, RDAs were launched on the basis of regions and localities knowing best how to tackle the problems they face through the adoption of innovative and private sector ‘friendly’ policies. Rather than targeting less favoured areas measures to build on innate territorial competitive capacities would be applied throughout the UK.

9. 3.4. Recognising regional diversity

3.4.1. The Government has stressed that regional or local solutions may prove more effective than those designed in Whitehall. The English regions are administrative constructs and there is considerable diversity both between and within them. While appropriate for services where an equitable distribution is required, uniform, national solutions cannot respond to this diversity. Within a framework of national targets, funding and guidance, territorial flexibility is viewed as adding value to service delivery and economic performance. Local authorities may not be best placed to tackle region wide issues. Regions are also viewed as convenient for the joining-up of policy areas - small enough to allow for face-to-face contact upon which trust and partnership working can be built and large enough to permit economies of scale and scope.

3.5. Continuing central dominance

3.5.1. Ostensibly, strengthening of the regional tier can be seen as evidence of the Government’s desire to enable sub-national bodies to play an increased role in the policies affecting their territories. But this is difficult to reconcile with the view that Whitehall has used its sizeable regional presence to enhance its control over decision-making and resources. Indeed, the UK has one of the highest levels of vertical fiscal imbalance - centralization - in the developed world (Marshall, 2005). Whitehall departments have resisted applying a more nuanced, region-based approach, impeding efforts to align the proliferation of regional strategies Furthermore, while some academics and practitioners have lauded ‘regions’ as appropriate territories for promoting economic development, it is misleading to imply some implicit relationship between regional institutional ‘thickness’ and economic prosperity (Jones and MacLeod, 2004).

4. The effectiveness of RDAs and their added value

4.1. RDAs were to mark a genuine decentralisation of power to deliver an economic dividend and to meet specific objectives in economic development, social and physical regeneration, business support, investment and competitiveness, skills, employment and sustainable development.

4.2. Resources

4.2.1. RDA programme expenditure since 1999 amounts to £10.8 billion, rising to £2.30 billion in 2007-08. The DCLG funds nearly three-quarters of the Agencies’ budgets (£1.67 billion), primarily to support the delivery of its neighbourhood renewal and housing markets/sustainable community’s programmes. Nevertheless, though accounting for only a fifth of the Agencies’ budget (£0.48 billion), RDA sponsorship rests with DBERR and reflects the Treasury’s desire to maintain the Agencies’ economic imperative. Other Whitehall departments contribute about 5% of RDA budgets. Nevertheless, some have bypassed RDAs in favour of their own sub-national structures or local authorities.

4.2.2. On average each RDA has an annual budget of some £240 million, but this conceals wide variations. RDAs in four regions (East, East Midlands, South East and South West) jointly accounted for less than 30% of planned funding in 2007-08. By contrast the London Development Agency, which serves a region with the highest unemployment rate, was allocated 19% of the RDAs’ budget (£400 million), even though London’s productivity performance is the highest of the English regions. In real terms, however, the principle beneficiary was the North East RDA, which received annual funding equivalent to almost £100 per regional capita, almost five times that of the South East and significantly more than Yorkshire and the Humber (£63 per capita) and the North West (£59 per capita).
4.2.3. RDA resources are allocated using a set of nine proxy indicators or ‘domains’. Each is allocated a weighting and, as McVittie and Swales (2007) have shown, the regional unemployment rate (44% of the weighting) and the number of people living in deprived wards (28%) dominate. By contrast, GDP per capita (the inverse productivity measure) accounts for less than 10% of the weighting which, given the Government’s stress on improving productivity, is perhaps unexpected. Furthermore, because of the importance attached to these proxy weightings it might be assumed that there would be a ‘clear line of sight’ to regional priority setting. In practice, however, ‘the indicators that lie behind the formula do not impact on how each RDA determines what its priorities should be in light of the RES for the region and the requirements set by Government through a Tasking Framework’ (HM Treasury et al, 2005, p. 28).

4.3. **Added value**

10. 4.3.1. Ministers have accorded RDAs a special position in managing economic policy interventions and they have been granted additional responsibilities and funding. Furthermore, the Agencies have provided a conduit for the concerns of regional elites that previously did not always share or communicate, established a reputation in economic regeneration and gained some discretion in modifying government policy to meet place-specific priorities.

11. 4.3.2. RDA funding, however, represents less than 2% of regional public spend (Fothergill, 2005) and the Agencies are reliant on influencing public expenditure managed by other bodies to execute their strategies. The stress attached to aligning funding sources is potentially significant and is confirmed in the SNR. Its success, however, depends upon the tacit support of Whitehall departments to permit RDAs and other public agencies to make explicit their priorities in Regional Delivery Plans and determine which organizations should take the lead for different tasks. In practice, efforts to ‘join-up’ public agencies’ activities are often hampered by a lack of understanding of the need to work to complementary objectives.

4.3.2. RDA self-assessments confirm that they have met or exceeded central government targets and made a positive contribution to regional economic performance (England’s RDAs, 2006). Between 1999-2006 RDAs claim to have created and safeguarded over 770,000 jobs, assisted some 58,000 new businesses, reclaimed 12,000 hectares of brownfield land and levered £8.2billion of private sector funding. Nevertheless, the same assessment confirmed, ‘RDA impact is complex to assess, given their wide-ranging contribution to regional outcomes, the breadth of their partnership-working and the long-term nature of their actions. The overall contribution of RDAs to regional economic performance and their influence on the macro-economy requires further quantification and is hard to assess at this stage’ and ‘The evaluation evidence which would assist this quantification is currently scarce’ (p. i).

4.3.3. Impacts are difficult to judge, in part because of a lack of meaningful measures, but also the persistent problem of identifying outcomes in policy areas where RDAs have a limited remit. The East of England Development Agency (2005, p. 24) observed, ‘There is limited current data on the breadth of regional economic performance … Evaluation of policies, programmes and projects has also been applied inconsistently both over the period of our existence and across RDAs’. This is a disturbing message and indicates that RDAs lack robust evaluation tools to link policy objectives to measurable targets and/or that they have been less than successful in inducing substantive change in activities and outcomes.

12. 4.4. **Regional disparities**

4.4.1. RDAs are expected to contribute to improving regional economic performance and reducing regional growth rate disparities. However, the scale of the Agencies’ resources is insufficient of itself to make a significant impact. Furthermore, RDAs are hampered by the Government’s rejection of the need for a spatial development framework for England to counterbalance the central role the Greater
South East in the UK economy. Quite how it is possible to encourage sustainable economic growth in all English regions and, at the same time, reverse the economic growth rates disparities between the Greater South East and the rest of the country is unclear. Indeed, recent trends in identifiable regional public expenditure show that spending per capita in the Greater South East has grown more quickly than in the other regions (Burch et al., 2008). The 2007 Comprehensive Spending Review also set out proposals to commit substantial resources to major projects in and around London, which will widen regional growth rate disparities.

4.5. Sustainable development

4.5.1. The RDAs’ prime responsible is to deliver a narrow spectrum of national economic targets. Nevertheless, they also have a statutory duty to contribute to sustainable development. But few staff are equipped to deal with this emerging agenda. Moreover, there are no core targets attached to the Agencies’ contribution to sustainable development, making this ‘requirement less effective and the performance of the RDAs in this regard impossible to measure’ (House of Commons CLG Committee, 2007, p. 23).

5. RDA capacity

5.1. Concerns about overstretch

5.1.1. There is a sense that the growing complexity and breadth of their activities have overextended the RDAs. Their corporate plans are expected to indicate how the Agencies intend addressing their RES priorities and contribute to the delivery of national targets on regional economic performance, sustainable development, national productivity and reducing productivity disparities in rural areas. RDAs are also expected to assist in delivering other PSA targets, including increasing employment rates among disadvantaged groups and levels of inward foreign investment, helping small firms, tackling social exclusion, securing greater labour market capacity, achieving a better balance between housing availability and demand and creating competitive and sustainable farming.

5.1.2. The National Audit Office (2006) has observed the complexities surrounding RDA working. It noted that the North West RES identified 122 ‘actions’ and 45 ‘transformational measures’, of which the RDA had responsibility for only eleven. Similarly, the South West RDA (2005, para. 9), reported that it ‘had over 700 live projects at any one time, which meant that it was difficult to provide the level of senior management input into stakeholder management that was sometimes necessary’. The balance of staff skills has attracted attention because, although expected to act in a strategic role, the Agencies continue to be drawn into delivery, leading to uncertainty about the RDAs’ primary purpose.

5.2. Partnership working

5.2.1. Developments at the regional tier have generated a momentum for partnerships, collaboration and cooperation as a way of building a collective understanding of regional priorities and managing the complexities of preparing and delivering strategies. Given their limited resources and lack of control over the key levers of economic development, RDAs are contingent on such mechanisms. Nevertheless, effective partnership working commonly requires a considerable investment of time and energy.

5.3. Performance assessment

5.3.1. RDA Independent Performance Assessments combined self assessments with National Audit Office (NAO) evaluations to provide a measure of each RDA’s organizational performance and its capacity to improve (NAO, 2005). Each Agency was ‘scored’ against their ‘ambitions’, ‘prioritization methods’, ‘capacities’, ‘performance management systems’ and ‘achievements’. All RDAs were rated as performing ‘strongly’ or ‘well’, especially in terms of ‘ambition’; their weakest criterion being ‘capacity’, including the Agencies’ ability to assume more activities, communicate with partners and stakeholders and draw lessons from project and programme evaluations. The Government concluded ‘that, while
there are areas for further improvements, RDAs are enhancing delivery and impact’ (HM Treasury et al., 2007, p. 27).

6. Consequences of expanding the RDAs’ remit as proposed by the SNR

6.1. Institutional capacity

6.1.1. Development and implementation of SRSs will require political, technical and administrative support at all levels. RDAs are expected to be at the heart of the process, but questions have been raised about their capacity to bring together the different strands of regional policy within an overarching framework. Plans to transfer the regional planning function to RDAs have prompted particular anxieties. Concerns have also been expressed that unlike DCLG, few staff in DBERR appreciate the complexities of the statutory planning system and its implications for the content of the SRSs.

6.1.2. In their input to Budget 2008 RDAs did little to allay such concerns, ‘...it is critical that post SNR governance requirements do not undermine the fundamental principle that RDAs are business led, maintaining the SNR’s focus upon economic improvement’ (HM Treasury, 2008). Prosperous Places acknowledged these difficulties and averred that the balance of skills and background of RDA boards and staff would need to change in the light of the Agencies’ new remit. The RDAs also offered some reassurance by stating that, ‘[the] SNR will require RDAs to review and enhance their capacity’ but added, ‘SNR must ensure that the benefits of the business led RDA model are sustained and maximised’ (England’s RDAs, 2008 p. 2). These tensions reflect departmental positions in Whitehall; for example DCLG has lost its battle with the Treasury and DBERR for local authority majorities on RDA Boards.

6.1.3. As central government’s key representatives in the regions, GOs have considerable experience of managing the complex interrelationships between the policies of separate Whitehall departments and policy making within the regions. RDAs are not yet sufficiently developed to substitute for the GOs’ coordinating role. Unexpectedly, however, Prosperous Places neglected the GOs’ potential contribution. Yet, if the Government’s reforms are to be managed effectively, much may depend on the GOs and in particular, their potential role in brokering relations between RDAs and local authorities.

6.1.4. The SNR proposed that Forums, representing all local authorities in each region, be established to take strategic decisions, be closely involved in preparing the SRSs, sign off the draft strategies and help to hold RDAs and regional delivery partners to account. Most regions already possess local authority groupings, either separate from or operating under the umbrella of Assemblies and it can be expected that they will progressively undertake these new tasks. Nonetheless, authorities face a number of challenges arising from the enhanced role of RDAs. Experience suggests that effective local authority leadership at the regional level will depend on the capacity of authorities to provide a collective voice on regional issues and the willingness of leading local politicians to engage in the regional agenda. Such backing cannot be assumed, however, with potentially important implications for SRS implementation. Indeed, because the SNR’s focus is on economic prioritization rather than spatial equity, there are concerns in DBERR that local authorities may choose not to cooperate, either amongst themselves or with RDAs.

6.1.5. If the proposed SNR reforms are to be effective government departments and agencies will need to play a stronger role in supporting regions and local authorities. There is also the expectation that the SRS process will be underpinned by clear national priorities, including new national policy statements on infrastructure, advice on regional GVA and carbon reduction targets and guidance on regional housing supply requirements. Nevertheless, as Mrinska (2008) observes, despite the need to strengthen interdepartmental coordination there are few signs that the Government is willing to establish a single body within Whitehall with the authority to facilitate a more corporate approach to regional issues across departments and to provide a ‘face’ for communications with the regions and localities.
6.2. **Preparing the Single Regional Strategies (SRSs)**

6.2.1. In taking forward work on the SRSs it is anticipated the RDAs will build on the close working relationships between partners as a way of securing the necessary ‘buy in’ to both frame and deliver the strategies. In the case of RSSs Assemblies are already obliged to undertake extensive public consultation and each strategy is subject to an Examination in Public to assess the extent to which the strategy meets regional economic, environmental and social needs. By contrast, RESs have tended to be aspirational, light touch documents focused on delivering measurable economic outcomes and have not been subject to the same level of scrutiny. RDAs face the challenge, therefore, of creating decision making structures capable of accommodating two very different styles of plan-making.

6.2.2. Given the Government’s strong emphasis on strategy formulation being founded on robust evidence and testing, community engagement and political accountability through local authorities, its desire that SRSs should be prepared and signed off within a period of twenty-four months appears unrealistic. Imposing ambitious time constraints may be desirable, but it raises the prospect of SRSs becoming so high-level and strategic that they lose their relevance and traction with those responsible for delivery (East of England Regional Assembly, 2008). Decision-making is also unlikely to be trouble-free. It is intended that SRSs will be jointly signed off by the Secretaries of State for DBERR and DCLG, but this may prove problematic. Indeed, in the case of RSSs, there is evidence of lengthy delays in signing off the strategies in Whitehall (English Regions Network, 2008).

6.2.3. Similarly, under the new system it is assumed that RDAs will agree draft SRS with Regional Forums. *Prosperous Places* indicated that where there is a failure to agree then RDAs will submit the document to ministers noting points of difference. This raised the spectre that local authorities would be marginalized and led to demands for them to be given a ‘dual key’ over the content of draft SRSs, alongside RDAs. The outcome has been an agreement between England’s RDAs and the Local Government Association (2008) that strategies should only be submitted to Ministers when they are agreed; and that local authorities and RDAs should endeavour to agree regional strategies in their regions, seeking ministerial intervention only as a last resort. But whether this accord is sufficient to mediate future stalemates and avoid Whitehall involvement is debatable.

6.3. **Engaging Social and Economic Partners (SEPs)**

6.3.1. The role that regional partners, representing business and community interests should play in future regional working is ambiguous. The SNR did not entirely ignore the need for SEP engagement and *Prosperous Places* was keen to stress its importance - ‘Stakeholder engagement needs to be meaningful and to contribute to building consensus around the regional strategy’ (*op cit.*, p. 34). Nonetheless, as Leslie (2008, p. 8) observes, ‘the forums for this engagement, and more importantly the basis on which such engagement might occur, were not detailed’. It is envisaged that stakeholders will be consulted on SRS options, but they will not be party to the initial stages of identifying issues and opportunities, nor will they participate in determining strategy direction. Whitehall is not keen to prescribe how SEPs should be involved, but the danger is that giving RDAs discretion over arrangements for SEP engagement, including funding, may be used to bypass unwelcome policy perspectives.

6.4. **SRS delivery**

6.4.1. A recurrent difficulty in delivering regional strategies lies in ensuring that the activities of NDPBs and major infrastructure providers located in the regions are aligned with strategic priorities. *Prosperous Places* offered a welcome acknowledgement that SRSs, ‘should also influence the policies, plans and investment decisions of central government departments and public agencies (including the Environment Agency, the Highways Agency, the Homes and Communities Agency, Jobcentre Plus, the Learning and Skills Council, the Technology Strategy Board and Natural England’ (*p. 28*)
To enable RDAs to secure a grip on implementation the Government is considering incorporating delivery plans into SRSs, ‘setting out actions and investment priorities, and the nature of accountability arrangements for such a plan’ (op. cit, p. 35). The case for their inclusion is compelling because ‘the contribution of national departments and Agencies to regional priorities is critical to regional success’ (England’s RDAs, 2008 p. 3). Nonetheless, it is unclear how the better alignment of existing strategies, ‘regionally relevant’ expenditure and the activities of key government departments and their agencies is to be secured (Core Cities et al., 2008). In terms of vertical coordination, the SNR also envisages the devolution of much RDA activity to the sub-regional level and should, therefore, take account of the network of Local Strategic Partnerships and associated Local Area Agreements. As yet, however, it is undecided how these mechanisms will connect with the SRS process.

6.5. Securing sustainable development

6.5.1. The SNR’s economic ‘pedigree’ prompted anxieties that business led RDA boards would not be well suited to the task of developing SRSs in the context of sustainable development principles. ‘Each region will be set a regional economic growth objective. Regions will also be expected to work with key stakeholders to set out plans for housing growth’ (op. cit., p. 93). Furthermore, the 2007 Comprehensive Spending Review, ‘significantly simplifies the RDAs’ objectives, replacing the current tasking framework with a new outcomes framework defined by a single growth objective’ (HM Treasury, 2007, p. 264). Prosperous Places endorsed the RDAs’ role in delivering a growth target, but this was tempered by the need to achieve economic growth within the broader parameters of sustainable development. RDAs have also acknowledged “the core interdependency of ‘economic’ and ‘sustainable’ development practices in drawing up SRSs, rather than seeing them as competing objectives” and that “this ‘new approach’ must be a fundamental principle of SNR implementation” (England’s RDAs, 2008, p. 2).

13. 6.5.2. The Sustainable Development Commission (2008), however, has described this narrowing of RDA activity as highly significant and deeply disturbing. While conceding that Prosperous Places acknowledged the need for an integrated approach to agreeing economic, environmental and social priorities, the Commission questioned what this might imply and how economic growth can be made compatible with environmental and social sustainability. “Adding the word ‘sustainable’ before ‘economic growth’ simply is not sufficient to address this” (English Regions Network, 2008, p. 10). Moreover, while Prosperous Places repeatedly referred to the need for climate change mitigation and adaptation, other environmental issues - water supply, waste, biodiversity, air and water quality, landscape and the built environment - receive slight attention and the social dimension is similarly neglected (Sustainability East, 2008).

14. 6.5.3. It is envisaged that the first step in preparing SRSs should take the form of ‘economic assessments’ undertaken by local authorities to provide the necessary evidence base and intelligence to identify regional priorities. No explicit reference is made to social and environmental measures and in their absence it is difficult to see how the promise of ‘integrated’ regional strategies can be accomplished. In part these tensions reflect differences between the SNR and Prosperous Places. While the former had an explicit economic development and regeneration focus, the latter can be seen to be grappling with the political and administrative realities of a more holistic approach.

6.4. The regional accountability gap

6.4.1. Reliance on decentralising powers to a multiplicity of sub-national public bodies, as well as local and sub-regional partnerships, has created a labyrinth network of institutional relationships in which it is often difficult to determine ‘who does what’, ‘who spends what’ and, equally important, ‘who is accountable’. Assemblies have limited democratic authority and the RDAs’ direct public accountability has constrained their legitimacy in the regions.
6.4.2. In circumstances where there are no directly elected regional bodies the SNR asserted that if responsibilities are to be further devolved clear accountability and public scrutiny arrangements need to be in place alongside an inclusive approach to the development of regional strategies (op. cit. p. 8). In particular, plans to abolish Assemblies and boost the RDAs’ roles have focused attention on the need to develop mechanisms to secure accountability for regional policy-making and delivery through existing elected national and local bodies. Nationally, the Government has endorsed both regional select and grand committees. At the regional level various models are being advocated including,

- Regional policy-making bodies, led by boards appointed by and from local government, with other members chosen by ministers as a way of internalising the tensions inherent in achieving sustainable development,
- Regional boards, comprising representatives from key government bodies, local government and co-opted members, chaired by regional ministers, to take responsibility for agreeing a small number of high level regional targets - embryonic Regional PSAs - whose delivery would be supported by a small number of regional delivery partnerships,
- Regional local authority grouping, sitting alongside RDA boards, exercising co-decision making over the signing off of the SRS and scrutiny of the RDAs’ performance.

The relationships involved in such arrangements are complex. For example, local authorities can be expected to play parallel roles: providing the ‘building blocks’ for the SRSs through local economic assessments, working with RDAs in preparing and signing off SRSs, scrutinising the Agencies’ activities and also delivering RDA sponsored programmes.

7. Conclusions

7.1. The SNR and Prosperous Places are the latest set of proposals aimed at developing a more coherent and integrated approach to policy-making and delivery in England’s regions. Making RDAs ‘strategic’ regional authorities responsible for developing and implementing SRSs could reduce inconsistencies and overlaps between strategies. Encouraging Regional Forums to engage in SRS preparation and scrutinise the RDAs’ activities can also be regarded as a means of securing the Agencies’ regional accountability, providing a basis for further decentralization and drawing leading local politicians into regional debates. Furthermore, strengthening sub-regional working can be seen as a way of assigning decision-making to a spatial level that more accurately reflects socio-economic realities.

7.2. A less sanguine assessment is that implementation of the SNR carries significant risks for the delivery of key government policies. Apart from disrupting established joint working arrangements, it is uncertain whether the reforms will deliver their twin aims of increasing economic growth and regional accountability. Central government will continue to retain control over key sub-national policy decisions and resources and it is unclear how the alignment of multiple policies administered by a plethora of region-based, government bodies is to be secured.

7.3. Anxieties also remain about the RDAs’ capacity to combine their responsibilities to Whitehall, local authorities and other stakeholders. The Agencies are primarily responsible to central government and suggestions that they will become more accountable to Regional Forums should be treated with caution. Indeed, the risk is that authorities will be left with only a consultative role. Moreover, while the focus of Forum scrutiny can be expected to be on RDAs, how far this might extend to assessing the performance of other public bodies is undecided. In some cases, regional ministers have taken the chairs of regional partnership bodies and while this might be perceived as meeting the regional leadership gap that RDAs are unable to fill they, too, are responsible to central government and lack a regional democratic mandate.

7.4. Proposals for SRSs have been broadly welcomed, but concerns remain about the transfer of the spatial planning function from Assemblies to RDAs. The SNR perceived the RDAs’ roles as
Regional Planning Bodies responsible for drafting integrated regional strategy being ‘different and distinct from their responsibility for overseeing delivery of the economic growth elements of the regional strategy’ (p. 95). In practice, however, such divisions may become blurred and fears remain about whether an analysis that gives pre-eminence to economic considerations in the design of sub-national institutional arrangements is compatible with delivering sustainable development. This is evident in the ambiguities surrounding the role of the RDAs; while Prosperous Places stressed that the Agencies should become responsible for setting the economic, social and environmental objectives for their regions, simultaneously, they are promised a simplified performance framework based on a single overarching growth objective. Demands that RDAs prepare concise SRSs rapidly could also give rise to potentially unrealistic expectations and merely transfer the resolution of policy tensions to the sub-regional level.

References


19 September 2008
The Regional Studies Association

The Association was founded in the early 1960s in direct competition to the American-founded Regional Science Association (now Regional Science Association International). It was uniquely different to this organisation in that, coming at a time when the British Government was seeking to introduce a National Plan with concomitant regional planning bodies and interventions, the founding members were clear that a part of the role of the new organisation would be to interface with those in the policy and practice communities and to seek to inform, through the provision of evidence, the decisions that were taken. A key part of this aim was the deliberate inclusion of non-academics within the membership body at both individual and corporate levels. This background flavours much of what the Association thinks is important today and underlines one, of two, main differences between our experience of regional studies and that of those in the US and in some other parts of the world.

Notable examples of RSA studies of RDAs Danson, Halkier and Dambourg’s *Regional Development Agencies in Europe*, London: Jessica Kingsley in 1998, and indeed the RSA was one of the first learned societies to study the eight English RDAs in depth. In 1999 the Association held its annual conference on the theme of ‘New Regional Strategies: Devolution, RDAs and regional chamber’s. Thus the RSA comes to this consultation from a position of disinterested expertise and knowledge rather than lobbying for a particular outcome.

RSA view on the need for a level of economic development/ business/ regeneration policy delivery between central and local government

The Regional Studies Association is based on a conviction that space and scale matter, and one of its key roles is to ensure that research into their effects contributes to better public policy. The interplay between the local, national and regional varies between factors and between regions, hence the complexity and multidisciplinary nature of regional studies. And this interplay is normative – determined by the social conditions and political decisions by bodies such as RDAs. Similarly, seemingly uniform national decisions – such as, say, monetary policy – may manifest themselves very differently from region to region according to their industrial/financial composition or location. The Association’s raison d’être is that the regional tier represents a particular area of study, and therefore it would strongly argue that this is also a tier at which policy and economic development institutions need to operate. The papers which constituted the recent 40th Anniversary Special Issue of *Regional Studies* provide a very cogent synthesis of the contribution of regional studies, and of the Association in particular, to improved knowledge and intelligence on society and the economy below the level of the nation state.

In 2002/03 the RSA ran a series of seminars on the RDAs’ PSA targets. We would argue that these seminars were an element in the evaluation of RDAs’ actions in concert, which saw the reduction of regional divergence rise in prominence.

RSA view on how RDA performance has been measured in the past and will be measured in future, and the effectiveness of RDAs and their role in adding value.
The Association is aware of the wide range of influences on regional ‘performance’, such as industrial mix, the impact of individual firms, access to finance, geographical size, migration, urban-rural mix, as well as (even more) intangible elements such as social capital, knowledge transfer and the impact of culture. In this context, the performance of RDAs cannot be measured simply in the ‘outcome’ measures of regional GVA, absolute or relative. In addition, the Association is aware of the limitations of existing economic output data to provide a robust indication of relative regional economic progress, especially over short periods of time or disaggregated to particular sectors. It needs also to be noted that English regions exist in a national (and European setting): RDAs are individually accountable for the economic prosperity of their own regions, but their impacts – positive and negative – may be felt in the wider economy. For these reasons the Association urges the committee to take a broad view of RDAs’ performance and to maintain awareness of the wider context.

RSA view on the extent of, and need for RDAs’ overseas activities

The Association strives to provide forums for the discussion and development of thinking on regional issues through its programme of conferences which run at the branch level within the UK and at national level within country sections of the Association. Crucially for such a broadly based organisation with a large and growing presence across Europe, there is a major event run internationally each year (most recently in Prague, Czech Republic 2008 and Lisbon, Portugal 2007 and next year in Leuven, Belgium 6-8th April 2009). This international conference attracts up to 500 participants each year with inputs from across the continent and beyond always with strong national and European Union policy and practice dimensions. For the Association, then, the European dimension is essential to understanding the nature of regional development in the continent and in its constituent countries. This is both for comparative purposes, but also recognizes the profound role of EU policy across the member states.

The RSA is therefore very aware of the importance of transnational regional development networks for knowledge exchange, capacity building and effective policy implementation around regional policy. Participation in ‘Regions of Knowledge’ programmes but also RTP, RITTS and RIS has been vital for getting RDAs to support innovation policy, something which has only since 2007 not fallen between government funding silos, and which is vital for effective economic development policy. These European networks have been vital for filling a lacuna left by national government. The RSA could not therefore recommend any restriction on international activities that might restrict participation in these international learning networks.

Regional Studies

The study of regions, defined as sub-national areas mainly in the developed world, has been undertaken since the 1950s as a recognised area of academic attention. It is, by definition, a field that is both inter- and multi-disciplinary and therefore frequently those that contribute to it may find themselves scattered across academic institutions but usually in departments of economics, geography, political and social science and planning. (NB those working on transport issues are often lodged in civil engineering departments).

RSA view on the consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding; the accountability of RDAs
The Regional Studies Association’s membership reflects the range of disciplines in which expertise is required in regional economic development. For this reason the Association acknowledges that expanding the remit of RDAs should allow the ‘joining up’ of expertise and policies in these areas of great interdependence. However, this expansion of powers raises greater questions about the accountability of RDAs. The pages of *Regional Studies* have already included debate on the accountability of regional assemblies’ planning powers, given their delegated relationship to elections held for local government. *A fortiori*, these questions need to be addressed if the powers are to be transferred to RDAs.

The Regional Studies Association has sought to provide a focus for the dissemination of accumulated knowledge in a British perspective, initially, but since the early 1990s progressively in a European context; and more recently its ambition is to offer a global window and forum to this important work.

The Association showcases work through its blue chip journal, *Regional Studies* (impact factor currently 1.797) and through its much younger, sister journal *Spatial Economic Analysis*. The Association also carries shorter pieces and themed issues within its members’ magazine Regions. The Association also publishes, in association with Routledge, the much respected books series *Regions and Cities*.

**RSA view on RDA expertise**

The Association has worked with government departments in the UK, notably the Department for Trade and Industry (now the department for Business, Enterprise and Regulatory Reform) in running a regular series of seminars over a three year period addressing key target delivery areas at which both the speakers and audience included members from both communities – research and practice. The committee is urged to revisit the presentations and discussions from this series in assessing how RDAs have responded to the challenges of English regional inequality. The Regional Studies Association has contributed the skills and experience of its membership in developing the expertise of staff within BERR and the RDAs, and measuring the relative performance of regions and their institutions is a major focus of study and publication in the Association’s journals.

**The Regional Studies Association**

The Regional Studies Association would be happy to provide representatives to the committee who would be able to answer questions on the findings of research into regional development institutions in England and overseas.

The Association would also be happy to provide copies of the evidence base on which it bases its comments and contributors to this response have indicated their willingness to

19 September 2008
Memorandum submitted by the British Library (RDA 23)

INTRODUCTION

1. The British Library welcomes the opportunity to respond to the Business and Enterprise Committee’s inquiry into the role of regional development agencies (RDAs). With regards to the second strand of the inquiry, which focuses on the effectiveness of RDAs and their role in adding value, the Committee may find it helpful to have the following account of the British Library’s Business & IP Centre, which was developed with strategic investment funding from the London Development Agency (LDA), as a case study of what can be achieved through RDA funding.

THE BRITISH LIBRARY

2. The British Library was established by statute in 1972 as the national library of the United Kingdom, consisting of a comprehensive collection of books, manuscripts, periodicals, films and other recorded material, whether printed or otherwise. The Library’s duty is to act as the national centre for reference, study, bibliographical and other information services in relation both to scientific and technological matters and to the humanities. The Library is the main custodian of the nation’s written cultural heritage. The Library’s growing collections are rich and unrivalled in their breadth and depth. Collections items are acquired via a combination of donations to the nation, purchased from tax-payer funding, and legal deposit which provides for a copy of every United Kingdom printed publication to be deposited with the British Library.

3. The Library is funded from the vote of the Department for Culture, Media and Sport (DCMS). In the current financial year (2008/09), the Library will receive £106m in grant-in aid from DCMS, enabling it to build, preserve and provide access to its collections in support of research, business, the wider library network and wider educational goals, through its reading rooms, through its exhibition galleries, educational programmes and loans to other institutions, through its remote document supply services, and through provision of information and bibliographic services.

THE BRITISH LIBRARY BUSINESS & IP CENTRE

4. The British Library Business & IP Centre, which opened in March 2006, would not have been possible without an initial £1 million capital injection by the LDA in 2005, to which the Library provided match-funding, which helped transform a successful pilot project into a highly valued service. Following the success of phase 1\(^6\), the LDA granted a further £2.4 million in 2007 to enable the Centre to continue to support the London economy.

5. The Business & IP Centre supports small and medium-sized enterprises (SMEs) and entrepreneurs from the first spark of inspiration to successfully launching and developing a business.

6. The Centre is unique in offering free access to business and intellectual property information in one place, with impartial experts to guide users to the information they need; this is complemented by

our partners and marketing associates who help users make the most of the information in the Centre through relevant workshops, advice clinics, events and referrals.

7. The Business & IP Centre has received broad recognition and support:

“The British Library supports business, the creative industries in particular, through networking events and tailored workshops. The Library’s Business and IP Centre provides a combination of excellent facilities, information and expertise, offering a unique combination of business and IP information, including free access to more than 30 high-value subscription databases, hundreds of market research reports, and the resources of UK-IPO.” “UK-IPO is working to ensure that the UK companies make best use of IP. It works across government and with organisations such as BERR’s Small Business Service, the English Regional Development Agencies, and the British Library’s Business & IP Centre to provide valuable help and to deliver outreach programmes to promote a better understanding of the value of IP in the business community.” Creative Britain 2008

“This task force advocates for the British Library’s Centre to serve as a model for other similar centres to be rolled out across the country.” The Richard Report 2008

‘The British Library Business & IP Centre has gained a reputation for providing solid support for start-up operation’. Financial Times

The British Library Business & IP Centre is, quite simply, the most valuable resource for aspiring entrepreneurs in London. And even more remarkable, it’s free! I know of many entrepreneurial ventures that could not have succeeded without the founders’ access to the Business & IP Centre’s business in formation. Matthew Rock, Group Editor. Real Business magazine, January 2007.

BUSINESS & IP CENTRE ACCOMPLISHMENTS

8. The Business & IP Centre measures its contribution towards employment support, business support and skills development and how effective these interventions are in creating and assisting businesses within the economy.

9. The Centre’s accomplishments speak for themselves:

- Since the Centre opened in March 2006, it has welcomed over 75,000 people through the doors, providing them with up-to-date business and IP information to help them, for example, to protect their ideas, research a market, and write a business plan.
- It has delivered, together with its partners, over 750 workshops and events (either free or highly subsidised) since it opened, as well as over 500 one-to-one advice and mentoring sessions.
- An independent e-survey conducted last year, showed that within the sample of 230 users, the Business & IP Centre had helped to create 47 new businesses and 115 new jobs within the London economy.

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• Having both business and IP information together is clearly valued by entrepreneurs. Business & IP Centre users appear to be more aware of the need to protect their ideas than the general business community.
• There is a high degree of loyalty to the Centre and people keep coming back. Respondents to the e-survey attended an average of 2.5 events each. The level of repeat visits clearly indicates that SMEs feel the Centre is delivering value.

11. With the support of the LDA’s match-funding, the Business & IP Centre management has been able to adopt best practice in terms of monitoring its performance, which has been invaluable in measuring its contribution to the London economy (and beyond) and which should position it well to secure future funding post-March 2011.

CONCLUSION

12. The British Library believes that its Business & IP Centre provides a good working example of how a Regional Development Agency can leverage existing resources to the benefit of the UK economy. The LDA has been a critical factor in helping to make the Library’s Business & IP Centre project a success, through providing funding and continued support.

13. Based on its experience, the Library would make the following suggestions for improving the effectiveness of RDAs in the future:
• RDA targets and outputs should be realistic and reflect the relative strengths and resources of the funded project or organisation; if circumstances change, either internally or externally, RDAs should be flexible in their approach to reviewing and measuring outputs.
• The number of RDA-funded initiatives should be reduced in line with the Business Support Simplification Programme (BSSP), to minimise customer confusion and achieve economies of scale in terms of de-duplicating services.

19 September 2008
Memorandum submitted by English Regional Development Agencies (RDA 24)

The English Regional Development Agencies (RDAs) welcome the opportunity to submit evidence to the Committee’s Inquiry into the role and effectiveness of RDAs. This submission is made by the East Midlands Development Agency on behalf of all RDAs, excluding London, and represents their collective response to the key areas of the BERR Select Committee Inquiry. This joint submission is complemented by individual submissions from each agency and, taken together, they provide a comprehensive picture of the unique role and achievements of the RDAs. In addition, it should be noted that an independent evaluation of RDA impact is currently being undertaken by Pricewaterhouse Coopers, on behalf of BERR, and is expected to report at the end of November. Findings from this study will be provided to the Committee once available.

- RDAs have transformed economic development in the English regions over the last decade, increasing focus and prioritisation and promoting a longer-term economic aspiration for their cities, towns and rural areas.
- RDAs have therefore been successful in catalysing urban and rural regeneration, in marshalling billions of pounds worth of investment behind new drivers of economic growth and in directing effective support services for business.
- RDAs have effectively translated and tailored national Government economic initiatives to meet the specific needs of each region and brought coherence to fragmented public sector investment plans.
- RDAs place the voice of business at the heart of public decision making on economic planning in order to maximise private sector investment and leverage.
- RDAs have led master-planning and investment brokerage for places that the market has failed, turning them into economic success stories.
- RDAs have successfully unlocked the benefits of leading edge research and innovation, driving collaboration between industry and academia.
- RDAs are proud of their business-led approach – allowing them to be flexible, fleet of foot and take managed risks.
- RDAs have tailored successful emergency help to local companies and their workers hit by unexpected economic shocks.
- RDAs are excellent value for money, delivering efficient and effective services for businesses.
- RDAs have consistently met their goals. Since 2002 the 8 RDAs have:
  - Created or safeguarded 521,375 jobs;
  - Created 65,765 businesses;
  - Assisted 1,402,701 people with their skills development needs; and
  - Remediated 6,274 hectares of brownfield land.

1. **Overview of RDA role and responsibilities**
   - 1.1 The RDAs (excluding London) were established under the RDA Act 1998 and were formally launched on 1 April 1999 – their express purpose is to drive economic performance and growth
in the English regions, through a range of prescribed statutory functions. The RDAs were established as Non Departmental Public Bodies (NDPBs), but bring a very real business focused approach to their operation and investments through their private sector Chairs and the composition of their Boards. The RDAs’ budget (excluding London) for 2008/09 is £1.86bn.

1.2 The RDAs’ key role in providing strategic economic leadership centres on the development and championing of their respective Regional Economic Strategies (RESs). These long term strategies are based on comprehensive evidence and identify the challenges and opportunities ahead. All RESs command significant levels of support from (public and private sector) partners in the regions – this has led to a high degree of coherence between the RESs and a range of regional and local implementation / delivery plans. Increasingly, regional partners (including Local Authorities and groups of Local Authorities) are prioritising activity and aligning resources behind agreed, regional priorities, thereby increasing impact.

1.3 The RDAs are at the centre of partnership working in the regions – utilising their investment and influence to ensure that regional partners work effectively together in support of key economic priorities. The RDAs, because of their capacity and expertise, often spot the opportunities, kick-start activity, and bring the right people together to ensure that more is delivered through working together than would otherwise be achieved in isolation. In addition, the business-led nature of the RDAs means that they have a pre-disposition towards operating flexibly and remaining fleet of foot.

1.4 Whilst RDA budgets are comparatively modest in comparison to other public spending in the regions, and indeed the size of individual regional economies, they do make important and often catalytic investments across a range of economic development and regeneration activities. RDA investment priorities are set out in their three-year Corporate Plans – these Plans are drawn up in accordance with guidance issued by BERR and are consulted upon with regional stakeholders. In line with their statutory responsibilities, RDA investment can be categorised under the three broad headings of Business, People and Place. RDAs utilise their funding, resources and know how to:

- Deliver business support services, and promote enterprise activity and business growth/competitiveness;
- Foster innovation and scientific advance;
- Attract inward investment and promote the region as a tourist destination;
- Support employment, learning and skills needs;
- Deliver regeneration activities including physical infrastructure;
- Promote environmental sustainability and climate change adaptation measures;
- Develop local strategic capacity to lead economic development;
- Influence wider infrastructure support (including transport); and
- Respond to economic shocks.

1.5 The RDAs are the natural leaders to bring regional partners together to respond to economic shocks – these may be related to company-specific closures or other crises such as the outbreak of Foot and Mouth in 2002 or the floods in the summer of 2007. The RDAs provide regional leadership at these times - helping businesses re-orientate and survive with a range of support packages and funding assistance. Examples of RDA activity include the role of Advantage West Midlands following the collapse of MG Rover in 2005 and Yorkshire Forward’s response to the floods in 2007.
Following the collapse of MG Rover in April 2005, and building on earlier work in 2000, Advantage West Midlands established and led the MG Rover Task Force to co-ordinate assistance to the members of the workforce who had been made redundant and to mitigate the impact on suppliers. By May 2006 almost 70% of former MG Rover and supply chain employees were back in work. By the end of the year, fewer than 500 people were still seeking work, out of more than 6,300 who had lost their jobs. The Agency’s success in this role was commended by the Prime Minister and by the Public Accounts Committee investigating the closure of MG Rover. It has also been acknowledged by the National Audit Office, which commented that ‘Public bodies should draw on the lessons that have been learnt, and documented, by those involved in the MG Rover Task Force….’ The NAO’s subsequent Independent Performance Assessment of the Agency went on to state, ‘The work undertaken to manage the collapse of the MG Rover Longbridge plant is universally seen as a major success for AWM.’

The floods in the summer of 2007 affected over 6,000 businesses in Yorkshire and the Humber. Yorkshire Forward co-ordinated a swift and decisive response, shaping a clear policy position and deploying funds to minimise the negative repercussions on the regional economy. Yorkshire Forward ensured a clear message of support and commitment was sent to the business community, mobilising support from a partnership of agencies and deploying its own resources in a flexible manner across a number of clearly defined schemes to meet the needs of business. In total, 1,387 claims were approved with a value of £4.22m. Through its Key Account Management processes, Yorkshire Forward was able to gain an immediate understanding of the impact of the flooding across some of the largest regionally significant companies. Constant dialogue between Yorkshire Forward, Government Office, and Government allowed for clear updates on the immediate situation and as recovery commenced. This intelligence highlighted the economic impact of the floods informing action and longer term policy making. The effectiveness of the response was recently verified by an independent evaluation.

1.6 In addition, RDAs administer a number of grant programmes on behalf of Government including: Selective Finance for Investment in England (formerly Regional Selective Assistance (RSA)), Grants for Research and Development, the socio economic elements of the Rural Development Programme for England (RDPE) and, more recently, the European Regional Development Fund (ERDF). These programmes are governed by their own rules and regulations, but giving the RDAs direct responsibility for the funding streams has ensured greater strategic alignment of the funds with regional priorities and has reduced bureaucracy. This, in turn, will improve the overall contribution and impact of these programmes to regional growth goals.

2. The need for a level of economic development and regeneration policy / delivery between central and local government

2.1 Critical mass and cross-boundary working

The regions of England are sizeable economies with significant levels of population and business stock – this makes them functioning economic units (often larger than many small European countries) for

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72 NAO report 7th March 2006—Closure of MG Rover
business and Government. However, it is also recognised that many economic development, regeneration and infrastructure-related issues (including labour markets, housing and transport) do not respect administrative boundaries – these key issues are often most effectively pursued on a cross-boundary basis. A flexible approach to considering functioning economic areas and working through appropriate partnerships is therefore vital. The RDAs have responded to this by working together on major pan-regional initiatives including the Thames Gateway and the Northern Way.

2.2 Tackling market failure at the most appropriate level
It is clear that market failures occur at different geographic levels and the Government’s productivity framework identifies a role for public sector intervention to address market failures at national, regional and local levels. Where market failures occur at sub-national levels, the most efficient policy response is also likely to be sub-national. The RDAs provide strategic leadership to promote a shared approach to long-term economic goals and deliver a tailored response in their respective regions, working with and through sub-regional partners including city region partnerships, Local and Multi Area Agreements, and Urban Regeneration Companies. This means that delivery, whilst orchestrated by the RDA, is often undertaken close to the ground at a sub-regional level and is responsive to local needs and interests.

• 2.3 RDAs ensure a tailored and flexible approach
   There is a need to ensure that national policy is appropriately informed by regional and local input in order for it to be suitably flexible and to reflect the diversity of England’s economy. The RDAs’ unique understanding of the impact of external economic drivers on their regional economies allows them to act as key intermediaries between Government and the front line delivery of economic development and regeneration policies, informing and shaping tailored and flexible approaches. The RDAs also place the voice of business at the heart of public decision making on economic planning. RDAs recognise that they cannot deliver economic growth without partners, but the flexibility of their funding allows them to catalyse activity and lever in other funders.

• 2.4 RDAs deliver economies of scale and provide specialist resources
   Intervention at the regional level also allows for economies of scale in terms of deploying greater and more specialised resources, for example in support of inward investment activities and work to promote innovation and R&D. RDAs have proven success in driving collaboration between industry and academia and have unlocked the benefits of leading edge research and innovation. This is illustrated by the South West of England Regional Development Agency’s role in supporting the development needs of the aerospace sector in the region.

The South West has one of the largest concentrations of aerospace companies in the world, with up to 800 supply chain companies. Over the past 3 years the South West RDA has invested approximately £20 million in aerospace technology programmes, contributing to major industry-led national projects in conjunction with other RDAs and the Devolved Administrations (DAs). One example is the £103 million private-public partnership to develop the Next Generation Composite Wing which will develop low-cost composite manufacturing technologies enabling high volume wing manufacture for next

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74 Productivity in the UK series, HM Treasury
75 Review of sub-national economic development and regeneration- HMT, BERR, CLG - July 2007
generation single-aisle aircraft. The South West RDA has committed £8 million to this public private partnership, to ensure that the South West region maintains its competitive position, retains its world class technological capabilities, continues to drive collaboration between industry and academia, and continues to develop its highly skilled workforce. The South West RDA is working very closely with regional stakeholders to support the objectives of the project and to enable South West companies to respond to future market opportunities. The South West RDA is also the lead Agency in relation to all Aerospace related activities providing a forum for national/regional dialogue in collaboration with all RDAs and DAs. This work is essential to ensure the future success of the industry not just in the region, but in the UK.

In addition to technology investments, the South West RDA also supports skills and supply chain initiatives, in partnership with industry and with the West of England Aerospace Forum. Here the Agency provides strategic added value by undertaking the critical role of translating the national agenda to ‘end-user’ SMEs.

3. The effectiveness of RDAs and their role in adding value

Individual RDA submissions to the Committee set out in some detail the regional effectiveness, achievements and added value of each RDA. The section below therefore aims to provide an illustration of the RDAs’ effectiveness in terms of strategic leadership and the main investment and delivery areas of Business, People and Place.

3.1 RDAs provide strategic economic leadership

Section 1 above sets out the strategic leadership function played by the RDAs, which centres around the RES and associated economic planning and investment prioritisation, drawing on a strong evidence base. Through the establishment of a clear vision for the region, and with effective partnership working, the RDAs drive economic performance and growth in the regions. The North West Development Agency’s (NWDA) role in Salford’s Mediacity:UK provides a good example of this type of activity.

The NWDA played a pivotal role in helping bring the BBC to Salford. As well as ensuring that the move was supported by £30m funding for vital local infrastructure, the Agency was responsible for working above the competing local partners to ensure that the BBC found a site to suit their needs at the heart of a new media cluster for the North and indeed the UK.

The Mediacity site is a transformational action in the Regional Economic Strategy but it is not all about the BBC - they are an important part of it, but the Agency quickly recognised that the opportunity afforded by the Salford Quays site was to generate a critical mass of creative and digital businesses as a hub for the North. Mediacity promises £300m of private sector investment in the first phase alone.

NWDA demonstrated decisive leadership and took a lead role with local partners, chairing the task group and using its financial clout and leverage to facilitate confidence for both the move and the future of Mediacity (by securing investment in transport infrastructure and public realm on the site). The development will ultimately span a 2000 acre site providing jobs for over 15,000 employees. The initial BBC move is expected to provide around 2,400 new jobs. Opportunities for over 1,000 businesses will be provided.
3.2 RDAs provide effective support to businesses to start and grow (Business)

One of the RDAs’ primary roles is to get more people to set up businesses and to make existing businesses more competitive and productive (through business improvement and innovation). Since 2002, RDAs have helped create over 65,000 businesses. It is critical, therefore, for businesses to have easy access to information, assistance and appropriate financial support to enable them to fulfil their potential. In 2005, responsibility for Business Link services was transferred to the RDAs. The case study below highlights the improvements that have been achieved as a result.

Through the RDAs, the Government provides £140m per annum to support the core Business Link service. Prior to the RDAs’ involvement, Business Link operations were delivered by a number of providers across each region. The services offered varied from locality to locality generating confusion amongst end users. The focus of many of the services also lacked strong coherence with agreed regional priorities to improve regional productivity.

Following the transfer of responsibility for Business Link services to the RDAs in April 2005, new streamlined regional delivery models have been adopted reducing the number of sub-regional service providers. As a consequence, there has been consolidation of back office costs. Over the past three years, these costs have come down from 31% of the total annual funding to 23% per annum with plans to reduce these even further. These efficiency gains are being reinvested in front line delivery resulting in improved performance. Since RDAs took over the responsibility for the management of Business Link (BL) network the number of customers using BL service has increased by 29% to over 856,000 customers and those receiving in-depth support has increased by 73% to over 65,000 businesses. At the same time customer satisfaction results have remained consistently high at around 90%.

- The new structures, alongside the implementation of the Business Support Simplification Process, have provided clarity around the support available to businesses, and are helping to improve the consistency in the service both across and between the regions. Better linkages are being made between Business Link services and bespoke regional programmes of support for enterprise, innovation, skills, manufacturing advice, resource efficiency priorities and inward investment. This is supported by the creation of a single small grant programme, the Business Transformation Grant, (BTG) that provides a financial contribution to activity identified through the Business Link diagnosis and action planning process to make a step change in the performance of a business.

3.3 RDAs champion skills and employment opportunities (People)

The RDAs play a key role in promoting employment and enhancing the development and application of skills relevant to employment. Other partners (including Job Centre Plus and the Learning and Skills Council) have more significant budgets for skills and employment related activities than the RDAs, however the RDAs directly invest in a range of skills-related activities, as well as influencing the priorities and spending of others in line with regional priorities. In addition, RDAs have played a significant role in bringing a stronger business focus to addressing skills issues. Since 2002, RDAs have assisted just over 1.4m people with their skills development needs. One example of RDA activity includes the East of England Development Agency’s (EEDA’s) role in addressing local economic development via Higher Education.

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76 back office costs for these purposes include all non-customer facing costs including Chief Executive; Finance; Human Resources; Accommodation and ICT infrastructure costs.
The results of an EEDA-led, region-wide analysis of Higher Education (HE) capacity and demand with all the region’s universities showed that the region was under resourced in terms of HE places. It also highlighted five specific areas where there were particularly low levels of graduates in the local labour market and very little HE being delivered. Discussions across the universities, local authorities, LSC and HEFCE led to a specific plan for five new HE centres to be developed in Southend, Ipswich, Peterborough, Harlow and Thurrock which together will increase available HE places in the region by 8%.

The University Campus Suffolk (UCS) project has been the most significant of all EEDA’s investments in HE, benefiting from £18.75m EEDA investment against a total funding package of £137m. The UCS project is delivering a dedicated higher education institution (HEI) in Ipswich.

EEDA’s regional approach allowed difficult decisions to be taken which individual (and competing) universities would not have been able to take. It also raised the profile of universities role as drivers of their local economies.

3.4 RDAs regenerate cities, towns and rural areas (Place)

The regeneration of cities, towns and rural areas in each region is an extremely important element of RDA activity and investment – ensuring that the regions are great places to live, work and invest. The RDAs spearhead significant swathes of urban regeneration, using the development of property and public spaces as important tools in supporting business growth and regenerating communities. RDAs also focus on providing access to employment and business opportunities for rural communities. In addition, a number of RDAs have responsibility for managing sites in the National Coalfields Programme, which brings significant challenges in terms of land remediation and bringing very complex sites back into economic use. Since 2002 the RDAs have remediated over 6,000 hectares of brownfield land. Examples of RDA activity include the role played by the East Midlands Development Agency (emda) in remediating and redeveloping one of the most polluted sites in Western Europe, and the South East England Development Agency’s (SEEDA’s) regeneration of Chatham Maritime.

In 2001 emda took on responsibility for remediation, reclamation and redevelopment of the site of the former Avenue Coking Works in Derbyshire. This was one of the most highly polluted sites in Western Europe - with contaminants covering over 650,000 cubic metres of the site. Reclamation of this scale has required emda to lead the most complex on-site remediation treatment ever undertaken in the UK. New methods of remediation were pioneered to avoid the need to transport highly contaminated materials. This has attracted considerable interest from outside the UK (including China and others), with the site now used to demonstrate best practice in sustainable technologies.

On completion, in 2014, three quarters of the site will become sustainable ecological habitats and wetlands – all created with the advice of the Land Restoration Trust and Derbyshire Wildlife Trust. The remaining quarter of the site is designated for mixed use redevelopment. The agency’s approach to community consultation and involvement in this project is also recognised as best practice, with regular newsletters, events, a bespoke website, contact with affected households, and involvement of local schools.

To date, the project has received numerous accolades. The remediation strategy for Avenue won the Best Conceptual Design category at the Brownfield Briefing Remediation Innovation Awards in late 2006 and
also picked up the Institute of Civil Engineers’ East Midlands Merit Award in 2007 for engineering innovation, partnership working and sustainability.

SEEDA took over ownership of the 140-hectare Chatham Maritime site in 1999, which had lain derelict for over 20 years since the closure of the dockyard with around 14,000 job losses (7,000 direct and another 7,000 indirect), and embarked on a major regeneration programme. Over £400m of public and private sector investment has transformed the area into a vibrant new quarter in the Medway Towns. Now two-thirds complete, over 1,000 new homes have been built in a joint venture with Countryside Properties, 3,500 new jobs created and three universities brought together with a further education college on a new campus for 4,000 local students.

SEEDA was able to catalyse an effective partnership for change, highlighting the need for an innovative approach to development. The ‘Fishing Village’ phase of the scheme received various design awards and is one of only a handful of schemes in the country comprising over 100 houses to meet the BREEAM EcoHomes sustainability standards.

The Agency now showcases work on the area to share the practical lessons learnt, e.g. how to manage complex engineering contracts and the heritage implications of brownfield regeneration. Partner organisations, through the Regional Assembly, have commented that without the input of SEEDA they would have been hard pressed to make any substantial progress on such a challenging site – part of which has now been nominated to become a World Heritage Site in 2011.

4. RDA Expertise

4.1 RDAs understand business and the importance of private sector leverage
As set out above, the Boards and activities of the RDAs are business-led. Through the composition of their Boards and the RDAs’ contacts with business organisations and individual businesses, they are able to understand and act on the concerns of business.

The business structure and expertise of RDAs enhances their ability to recruit high calibre individuals and to work effectively with both the public and private sector. Among other things, this enables the RDAs to attract and draw in both public and private sector investment – since April 2005 RDAs have levered £6.7bn public and private regeneration funding.

4.2 RDAs have specialist economic development and regeneration capacity
RDAs employ a range of professionals with specialist knowledge and expertise to enable the delivery of the agencies’ responsibilities. This includes specialist expertise in terms of research and analysis in order to ensure that strategies and policies are based on robust evidence. The RDAs’ capacity is also exemplified through their role in physical development, de-risking regeneration sites to a point where the regeneration becomes attractive to the private sector. This may be through intervention where there

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77 SEEDA (2006), Annual Report 2005/06
78 SEERA (2004), Findings of the Select Committee on SEEDA and Urban Renaissance
is market failure, or where barriers to physical regeneration exist that other public sector agencies cannot remove. This will often involve galvanising public and private sector partners to work together to deliver complex projects that may well cut across individual areas of responsibility or local authority boundaries. The RDAs therefore have highly skilled and qualified teams of physical regeneration professionals and project management staff, focused on delivering agreed regional priorities.

4.3 RDAs manage complex activities efficiently and effectively
The National Audit Office’s (NAO’s) Independent Performance Assessment reports confirm that the agencies are competent and efficient programme managers and that effective project appraisal processes have ensured that better value for money is achieved. The reports also highlight that the agencies have clear and accountable decision making processes and are led by competent Boards and Executive Officer teams. As set out in section 8.2, the NAO found that all RDAs were performing well or strongly.

4.4 RDAs therefore have a unique mix of public and private sector expertise
RDAs have a unique statutory economic development and regeneration function and are multidisciplinary bodies, bringing together a unique mix of economic development experts, through their Board Members and staff. In addition to private sector expertise, many RDA staff have extensive experience of the public sector (including local and central government). This mix exists nowhere else in the economic development and regeneration field, and is what makes RDAs innovative as public bodies with a duty to drive sustainable economic growth in the regions.

5. The extent of, and need for, RDA overseas activities

5.1 When the RDAs were established in 1999, they took over regional inward investment budgets and have continued to work in partnership with UK Trade & Investment (UKTI) to attract Foreign Direct Investment (FDI) to their regions and to work to retain and expand existing foreign investment. To help promote inward investment, RDAs have offices or representation in key overseas markets. They are an integral part of UK’s sales force, adding significant value to the activity of UKTI and the UK’s offer and helping to maintain the UK’s position as the number one destination in Europe for inward investment.

5.2 RDAs provide effective, well coordinated overseas representation
In 2008, an independent study published by UKTI reviewed the contribution of RDAs to the UK’s overseas representation and delivering inward investment promotion overseas. A market survey of overseas companies found that the service provided by RDAs was regarded as good and well coordinated. The study highlighted the key role played by RDAs in winning a large proportion of the UK’s FDI. This is borne out by the 2007/08 inward investment figures published by UKTI in July 2008:

- RDAs directly secured 296 inward investment projects (36.5% of total UKTI/RDA successes into the English regions) and an associated 23,270 jobs (52.3% of the total jobs from UKTI/RDA successes); and
- RDAs played a part in 604 (74.6% of UKTI/RDA successes in the English regions) and an associated 37,307 (83.9%) jobs created or safeguarded.

The One NorthEast (ONE) example below demonstrates the support available from RDAs.
“We decided to pilot our first Micro-CHP unit in the North East because there are a lot of bio-fuel industries located there, which was an important factor in terms of procuring the bio-diesel required. Also, One NorthEast in the UK and One NorthEast’s Tokyo office offered us a great deal of support. With excellent R&D links now established with Newcastle University and the New and Renewable Energy Centre (NaREC), we now have a strong base from which to develop our technology in Europe.”
Makoto Yasuda, Head of UK Operations, Yanmar Co Ltd, Japan

5.3 RDAs and their overseas representatives have an important role in managing the relationship with existing investors in the regions, who represent the main source of all inward investment into the UK. A key part of RDAs’ activities is building the long-term relationships that are essential for winning new business and, in the process, identifying opportunities for follow-on investment.

5.4 The independent study nevertheless concluded that more could be done to strengthen existing arrangements and drive better co-ordination. As a result, Ministers have agreed a new model for overseas representation and delivering inward investment promotion overseas. UKTI will lead the co-ordination of a fully integrated overseas network, which will involve joint planning of promotional activity and common UK branding. This is already being rolled out in three ‘pathfinder’ markets (France, India and Canada) with full implementation in all overseas markets by April 2009. The new model will be closely monitored and evaluated during 2009/10, to ensure that it delivers effective alignment of national and regional resources and best value for money.

6. **The consequences of expanding RDA remit to include new functions as proposed by the SNR including the delivery of EU funding**

6.1 **RDAs continue to deliver “more with less”**
The RDAs’ remit has progressively expanded as part of the Government’s policy to put in place regional architecture and to co-ordinate policies and actions at national, regional and local levels in order to promote growth in the regions. A chronological summary overview of the RDAs’ expanding role and responsibilities is at Annex 1. It should be recognised that, lately, this has been set against a backdrop of reducing RDA budgets (through the most recent Comprehensive Spending Review).

Whilst it is appropriate to review the agencies’ role and function as envisaged under SNR, it should be recognised that RDAs have consistently demonstrated a capacity to assimilate new responsibilities efficiently, providing cost savings in administration budgets at the point of transfer and delivering more effective services.

For example, the changes made to the delivery of Business Link branded services by the RDAs, and their role in leading on Business Support Simplification, illustrate significant efficiency savings on administration costs and improvements in the quality of services, bringing a stronger regional coherence and providing better value for money.

6.2 **RDAs will deliver greater alignment and impact from EU funding**
The transfer of the management of the ERDF programmes from the Government Offices to the RDAs is not part of the SNR proposals, but was part of a general push to improve the alignment of European and
domestic funding in support of regionally agreed priorities. This new responsibility came into force in January 2008 and the RDAs are focused on ensuring that the programmes fully align with regional priorities and support increased competitiveness and productivity. It should be noted, however, that the regulations that guide ERDF funding, and its associated governance structures (including separate Programme Monitoring Committees), provide a significant challenge to the effective integration and alignment of the programmes with RDA process and practice – an issue that the RDAs are working to address.

6.3 RDAs are keen to ensure the economic focus of SNR implementation
The Government first published its “review of sub-national economic development and regeneration” or SNR in July 2007. This was followed in March 2008 by a consultation document entitled Prosperous Places. The consultation period closed in June 2008 and the Government’s response is currently anticipated in the autumn.

The RDAs welcome the opportunity to play a full and proactive role in the implementation of the SNR. In their response to Prosperous Places, they reiterated their support for the move towards a Single Integrated Regional Strategy (SIRS), bringing together for the first time both economic and spatial priorities – something that the RDAs had been highlighting as a critical issue for some time. Within a changing economic context, RDAs are keen to ensure that SNR implementation retains a clear focus on its original objective, which is to improve sustainable economic growth in all the English regions. Reform for its own sake would bring little benefit to regional economies, particularly in the current economic circumstances.

RDAs are already working closely with partners on SNR transition planning in order prepare for implementation in their regions. This includes initial scoping work on the evidence base to support the new SIRS, forging new partnerships with groups of Local Authorities (through Multi Area Agreements) and developing joint investment plans.

6.4 RDAs must remain business-led, flexible and fleet of foot
RDAs believe that it is imperative that SNR implementation protects and enhances the benefits of the business-led RDA model. As set out elsewhere in this submission, business leadership of RDAs, clear decision making based on capacity and expertise in key areas, and flexibility have been critical factors in developing regional economies to date. The role and contribution of private sector leverage was significantly underplayed in Prosperous Places, and the identification of opportunities and incentives for private sector engagement is extremely critical, especially in these more challenging economic times.

There are also challenges within the governance model described by the SNR, central to which is the pivotal relationship between the RDAs and local government. It is accepted that these arrangements should be agreed region by region but clarification of the relationship between the RDA Board (including the role of the RDA as the Regional Planning Body) and the Local Authority Leaders’ Forum will be required.

6.5 RDAs have the capacity to plan for and take on new responsibilities
The RDAs fully recognise that implementing the SNR (as articulated in Prosperous Places) and developing the SIRS will entail significant new responsibilities and challenges. SNR will, of course,
require the RDAs to review and enhance their capacity (including the areas of planning, transport and housing, where all agencies have resources appropriate to the role they currently play in this area).

As demonstrated above, the RDAs have been extremely adept and successful in taking on new responsibilities and there is no reason to believe that they would not be able to do so again in terms of SNR implementation. In fact, they have already begun to address this issue through close working with planning, transport and housing colleagues at the Regional Assemblies. The Government also recognised that any transfer of responsibilities from the Regional Assemblies to the RDAs would need to be accompanied by the associated resources – this will be critical in order to ensure that effectiveness and impact in other areas of RDA delivery are not compromised by these new additional responsibilities.

7. The Accountability of Regional Development Agencies

7.1 RDAs are accountable to Ministers and Parliament
As set out in the RDA Act 1998, RDAs are directly accountable to the Secretary of State for BERR and through him or her, accountable to Parliament.

The Secretary of State for BERR signs off each RDA’s Corporate Plan, as well as laying each RDA’s annual performance report and annual accounts before Parliament. RDAs complement these sources of national accountability by submitting evidence to, and appearing before, Parliamentary Select Committees. RDAs are subject to a further, ongoing, level of Parliamentary accountability through the process of answering Parliamentary Questions. A similar, non-Parliamentary, route of accountability originates from ongoing Freedom of Information requests. RDAs are subject to Independent Performance Assessments carried out by the National Audit Office (which also signs off each RDA’s annual accounts).

7.2 RDAs are held to account by their Boards and partners in the region
RDAs are held to account by their Boards, which include local authority, community, trade union, business and academic leaders. RDAs consult extensively with a wide range of local, regional, sectoral and national stakeholders to help them shape, inform and ultimately agree their respective Regional Economic Strategy. Agencies also consult with regional partners on their Corporate Plans and other key strategies or action plans. Each agency must hold an Annual Public Meeting, which provides a forum for open and transparent accountability with regards to its annual performance. This provides an opportunity for partners in the region to question and challenge the RDAs.

7.3 RDAs are currently scrutinised by the Regional Assemblies
In each region (outside London) RDAs are scrutinised by Regional Assemblies – partnership bodies that bring together representatives from the public, private, voluntary and community sectors, with a specific role in delivering scrutiny of the RDA in each region. On average, each Regional Assembly conducts around 3-4 scrutiny reviews per year, which assess and examine RDA performance in delivering the aims and objectives set out in the Regional Economic Strategy.

7.4 RDAs welcome new parliamentary scrutiny but care should be taken in terms of duplication and over-burdening regional and local bodies
In their evidence to the Modernisation Committee’s inquiry into regional accountability, the RDAs welcomed proposals for greater parliamentary scrutiny through Regional Select or Grand Committees.
However, they also highlighted a number of challenges including the risk of duplication (both in terms of other departmental select committee business and regional level scrutiny) and overburdening regional and local bodies and distracting them from core activities and delivery. Many of these issues were also recognised in the Committee’s report and the Government’s response (summer 2008).

NDPB status enables RDAs to manage risks; to maximise private sector investment and leverage; to make tough choices on investment priorities; and to operate over economic and political cycles while remaining subject to a rigorous accountability regime and external scrutiny. Any changes to the accountability and scrutiny of RDAs should not inhibit the agencies’ ability to operate in this way.

8. How RDA performance has been measured in the past and will be measured in the future

8.1 RDAs have delivered their targets year on year

RDAs have delivered or exceeded their targets year on year, contributing to the growth of the regions’ economies. A table summarising the outputs achieved by the agencies is at Annex 2 – the RDAs (excluding London) have, therefore, since 2002:

- Created or safeguarded 521,375 jobs;
- Created 65,765 businesses;
- Assisted 1,402,701 people with their skills development needs; and
- Remediated 6,274 hectares of brownfield land.

The RDAs’ performance has been measured against a framework, primarily based on operational outputs set by Government, which has evolved over time. Whilst the definitions of these output indicators have been amended over time, RDAs have always been required to report on a range of targets such as businesses created and supported, jobs created, skills opportunities supported, brownfield land developed and private sector funding levered.

8.2 RDAs are assessed by the National Audit Office

The National Audit Office has undertaken an Independent Performance Assessment of each RDA. The IPA process is an in-depth assessment of the RDAs and looks at the areas of Ambition, Prioritisation, Capacity, Performance Management and Achievement. All RDAs were assessed as performing well or strongly by the NAO. It is expected that the RDAs will continue to be independently assessed by the NAO moving forward.

8.3 RDAs are sharpening their focus on outcomes and impact

To assist RDAs in making assessments, both individually and collectively, of their direct contribution to regional outcomes and the Regional Economic Performance Public Service Agreement target, the RDAs and BERR have adopted a common Impact Evaluation Framework. As set out above, the RDA Impact Evaluation Study currently being delivered by Pricewaterhouse Coopers on behalf of BERR will provide an assessment of the impact of the RDAs and is expected to report at the end of November 2008. Findings from this study will be provided to the Committee once available.

The focus on outcomes and impact has been further strengthened with the introduction of the new Sponsorship Framework in April 2008, which more explicitly recognises the full range of RDA activities. Moving forward performance will be judged on the basis of overall impact, measured through
evaluation; progress in contributing to enhanced regional economic performance\textsuperscript{79}; and effectiveness as a strategic leader and influencer.

There is, therefore, a significant suite of measures in place to assess the contribution of the RDAs to their regional economies.

\begin{itemize}
  \item In summary, the RDAs represent excellent value for money, delivering efficient and effective services. They have consistently met their goals and their business-led approach allows them to be flexible, fleet of foot and take managed risks.
  \item The RDAs provide economic leadership in order to drive the key long term priorities for sustainable economic growth in their cities, towns and rural areas. They support places that the market has failed, turning them into economic success stories.
  \item The RDAs have, therefore, been successful in catalysing urban and rural regeneration, in marshalling billions of pounds worth of investment behind new drivers of economic growth and in directing effective support services for business.
\end{itemize}

\textbf{Annex 1}

\textbf{Overview of the RDAs’ expanding role}

\begin{tabular}{|c|p{15cm}|}
\hline
1999 & RDAs first established and take responsibility for work previously undertaken by the Rural Development Commission, the regional offices of English Partnerships, the Single Regeneration Budget and Regional Inward Investment Strategies. \\
\hline
\hline
2000 & \begin{itemize}
  \item Regional Innovation Fund
  \item Market Towns Initiative
\end{itemize} \\
\hline
2002 & \begin{itemize}
  \item Regional Selective Assistance transferred from the Government Offices
  \item RDAs tasked with establishing a Manufacturing Advisory Service in the regions
\end{itemize} \\
\hline
2003 & \begin{itemize}
  \item New responsibilities on transport, planning and housing
  \item Statutory planning consultee role
  \item New strategic leadership role in regional tourism
  \item RDAs tasked with setting up and leading Regional Skills
\end{itemize} \\
\hline
\end{tabular}

\textsuperscript{79} The SNR set out a revised regional framework that requires each region to set an overarching regional growth target – \textit{to increase sustainably the region’s trend rate of growth (measured in terms of GVA per head) in comparison with the region’s trend growth over the most recent full economic cycle.}
Partnerships

- Some RDAs to pilot dual key approach of LSC and RDA budgets for adult learning
- Some RDAs to pilot new approach to co-ordinating business support services
- RDAs given role to ensure that universities’ proposals for the Higher Education Innovation Fund are aligned with regional business needs

2005

- RDAs take over delivery of Business Link services
- Greater RDA involvement in signing off local trade development service plans
- New responsibility for delivery of Research and Development grants and funding for enterprise in disadvantaged areas
- RDAs given enhanced role in supporting business-university collaboration
- RDAs responsible for delivering DEFRA’s Business Resource Efficiency and Waste Programme
- RDAs take over delivery of rural development funding from the Countryside Agency

2007

- New responsibilities for RDAs under the National Social Enterprise Action Plan
- New RDA strategic and delivery function set out in the Energy White Paper
- RDAs responsible for delivery of socio economic programmes under the Rural Development Programme for England

2008

- RDAs take on responsibility for management of European Regional Development Fund

Annex 2

The table below summarises the RDAs’ output achievements (excluding London) from 2002, following the creation of the Single Pot – the table is split into two sections to reflect changes in the RDA reporting framework. Information is taken from RDA reported year-end results.

Cumulative RDA Outputs 2002-2005 (Financial Years 2002/03, 2003/04 and 2004/05)

| A. Employment Opportunities: total number of employment opportunities directly attributable to RDA activity – taking new and safeguarded jobs together – (jobs created as a result of Foreign Direct Investment are reported on a gross basis to UKTI | 225,180 |
and have been excluded from this table).

**B. Business Performance:** total number of new businesses added to the regional economy as a direct result of RDA activities.

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<tr>
<td><strong>B. Business Performance</strong></td>
<td>14,101</td>
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</table>

**C. Brownfield Land:** total number of hectares of land remediated to an acceptable condition and / or recycled into effective use as a direct result of RDA inputs and activities.

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<tr>
<td><strong>C. Brownfield Land</strong></td>
<td>3,508</td>
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**D. Education and Skills:** total number of learning opportunities and / or support provided or influenced as a direct result of RDA support.

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<td><strong>D. Education and Skills</strong></td>
<td>470,326</td>
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**E. Investment benefiting deprived areas (£m):** the amount of private sector investment benefiting residents of the most deprived wards as a result of RDA funding and activity - deprived wards are those wards within the bottom 20% of the Index of Multiple Deprivation.

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<td><strong>E. Investment benefiting deprived areas (£m)</strong></td>
<td>874</td>
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**NB – figures for 2002/03 are not available**

### Cumulative RDA Outputs 2005 - 2008 (Financial Years 2005/06, 2006/07 and 2007/08)

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<tr>
<td><strong>1. Employment Creation:</strong> Number of jobs created or safeguarded</td>
<td>296,195</td>
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<tr>
<td><strong>2. Employment Support:</strong> Number of people assisted to get a job</td>
<td>150,102</td>
</tr>
<tr>
<td><strong>3. Business Creation:</strong> Number of new businesses created and demonstrating growth after 12 months and businesses attracted to the region</td>
<td>51,664</td>
</tr>
<tr>
<td><strong>4. Business Support:</strong> Number of businesses assisted to improve their performance</td>
<td>483,784</td>
</tr>
<tr>
<td><strong>4a. Number of businesses assisted to engage in new collaborations with the UK knowledge base</strong></td>
<td>20,964</td>
</tr>
<tr>
<td><strong>5a. Regeneration (£m):</strong> Public and private regeneration infrastructure investment levered</td>
<td>5,512</td>
</tr>
<tr>
<td><strong>5b. Regeneration:</strong> Hectares of brownfield land reclaimed and / or redeveloped</td>
<td>2,766</td>
</tr>
<tr>
<td><strong>6. Skills:</strong> Number of people assisted in their skills development as a result of RDA programmes</td>
<td>932,375</td>
</tr>
<tr>
<td><strong>6a. Number of adults gaining basic skills as part of the Skills for Life Strategy that count towards the Skills PSA Target</strong></td>
<td>28,354</td>
</tr>
<tr>
<td><strong>6b. Number of adults in the workforce who lack a Level 2 or equivalent qualification who are supported in achieving at least a full Level 2 qualification or equivalent</strong></td>
<td>24,297</td>
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The headline achievements in the main body of the submission are based on the aggregate figures taken from the table above:

521,375 jobs created and/ or safeguarded = A + 1  
65,765 businesses created = B + 3  
1,402,701 people assisted with their skills development needs = D + 6
6,274 remediated hectares of brownfield land = C + 5b

19 September 2008
Memorandum submitted by East Midlands Regional Development Agency (RDA 25)

The East Midlands Development Agency (emda) welcomes the opportunity to contribute to this Inquiry into the role and effectiveness of RDAs. This submission complements the joint RDA submission (also being presented to the Committee) by providing information on emda’s role, achievements and impact.

Early independent evaluation findings show that emda has had substantial positive and ongoing impacts on the performance of the East Midlands economy.

emda provides strategic economic leadership, drawing together the partnerships required to deliver the region’s economic aspirations set out in our Regional Economic Strategy.

emda has a strong track record in developing unique and innovative solutions, helping turn places that the market has failed into economic success stories.

emda has successfully levered in £285m of private sector investment into physical regeneration during the last three years alone.

emda’s business-led approach means that we are flexible, fleet of foot and able to make difficult decisions in responding to economic opportunities and challenges.

emda has tailored successful emergency help to local companies and their workers hit by unexpected economic shocks.

emda is excellent value for money, delivering efficient and effective programmes and initiatives.

emda has consistently achieved its goals – against a backdrop of ongoing efficiency savings.

Since 1999/00 emda has:

• Created or safeguarded 68,036 jobs;
• Created or supported 63,108 businesses;
• Assisted 85,921 people with their skills development needs; and
• Remediated 1,494 hectares of brownfield land.

Introduction: emda and the East Midlands

The East Midlands, like a number of regions in England, has been hit hard in the past by periods of industrial re-structuring. As a result it has experienced a significant decline in traditional heavy industries, such as coal, steel and large scale manufacturing. Whilst the most significant changes took place in the 1980s and early 1990s the effects are still visible today, in both the region’s major urban centres and its rural hinterlands.

In the last decade the performance of the region has improved in relation to a number of key indicators. The region has grown rapidly in both economic and demographic terms. The East Midlands is the fourth largest of the nine English regions, and has a population of 4.3 million people and more than 160,000 businesses. Challenges remain and emda continues to work with private, public and third sector
partners to ensure that our shared economic objectives for the region are realised. If current trends continue, the East Midlands will experience the fastest population growth of all English regions, growing by 10.5% between 2006 and 2016.

emda’s total budget for 2008/09 is £173m.

1) The need for a level of economic development and regeneration policy / delivery between central and local government

The joint RDA response to the Committee highlights a number of issues in relation to this area of the Inquiry: critical mass; cross-boundary working; tackling market failure at the most appropriate level; ensuring a tailored and flexible approach; and delivering economies of scale and providing specialist resource. These issues are equally relevant from an East Midlands perspective.

The East Midlands economy is now worth some £74 billion per annum – and, as such, is larger than the Czech Republic, Hungary, Hamburg and Berlin. Again, as detailed in the joint RDA response, many economic development, regeneration and infrastructure-related issues (including labour markets, housing and transport) do not respect administrative boundaries – these key issues are often most effectively pursued on a cross-boundary basis. In addition, the East Midlands shares a border with five other regions – requiring us to work effectively with neighbouring RDAs and other partners in order to deliver a coherent response to economic challenges and opportunities, at the right spatial level.

2) The effectiveness of the RDAs and their role in adding value

Early independent evaluation findings show that emda has had substantial positive and ongoing impacts on the performance of the East Midlands economy.

emda provides strategic economic leadership, drawing together the partnerships required to deliver the region’s economic aspirations set out in our Regional Economic Strategy (RES).

emda utilises its resources, expertise and flexibility to deliver truly innovative solutions and deliver economic success.

emda’s economic impact

In 2005 emda became the first RDA to commission a comprehensive and independent programme of impact evaluation. This three-year programme assessed the impact of emda’s work from April 1999 to March 2007 on companies, communities and the economy of the East Midlands and was undertaken by a consortium led by ECOTEC Research and Consulting.

Provisional findings from this evaluation have demonstrated that emda has had substantial positive and ongoing impacts on the performance of the East Midlands economy. These impacts are expected to provide an on-going contribution to the regional economy and cover both emda projects and national programmes that have been delivered by emda. These findings will also form part of emda’s contribution to the national RDA impact evaluation project currently being undertaken by Pricewaterhouse Coopers (PwC), on behalf of BERR, and will be subject to further review by PwC.
**emda’s strategic impact**

- *emda* has demonstrated strong leadership and engaged effectively with stakeholders on key strategic and policy issues.
- *emda* is viewed as an effective advocate of regional interests.
- *emda* has successfully influenced the policy and investment decisions of regional and national organisations.
- *emda* has levered substantial resources from partners.
- Innovation has been a strong feature of *emda*’s work, with a range of initiatives attracting national attention and being replicated in other regions.

**2a) Providing strategic leadership**

The RDAs’ key role in providing strategic economic leadership centres on the development and championing of their respective Regional Economic Strategies (RESs). These long term strategies are based on comprehensive evidence and identify the challenges and opportunities ahead. *emda* has invested significantly in the capacity required to undertake economic analysis and policy development. As a result, we have produced a Regional Economic Strategy fully grounded in analysis. As noted in the National Audit Office’s Independent Performance Assessment (IPA) of *emda*, “the Evidence Base, developed in house, is detailed and comprehensive, and is well regarded by partners and stakeholders alike, many of whom use it as a reference to produce programmes and strategies for the region”. We also use our extensive links with business to provide timely assessments of economic conditions in the region, a capability that is particularly significant in the current economic climate.

The current RES sets out a “flourishing region” vision. Progress towards this vision is measured through a Regional Index of Sustainable Economic Wellbeing (ISEW). This allows us to adjust standard measures of economic progress to take account of factors such as: the value of voluntary work; the costs of pollution; the quality of the natural environment; and the costs of crime. The RES vision and the concept of the ISEW captured the imagination and support of partners in the region. It also worked well alongside our comprehensive consultation process, which targeted both regional stakeholders and, for the first time, members of the public. These factors helped to ensure significant partner engagement and buy-in to the delivery of the RES.

At the national level, *emda* has led RDA engagement in national policy development (as “lead RDA”) in a number of significant policy and delivery areas:

**Manufacturing** - *emda* is the lead RDA on issues relating to manufacturing policy and support and for relations between BERR and EEF, the manufacturer’s organisation. *emda* represents RDA interests in the Ministerial Advisory Group (MAG), which guides BERR and DIUS in the development of the Government’s Manufacturing Strategy. In this role, *emda* has led activity to engage the RDA network and a wide range of regional business representatives in the policy debate to inform the new Government strategy, *Manufacturing: new challenges, new opportunities* (September 2008). *emda* also represents the regions on the High Level (Enterprise and Manufacturing) Task Force, which was established to jointly oversee the implementation of the Government’s Enterprise and Manufacturing Strategies. We have also played a key role in shaping a wide range of delivery initiatives including the Manufacturing Advisory Service (MAS). We represented the regions on the MAS Development Board.
from 2005 to 2007, and have coordinated the subsequent roll-out of programme enhancements by the RDAs. We have coordinated MAS policy development with BERR since 2007 and, since April 2008, emda has managed the MAS network on behalf of BERR. emda is also responsible for the monitoring, reporting and development of MAS performance across the UK. We also assisted in the development of the National Manufacturing Skills Academy (NMSA), which was launched in January 2007.

**Europe** – emda leads the RDAs’ engagement in a range of European policy, funding and lobbying issues. emda has led the RDAs’ involvement in a range of policy-related activities, including the English regions’ contribution to the Lisbon Agenda (of jobs and growth) and the future of EU Cohesion policy. Through emda’s leadership, the RDAs shaped the future of EU funding delivery in England for the 2007-13 period, including the agreement to transfer the management of the European Regional Development Fund (ERDF) programmes from the Government Offices to the RDAs. This complex and challenging transfer required us to work closely with central government and the European Commission and took place on 31 January 2008, when a Statutory Instrument came into force. The effective implementation of the programmes continues to be a significant focus of our European lead role activity.

**International Trade and Investment** – A key feature of the role is ensuring close collaboration between RDAs and UKTI, ensuring we maximise our shared impact. We co-chair, with UKTI, an International Business Development Forum, which also includes the Devolved Administrations, and so ensure a joined up approach. emda led RDA engagement in the joint RDA/UKTI/DA review of UK Representation Overseas, which reported earlier this year. This highlighted the importance of RDAs continuing to operate alongside UKTI in overseas markets in order to maintain the UK’s strong inward investment performance, but with UKTI playing a greater coordination role.

**Construction** – emda led RDA engagement in the development of the national Sustainable Construction Strategy (June 2008) and are now leading RDA activity to support its implementation. We have also co-ordinated RDA support for innovation in construction through the simplified business support offer and a range of other initiatives.

2b) **Leading responses to economic shocks**

emda is the natural leader to bring regional partners together to respond to economic shocks. Our strong links with central government, our business-led Board and extensive business engagement enable timely and flexible responses, helping businesses survive and re-orientate. Key examples of effectiveness include:

- In 2001 emda brought together a grouping of public and private sector partners to form a taskforce to address large scale redundancies in the region’s aerospace sector, including Rolls Royce and its associated supply chain, following the market downturn in the aftermath of September 11th. In 2003, emda established the Pan-Business Redeployment Programme. This provides pre-redundancy support and skills development, and ultimately aims to redeploy skilled engineers to fill recruitment shortages in engineering elsewhere in the region. For an investment of £2m this project has assisted over 2,500 people under threat of redundancy and helped retain key engineering skills within the region. The success of this approach is one on which we intend to build as we move into a more challenging economic climate.
In 2002/03, we helped the farming and food sectors, and local communities, cope with the aftermath of Foot and Mouth. During and immediately after the outbreak, emda delivered a Rural Recovery Fund worth £2.2m. The fund provided support to over 270 non-farming businesses across a wide range of sectors whose viability was threatened by the restrictions applied during the outbreak, ensuring that the vast majority of those businesses were able to continue successfully after the outbreak.

In 2007 we played a significant role in supporting the recovery of communities and businesses affected by flooding in Nottinghamshire and Derbyshire, through the the Flood Relief Grant Scheme: a scheme that was in place and accessible to businesses within days of the floods. Just over £270,000 was provided in grant aid to 161 businesses. These grants provided much needed financial aid to cover costs associated with the flooding such as: loss of earnings; property damage; damaged stock; and damaged machinery/equipment.

2c) **Highly effective and flexible delivery**

emdax operates very successfully at the sub-regional level working with, and through, Local Area Agreements, Local Authorities, Urban Regeneration Companies and emerging Economic Development Companies.

In 2001 emda commissioned and agreed to fund seven Sub-regional Strategic Partnerships (SSPs). These bring together businesses, public sector, voluntary and community groups to tackle the distinct needs of their local areas. From 2002 onwards, emda has allocated Single Programme funds to our SSPs and in 2008/09 just under £50m worth of investment will be directed and prioritised by SSP Boards. Over the past 3 years, SSPs have successfully levered over £100m from other partners, created 10,000 new jobs and 900 new businesses, and helped 13,000 people develop their skills.

The joint RDA response also notes the proven track record of cross-regional partnership working in a variety of settings. For example, in 2007, emda and Advantage West Midlands worked together to spearhead the Midlands Energy Technologies Institute (ETI) Consortium. This succeeded in its bid to attract the ETI to the East Midlands. The ETI is a £1bn public-private partnership to develop and deploy energy technologies fit for a low carbon economy. The consortium also included the universities of Birmingham, Loughborough and Nottingham, and regional businesses such as E.ON, Rolls-Royce, Caterpillar, Toyota, and Alstom. These private sector partners have collectively pledged £15m per year for the next ten years towards the Institute, to be matched by Government funds. Effective cross-border working allows us to build partnerships to meet distinct market need, without the constraint of geographic boundaries.

2d) **Translating national policy into regional delivery**

emdax is an effective intermediary between Central Government and the front-line delivery of economic development and regeneration policies. We have influenced the formation of a wide range of national policies, recent examples include the Innovation White Paper and the UK Manufacturing Strategy. We have also demonstrated the ability to improve delivery of national initiatives – a good example being emda’s delivery of the Business Link service.


emda was the first RDA to directly manage its Business Link service, putting in a new streamlined regional delivery model and reducing the number of sub-regional service providers from five to one. As a result, back office costs were consolidated allowing investment in customer facing staff to increase by a third. emda has also made improvements in the consistency and quality of the services that are being delivered and despite the period of transition, customer satisfaction has remained at 90%. In addition, emda has successfully anticipated the future direction of national policy by aligning the delivery of Train to Gain, UK Trade and Investment (UKTI) activity and the Business Link service, as well as integrating support for social enterprises, land-based businesses and resource efficiency measures.

Our business-led Board has enabled us to work extremely effectively with the private sector to proactively address business needs. A good example of this was the development by emda of the first Regional Venture Capital Fund in 2002. Working with the then Department for Trade and Industry (now BERR), £30m of new capital was secured for investment in small businesses in the East Midlands. A major component of the funding package was secured from a number of East Midlands local authority pension funds, with emda playing a vital role in building a business case for this investment. This innovative solution helped address specific problems identified by the region’s business community in relation to access to finance for small and medium-sized companies. In developing a new scheme to help aspiring entrepreneurs raise finance for their business ventures, emda has managed to lever in over £750,000 from the former Phoenix Fund and created a significant regional fund called EnterpriseLoans East Midlands. This is now worth some £5.8m and is delivered by First Enterprise Business Agency Limited (FEBA).

3) RDA expertise

emda provides specialist economic development and regeneration know how – delivered through an effective mix of public and private sector expertise.

emda is a competent and efficient programme delivery body which utilises effective project appraisal processes to ensure that better value for money is achieved.

emda has a strong track record in developing truly unique, and innovative solutions which have been highlighted as national examples of best practice.

emda has an effective mix of public and private sector expertise (both at Board level and within the main body of our staff) and has the specialist economic development and regeneration capacity necessary to deliver against the breadth of our responsibilities. emda is a competent and efficient programme delivery body, delivering unique and effective solutions and utilising effective project appraisal processes to ensure that better value for money is achieved.

Delivering unique and innovative solutions - emda has a strong track record in developing unique and innovative solutions, many of which have been highlighted as national examples of best practice.

80 Source - Business Link Customer Satisfaction Survey.
The **blueprint** limited partnership is a property regeneration partnership that delivers new solutions for regeneration in the East Midlands. It is a 50:50 public-private partnership, bringing together **emda**, English Partnerships and Morley Fund Management’s igloo Regeneration Fund. The Partnership was formed in 2005. Investment, ownership, risk and profit are shared equally between the public and private sector. It was developed to kick-start development in the region by levering in private sector funding and expertise. Crucially it seeks to remediate and develop land that would not be commercially viable for private sector developers to take on in isolation. Since 2005, £21.5m of funding has been levered in from the private sector (£17m equity investment, and £14.5m of bank debts). Blueprint has received numerous awards including: the East Midlands Property Deal of the Year Award in 2005; ‘highly commended’ finalist in the 2007 Regeneration and Renewal magazine award for Regeneration Partnership of the Year; and more recently named Developer of the Year at the 2008 Midlands Property Awards. Consequently, it has attracted considerable interest from within the UK and further afield.

**BioCity** was established in 2002 and is a joint venture between **emda**, Nottingham Trent University and the University of Nottingham to develop the bioscience and healthcare cluster within the East Midlands. BioCity is a major success story for the region and offers flexible tenancy agreements designed to meet the requirements of small start-up and fully established businesses. **emda** played a key role in this process by forging a partnership between the Higher Education sector and the growing biomedical, healthcare and environmental sectors. **emda** has invested a total of £8.2m in BioCity and, to date, BioCity has created over 350 knowledge-based jobs, replacing those lost with the closure of the old BASF facility. In addition, companies at BioCity have raised over £25m investment funding in 4 years. Finally, BioCity has also attracted the UK National Micro and Nanotechnology Network (Eminate) centre, along with international investment from USA, Canada, Germany, Denmark, Australia and Japan.

The National Audit Office received very positive feedback from partners and stakeholders on the role of **emda** in regenerating the former coalfields area through the **National Coalfields Programme (NCP)**. Since 1999 **emda** has managed the operation of projects within the NCP. This programme is successfully transforming some of the region’s most deprived communities into thriving economic places. **emda** has got work moving on a number of sites in the East Midlands that had lain untouched for many years, and has done so in a technologically innovative manner. Notable examples of NCP projects include:

- **Sherwood Energy Village** is a mixed use development that has created a diverse industrial and commercial base. **emda** led on this project, working closely with English Partnerships, to secure funding from the NCP to remediate the 91 hectare site and also contributed £5m to support its redevelopment. The project demonstrates innovative redevelopment using cutting edge technologies in sustainable construction, including the UK’s largest system of sustainable urban drainage which has attracted international interest. Sherwood Energy Village won the first ever Enterprising Britain award in 2005.

- At **Avenue Coking Works**, **emda** has taken one of the most highly polluted sites in Western Europe, and, working with partners, has undertaken one of the most complex on-site remediation treatments ever carried out in the UK. This work has attracted significant international attention (from China and other countries) with the site now used to demonstrate best practice in sustainable technologies. **emda**’s approach has been an exemplar in using cutting edge technology and engaging a wide and diverse set of partners at an early stage to meet the challenges faced in terms of capacity and
environmental management.81 The agency’s approach to community consultation and involvement in this project is also recognised as a model of best practice, with regular newsletters, events, a bespoke website, contact with affected households, and the involvement of local schools.

4) The extent of, and need for, RDA overseas activity

Overseas representation has enhanced the East Midlands inward investment offer, and is crucial to maintaining the UK’s position as the number one destination in Europe for inward investment.

Our approach is reaping real benefits. In 2007/08, the region saw an increase in foreign companies investing in the East Midlands for the fourth year running.

The average annual salary of new jobs created through inward investment successes is 11% higher than the average gross annual salary for the East Midlands.

When the RDAs were established in 1999, they took over regional inward investment budgets and have continued to work in partnership with UK Trade & Investment (UKTI) to attract, grow and retain Foreign Direct Investment (FDI) in the regions. To help promote inward investment to the region, emda has representation in several key overseas markets. In North America and Asia, emda and Advantage West Midlands collaborate, thus sharing costs to promote the “British Midlands”.

Our overseas representation adds significant value to the UK’s and the East Midlands inward investment offer. emda’s overseas representatives work closely with UKTI overseas posts, and this collective and coordinated effort has been an important factor in maintaining the UK’s position as the number one destination in Europe for inward investment.

Our approach is reaping real benefits. In 2007/08, the East Midlands saw a total of 88 international investment project successes leading, in total, to 5,960 new or safeguarded jobs, and an increase in companies investing in the East Midlands for the fourth year running. Of these, emda directly secured 37 international investment project successes with an associated 4,254 jobs created or safeguarded. 32 (86%) of these projects were from overseas markets where we have offices or representation. 27 (73%) of these projects are classed as knowledge driven, demonstrating that we are attracting and retaining innovative and high value companies.

For the new jobs created in 2007/08, the average annual salary of £29,076 is 11% higher than the average gross annual salary for the East Midlands, demonstrating how important inward investment is to the regional economy. This very much reflects our strategy which is focused on attracting high-value companies that will bring good-quality, well-paid and interesting jobs to the region. Examples include:

PepsiCo Ltd - Following a pan-European search for a new R&D facility to support their manufacturing operation, US-owned PepsiCo announced in 2007 they would be retaining their R&D facility in the UK and investing £15 million in a brand new PepsiCo Technical Centre of Excellence in Leicester, safeguarding 175 existing jobs. The centre will provide state of the art pilot plants and laboratories to enhance and support new product development.

Kabushiki Kaisha M-TEC - a Japanese Motorsport company; established MUGEN EURO Co. Limited, a wholly owned UK subsidiary in July 2007. The UK business will be engaged in R&D, testing and production of racing and high performance engines and other automotive technologies, creating 12 new jobs. This investment complements existing regional strength in motorsport related R&D and manufacturing.

5) The consequences of expanding RDA remit to include new functions, as proposed by the SNR, including the delivery of EU funding

*emda* welcomed the original proposals outlined in the SNR but we feel that focus has shifted from its original objective - to improve sustainable economic growth in all the English regions.

SNR implementation should protect and enhance the benefits of the business-led RDA model, ensuring that we remain fleet of foot, take managed risks, and maximise private sector investment and leverage.

*emda* consistently does “more with less” – successfully taking on additional responsibilities, whilst exceeding targets, and delivering efficiency savings.

We welcome the opportunity to play a full and proactive role in the implementation of the SNR and fully support the move towards a Single Integrated Regional Strategy (SIRS). However, SNR implementation must retain a clear focus on its original objective, which was to improve sustainable economic growth in all the English regions.

It is imperative that SNR implementation protects and enhances the benefits of the business-led RDA model. Business leadership of RDAs, clear decision making based on our capacity and expertise in key areas, and our financial flexibility have been critical factors in the progress we have made in developing regional economies to date. The role and contribution of business and private sector leverage were significantly underplayed in the March 2008 consultation document, *Prosperous Places*, both in terms of engagement at the regional strategic level and in economic development activity at the local level. The proposals failed to identify the opportunities and incentives for private sector engagement, something which is critical, especially in these more challenging economic times. *emda* strongly believes that we need to remain fleet of foot, take managed risks, and maximise private sector investment and leverage. Maintaining the right balance and calibre of private sector involvement in our Board is a crucial part of this.

There are significant challenges within the governance model described by the SNR, including the pivotal relationship between the RDA and local government. It is accepted that these arrangements should be agreed region by region, but clarification of the relationship between the RDA Board (including the role of the RDA as the Regional Planning Body) and the Local Authority Leaders’ Forum is required. A number of business representative organisations have expressed similar concerns. For example, the Institute of Directors’ SNR response noted that current proposals risk “the threat of diluted business input and a bureaucratic governance model. The governance structures (chiefly the local authority leaders’ forum) are unworkable, undesirable and unhelpful. If RDAs are to take on the
responsibilities that have been proposed, then such frameworks must be systematically redesigned to avoid the policy ‘logjams’ that would occur”.

RDAs have taken on considerable and growing responsibilities since their inception. *emda* has done this effectively and efficiently, whilst also continuing to exceed our targets. Where we have taken over responsibilities from other public bodies we have consistently delivered efficiently, reducing administration costs relative to delivery resources. We have also made significant improvements in terms of the effectiveness and quality of programmes and services, bringing a stronger regional coherence and providing better value for money.

The transfer of the management of the ERDF programmes from the Government Offices to the RDAs is not part of the SNR proposals, but was part of a general push to better align European and domestic funding in support of regionally agreed priorities. *emda* became formally responsible for the region’s ERDF programme in January 2008 and worked hard to ensure that better strategic alignment and impact can be delivered alongside streamlined processes and efficiencies. It should be noted, however, that the regulations that guide ERDF funding, and its associated structures (including separate Programme Monitoring Committees), are significant issues in terms of the effective integration and alignment of the programmes with existing RDA process and practice, as well as presenting *emda* with a number of governance challenges.

6) The accountability of RDAs

*emda* is accountable nationally to Ministers and Parliament, and regionally to our Board and partners.

*emda* is currently scrutinised at the regional level by the East Midlands Regional Assembly.

*emda* welcomes proposals for strengthening parliamentary scrutiny of RDAs, however, we must ensure that any new arrangements avoid unnecessary duplication and the consequent potential overstretch of RDA resources.

The joint RDA submission to the Committee sets out the current accountability arrangements for RDAs. *emda* is accountable to Ministers and Parliament through the Secretary of State for BERR and, as with all RDAs, our annual performance report and annual accounts are laid before Parliament. We also appear before Parliamentary Select Committees and answer Parliamentary Questions. At the regional level, we are held to account by our Board, which includes a mix of business, senior local authority, community, trade union and academic leaders. We are also held to account by our regional partners and this happens in a variety of ways: through consultation exercises, attendance at partner meetings and our Annual Public Meeting.

Whilst we welcome the proposals for strengthening parliamentary scrutiny of RDAs, it will be important to ensure that any new scrutiny and accountability arrangements for the regions are both effective in their scope and reach, and avoid duplication.

In addition to the points raised in the joint RDA submission regarding the creation of Regional Select Committees, it is also important to highlight the need for clarity over the distinctive roles of
parliamentary and regional (local authority-led) accountability arrangements. It will be essential to avoid unnecessary duplication and the consequent potential overstretch of RDA resources. The accountability process should be mindful of what is being scrutinised at the regional level when considering the remit of the parliamentary arrangements – this will ensure that arrangements are complementary and proportionate.

Current regional scrutiny of emda by the East Midlands Regional Assembly is underpinned by a Scrutiny Protocol. This forms a joint contract between all partners involved in this process, which ensures that all partners understand their shared responsibilities, and the outcomes of the scrutiny process. It also ensures that Scrutiny Reviews are realistic, and remain focussed on what is reasonable and achievable, whilst also ensuring that they have sufficient impact to promote effective change.

7) How RDA performance has been measured and will be measured in the future

Since 1999, emda has consistently achieved all core output and expenditure targets.

emda was judged to be “performing strongly” by the NAO – with 22 points from a possible 24.

emda operates with a low cost base, with employment costs of less than 6% of expenditure in 2007-08, and has consistently exceeded efficiency targets, as agreed with BERR.

7a) Exceeding our targets

emda’s performance has been measured against a framework, primarily based on operational outputs set by Government, which has evolved over time. We have delivered our targets year on year and a table summarising the outputs achieved is at Annex A. Since 1999/00, emda has:

- Created or safeguarded 68,036 jobs;
- Created or supported 63,108 businesses;\(^{82}\);
- Assisted 85,921 people with their skills development needs;\(^{83}\); and
- Remediated 1,494 hectares of brownfield land.

A significant element of the IPA assessment process focused on our performance against the objectives set in the 2005-8 Corporate Plan. The final report from the NAO noted that: “emda has made substantial progress against its Corporate Plan, its own Critical Success Factors and its targets against the PSA Framework”.

The IPA awarded emda 22 points from a possible 24 – with emda judged to be performing strongly. This reflected a particularly strong assessment of emda's achievements to date.

7b) Delivering efficiencies

\(^{82}\) 8,921 businesses created and 54,187 businesses supported – to note that the output achievements for business creation are from 2002/03 onwards and 2005/06 for businesses supported – see Annex A for full details.

\(^{83}\) Output achievements for assisting people with their skills development are from 2002/03 onwards – see Annex A for full details.
It is important to reiterate that these achievements were delivered against the backdrop of efficiency measures required by all RDAs in terms of their administration budgets.

In 2007/08, the final year of the three year efficiency programme based around the Gershon review, emda exceeded the target of £9.4m, and achieved £14.8m savings across the year. This was achieved by re-contracting the delivery of a range of support activity without compromising on output achievements, and by leveraging in private sector funding to assist in the re-development of brownfield sites through blueprint. It should also be noted that emda operates with a low cost base, with pay costs at less than 6% of expenditure in 2007/08.

7c) Increasing focus on outcomes and impact

As set out in the joint RDA submission to the Committee, there is now a greater focus on outcomes and impact, following the introduction of the new RDA Sponsorship Framework in April 2008. This move supports the desire to be able to make assessments of the RDAs’ individual and collective contribution to regional outcomes and the Regional Economic Performance Public Service Agreement. The RDAs and BERR have adopted a common impact evaluation framework and the RDS Impact Evaluation Study currently being delivered by Pricewaterhouse Coopers, on behalf of BERR, will provide an assessment of the impact of the RDAs and is expected to report at the end of November 2008. As set out in section 2, emda became the first RDA to commission a comprehensive and independent programme of impact evaluation back in 2005.

In summary, our early independent evaluation findings show that emda has had substantial positive and ongoing impacts on the performance of the East Midlands economy.

emda provides strategic leadership, drawing together the partnerships required to deliver the region’s economic aspirations set out in our Regional Economic Strategy. emda has a strong track record in using a business-led approach to develop unique and innovative solutions, helping turn places that the market has failed into economic success stories.

emda’s business-led approach means that we are flexible, fleet of foot and able to make difficult decisions in responding to economic opportunities and challenges. This is an approach that has also levered-in significant private sector investment. emda has also successfully tailored emergency help to the needs of local companies and their workers hit by unexpected economic shocks.

emda is a competent and efficient programme delivery body which utilises effective project appraisal processes to ensure that better value for money is achieved. As new responsibilities have been acquired, emda has consistently delivered more with less.

19 September 2008
ANNEX A Table 1: *emda* output achievements since inception

<table>
<thead>
<tr>
<th>Outputs</th>
<th>1999/00</th>
<th>2000/01</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Number of Jobs Created or Safeguarded</td>
<td>3,068</td>
<td>4,622</td>
<td>4,407</td>
<td>6,883</td>
<td>8,293</td>
<td>11,531</td>
<td>8,193</td>
<td>9,803</td>
<td>11,236</td>
<td>68,036</td>
</tr>
<tr>
<td>2: Number of people assisted to get a job</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,260</td>
<td>5,786</td>
</tr>
<tr>
<td>3: Business creation (No. of businesses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>225</td>
<td>623</td>
<td>889</td>
<td>2,208</td>
<td>2,382</td>
<td>2,594</td>
<td>8,921</td>
</tr>
<tr>
<td>4: Business support</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,869</td>
<td>21,022</td>
<td>25,296</td>
<td>54,187</td>
</tr>
<tr>
<td>5: Public and private regeneration levered (£m)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>88</td>
<td>135</td>
<td>166</td>
<td>389</td>
</tr>
<tr>
<td>5a: Hectares of brownfield land remediated</td>
<td>376</td>
<td>142</td>
<td>152</td>
<td>188</td>
<td>151</td>
<td>156</td>
<td>107</td>
<td>117</td>
<td>105</td>
<td>1,494</td>
</tr>
<tr>
<td>6: Number of people assisted with skills development</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,148</td>
<td>10,652</td>
<td>12,868</td>
<td>14,562</td>
<td>17,710</td>
<td>21,981</td>
<td>85,921</td>
</tr>
</tbody>
</table>

Source: *emda* Annual Reports, '-' = data not reported

Notes:

1. 1999/00 – 2001/02 exclude SRB outputs.

2. Reporting frameworks changed in 2002/03 and again in 2005/06, so it is difficult to build a consistent record of *emda*'s outputs over time – reporting here is based on the RDA Tasking Framework outputs.

19 September 2008
Memorandum submitted by the Institute of Historic Building Conservation (RDA 26)

The Institute of Historic Building Conservation (IHBC) is the professional body of the United Kingdom representing conservation specialists and historic environment practitioners in the public and private sectors. The Institute exists to establish the highest standards of conservation practice, to support the effective protection and enhancement of the historic environment, and to promote heritage-led regeneration and access to the historic environment for all.

The Institute welcomes the opportunity to submit views. We would like to comment briefly on the following aspects identified for inquiry:

♦ the effectiveness of RDAs and their role in adding value;
♦ RDA expertise;
♦ the consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding;
♦ the accountability of RDAs; and
♦ how RDA performance has been measured in the past and will be measured in future.

The effectiveness of RDAs and their role in adding value

While the focus and performance of RDAs varies, we have concerns that they tend to focus on regeneration in the form of projects (particularly large-scale and high value ones) rather than places and measurable outcomes rather than communities. This is an obvious pitfall given the business focus they have been given and the targeted approach to their work. But in view of their intended strategic planning and housing roles it should not be their sole focus.

The Institute believes that there should be specific duties placed on RDAs to contribute to three specific agendas with immediate effect:

♦ Sustainable communities;
♦ Place-making;
♦ The heritage dividend – that is capitalising on the value of heritage assets in the formulation of regeneration projects. This is a proven method of adding to the value of existing places and communities and what makes them tick.

RDA skills

While RDAs are well served by their officer corps in many respects, we perceive that there may be skills gaps in some areas, not least in those mentioned in the previous and succeeding paragraphs. The Institute believes that it would be prudent for RDAs to undertake skills audits between the implementation of SNR and/or the publication of the guidance intended to follow it and the formulation of their staffing and
consultancy budgets, so that any gaps in their current staffing and in that intended to transfer from the Regional Assembly might be filled. It has also been suggested that a member or members of RDA boards should be given specific responsibility for the sustainability issues, the place-making agenda and heritage issues and that it would be helpful if the holders of these portfolios were identified and these roles were publicised more widely.

We would also like to suggest that the RDAs collectively form topic groups for skills development. This would allow the transfer of skills from region to region, share best practice as well as securing more cost-effective input from specialist interests where this were needed to help with skill development.

**The consequences of expanding the RDA remit**

The Institute is concerned that the SNR proposals to merge RDA and Regional Assembly functions may reduce the effective delivery of both their current fields of work. Were this to occur, we are concerned that it would be the all-important details of strategies and proposals that would tend to suffer leaving local communities and places with poorer outcomes than would otherwise be the case.

**The accountability of RDAs**

The Institute is not convinced that the accountability and scrutiny proposals proposed in *Prosperous Places* are well enough formed to be workable. Our major concerns are the physical and social outcomes of strategic policy regeneration schemes in terms of place-making and built heritage. We feel that the emphasis will tend to be top-down one through BERR, concentrating on easily measurable outputs, and that arrangements for bottom-up scrutiny and accountability, which we hope would be largely qualitative, will tend to have lesser significance. In order to assist with transparency and access to people with pertinent responsibility, the Institute would like to suggest that RDAs be required to publish the names and responsibilities of their board members.

**How RDA performance has been measured in the past and will be measured in future**

RDA performance has been measured in the past largely through expenditure and head counting. There have been no qualitative measures. The Institute believes that if environmental quality is to be maintained and improved, qualitative performance measures are essential.

**Links to government departments**

The Institute notes the importance of closer working between government departments and RDAs. On 2nd July 2008 the Heritage Minister, Margaret Hodge, was
questioned specifically by the House of Commons Culture, Media and Sport Select Committee (during their Inquiry into the forthcoming heritage protection reforms) about working with DCLG to demonstrate good practice using heritage as a driver for regeneration. The Minister gave assurances that she wished to strengthen those links and would (that same day) be meeting the RDA Chairs to talk about how DCMS would strengthen the links on place-making and heritage issues. The Institute would be like assurances that Chairs of RDAs were receptive to that message and would give due weight to it through the heritage responsibility of a Board member of each Agency.

19 September 2008
Memorandum submitted by Neo Products Ltd (RDA 27)

I am writing to offer some supportive evidence and information towards the Select Committee inquiry into the role of the Regional Development Agencies (RDAs) in the UK. As an international business, we would like to point out the value we have experienced from working with one such RDA, namely Advantage West Midlands (AWM).

Our involvement with AWM goes back to 1999 when we were first setting up our initial operations in the UK. We had just been successful in securing a significant UK government contract for our touch screen kiosk terminals and we required a UK assembly facility for this. We were directed to AWM’s inward investment team by Austrade for assistance. AWM then really acted as a “one-stop-shop” for all our needs in setting up. They provided direct support in finding us a commercial property (which we are still in today in Birmingham), they assisted with introductions to professional services who helped us set up the company, they brokered introductions to quality local suppliers we needed to secure the parts for assembly of our kiosks, assisted with personnel recruitment and even helped with staff training. Setting up such an operation from such a long way away in Australia would have been all the more challenging and time-consuming without AWM’s local support.

I am pleased to say our UK and European business has steadily grown since and we now have a diverse customer base. The growth in business has led recently to an expansion of the Birmingham operation in terms of jobs. Once again the support of AWM has been very valuable in facilitating this expansion, most noticeably through the efforts of the RDA’s local office in Melbourne. Introductions to supporting organisations and particular help around work permit issues (involving key personnel for the expansion project) all helped this expansion take place in Birmingham from where we have now developed new customers and overseas markets.

As an Australian-based company, we very much feel at home in the UK from our Birmingham base. AWM’s support in this over the last decade is strongly valued.

I hope this is helpful for the Select Committee inquiry and if I can be of further assistance, please let me know.

19 September 2008
Memorandum submitted by East of England Regional Assembly (RDA 28)

1. Introduction

1.1 The East of England Regional Assembly (EERA) exists to promote the economic, social and environmental well-being of the region. It consists of a partnership of elected representatives from the 54 local authorities in the East of England and appointed representatives from social, economic and environmental interests (Community Stakeholders). The full Assembly has 105 members in 2008/9 and meets approximately twice a year. In addition, there are a number of specialist Panels that meet more frequently to look at issues of regional strategic importance such as planning, housing and sustainable development.

1.2 EERA welcomes this select committee inquiry which is timely given proposals in the Review of Sub-National Economic Development and Regeneration (SNR) which has not yet been set out in draft legislation. As set out in EERA’s response to the ‘Prosperous Places’ consultation, we oppose the democratic deficit that will be created as a result of the proposed transfer of planning, transport and (possibly) housing powers to Regional Development Agencies (RDAs), which are unelected government agencies.

1.3 Since 1999 EERA has worked closely with its RDA – the East of England Development Agency (EEDA) – for example by shaping and endorsing the latest Regional Economic Strategy and scrutinising the Agency’s activities as a critical friend and through formal scrutiny reviews. Through this we believe we are in a strong position to evaluate EEDA’s ability to deliver its current remit and to comment on its capacity to deliver against the SNR proposals.

1.4 We believe that current and future challenges for the Agency include: how to improve engagement in, and the transparency of, its activities; how to develop its capacity regarding spatial planning, transport and (possibly) housing; and how to put into place adequate systems to underpin the delegation of funding to local authorities. Our opposition to the proposals in the SNR is therefore not only one of principle but is reinforced by the concerns we have about RDA structure, governance and capacity and the ability of RDAs to develop the expertise to undertake the new operational and political roles that are proposed.

1.5 Our key comments in response to the inquiry are as follows:

RDA budgets are too frequently subject to financial tinkering and ‘raids’ by Government departments. The cut made by BERR over the summer to EEDA’s revenue budget of £1.8 million for the remainder of this financial year, and the subsequent announcement that RDA capital budgets are to be further reduced by £25 million in 2009/10 and £275 million in 2010/11 –
with a likely cut to EEDA of £1.5 million in the first year and a reduction of some £20 million the following year, is the most recent evidence of this. The overall effect of all this year’s cutbacks on EEDA’s budget will be around 30 per cent by the end of 2011 and the impact of this on RES delivery, long-term economic development planning, and on partnership working, is entirely negative.

RDAs are presently required to deliver too many policies, programmes and projects and this is especially burdensome to a modestly-funded RDA such as EEDA. The Agencies should be tasked to do fewer things, better, whilst retaining the flexibility to invest in both economic development and economic regeneration. The SNR proposals to extend the remit of RDAs are therefore unhelpful.

EEDA’s budget is disproportionately and unacceptably low given the size of the East of England and the contribution made to national GVA. Outcome, rather than output, measurement, should be used to measure RDA effectiveness and success.

Accountability to regional and local partners is essential if excellent RDA performance is to be achieved.

1.6 We would be pleased to contribute further oral evidence to your inquiry if invited.

2. The need for a level of economic development/ business/ regeneration policy delivery between central and local government

2.1 Central and local government have a critical role to play in providing the strong and stable foundations for a thriving economy which underpins healthy, cohesive communities. Whether RDAs alone could be the most effective way of adding value at the regional level is less clear. For example, EERA’s Planning and Housing Panels have proven that partners in the East of England do come together to identify key priorities for their region. Although EEDA plays a significant roles in these, so do a wide range of other local and regional bodies led by EERA.

2.2 EERA believes that regional and sub-regional policy development and delivery is necessary but only where there are cross-boundary issues to be tackled, or where local and/or national interventions alone would not be sufficient to address the issue. For example, the Regional Partnership Group in the East of England (of which EERA is a member) has an agreed position on the delivery of some economic development roles with business support best delivered at the regional level, largely through Business Link East and consistent with the Business Support Simplification Programme.
2.3 Conversely, the assessment of local economies and priority-setting will be achieved best by local authorities, possibly acting in partnership to cover functional economic areas. This is consistent with the duty to undertake an economic assessment, as recommended in the SNR.

2.4 Local authorities and partners in the private and voluntary and community sectors have experience in addressing economic development issues. There should, therefore, be a strong expectation that in future RDA responsibilities and resources should be delegated to the most local level possible. EERA is leading a project on behalf of the regional improvement and efficiency partnership – Improvement East - to identify what support is required to improve local authorities' economic development capacity in preparation for proposed SNR responsibilities, and how this might be delivered.

3. The effectiveness of RDAs and their role in adding value

3.1 In our experience and based on the evidence of others, for example the relatively recent NAO IPA report, the effectiveness of EEDA and the value it adds varies according to the issue in question. Furthermore each region faces different economic challenges, rightly meaning that each RDA is different and as EEDA is the lowest-funded RDA it relies more on partnership approaches to deliver its targets and outcomes.

3.2 RDAs generally can add value by contributing their specific economic policy expertise to wider strategy planning and delivery both at the regional and sub-regional level. EEDA has successfully brought the region’s economic challenges into focus and led the development of dedicated regional economic ambitions and strategies. Nevertheless, the East of England has yet to achieve the aspiration articulated in the second RES to establish itself as one of the 20 strongest regional economies in Europe.

3.3 Furthermore, the English Regions’ Network (ERN) has found through its scrutiny inquiries that perceptions of the RDAs tend to be influenced significantly by the quality of the individual members of RDA staff encountered and the expertise and skills they bring. Performance within RDAs tends to vary by directorate and team. To some extent this is borne out by inquiries in the East of England and not surprisingly there is concern about the consistency as well as capacity of the RDAs.

3.4 In determining added value, it is important to take account of the RDAs’ opportunity cost – how could the RDAs annual £2.3bn ‘single-pot’ budget be most usefully deployed and is the ‘pay back’ currently as good as it should be? It is useful to note that local authorities still have no statutory role regarding economic development and regeneration beyond promoting their locality’s economic, environmental and social wellbeing. It is not surprising therefore that many local authorities have traditionally focused on the legislative aspects of economic development such as planning, over other aspects such as adult skills. Local
authorities have also led the development of mature and effective local partnership arrangements since the establishment of RDAs in 1999 and currently lead, through LSPs, on the delivery of LAAs. However the effectiveness of these partnership structures, including in terms of engagement with the private sector, is sometimes compromised because of other, and occasionally duplicative, structures such as LDVs and sub-regional economic partnerships whose proliferation over recent years, often supported by the RDAs, has led to a cluttered sub-regional landscape. EERA suggests that more of the RDAs’ budget could be used more effectively by local authorities to produce a more effective, more transparent and simpler structure.

4. RDA expertise

4.1 EEDA has extensive expertise in analysing and understanding quantitative data on the regional economy and using this to develop regional economic strategies and plans; the Agency has also led on the establishment of the newly-launched Regional Intelligence Centre. Possible SNR legislation is likely to require county and unitary local authorities to undertake sophisticated local economic assessments so in the East of England, partners have come together to agree a standardised protocol for local authorities’ economic assessments that can directly and easily contribute to the single regional strategy. These processes must complement each other and avoid duplication of effort.

4.2 EEDA has also developed a relatively large complement of programme and project managers to oversee the delivery of a range of economic development interventions to support the RES. Arguably, a number of these interventions could be delivered and managed better through local authorities or voluntary and community organisations. EEDA could also usefully review the balance between (a) its external relations and communications functions and (b) its delivery capacity, with a view to ensuring that the maximum resource possible is concentrated on implementing the frontline economic development interventions set out in the RES and EEDA’s Corporate Plan.

4.3 To support and link the complex sub-regional and local partnership arrangements, EEDA has had to invest significant resources to develop expertise and capacity in managing these relationships. If simpler, more effective partnership arrangements were used, there would be far less of a need to coordinate them, again offering further opportunities for increased investment in frontline delivery capacity.

5. The extent of, and need for, their overseas activities

5.1 EEDA has recognised the significance of globalisation in leading the preparation of the current RES and likewise has acknowledged that sustainable economic development takes place at the regional level with specific challenges and opportunities but within an EU context with associated funding opportunities.
5.2 The Agency has therefore produced an International Strategy and has in the past supported regional presences and initiatives in, amongst others, China, the USA and Brussels. EEDA continues to contribute to an East of England Partnership Brussels Office managed by EERA on behalf of the region’s local authorities, EEDA, GO-East and a number of other private and public sector partners. EERA welcomes the outward-facing work of EEDA and especially the support the Agency gives to the Brussels Office, which has a key role in providing intelligence to, and lobbying on behalf of, regional partners and in securing funding from the EU to meet priorities that are specific to the East of England.

6. The consequences of expanding RDA remit to include new functions, as proposed by the sub-national review, including the delivery of EU funding

6.1 EERA restates its principled opposition to the SNR recommendation that RDAs - unelected government agencies – should be given responsibility for regional planning and a leading role in place shaping. The makers of planning policy should continue to be accountable to the public through the ballot box. Further, we are concerned that RDAs are not currently well placed to perform their proposed new functions. These issues could have significant consequences:

i. A democratic deficit: RDAs have no democratic mandate. EERA believes that planning must be subject to local democratic accountability; the proposal to move regional planning responsibilities to RDAs marginalises democratically elected councillors in key planning decisions. This therefore threatens democratic ownership and the legitimacy of the new single regional strategy.

ii. A single strategy with no regional ownership: Local authorities will be unwilling to endorse and support a single regional strategy they had minimal involvement in developing, thus threatening its delivery. Similarly, in setting out the RDAs’ new remit, there is little consideration of their duty to engage stakeholders. As members of Regional Assemblies community stakeholders representing environmental, economic and social concerns have had a considerable role to play in ensuring wider community engagement with, and ownership of, regional strategies. However, the SNR weakens their formal role in the development of a single strategy, thus diminishing expert input and regional buy-in.

iii. An unsustainable single regional strategy: There is considerable risk that a single regional strategy prepared by an organisation with a single overarching goal of economic growth will fail to meet the principles of sustainable development. These concerns are not allayed by the SNR consultation, which lacked consideration of wider sustainable development objectives. The new single regional strategies must be firmly grounded in the integration of the three pillars of economic, social and environmental sustainability; this should be a statutory duty for RPBs. To achieve a shift in focus to sustainable development requires a significant shift in the priorities of
iv. **A skills shortage for preparation and delivery of a single regional strategy:**

EERA strongly endorses the integration of regional economic policy into the wider spatial framework, currently provided by Regional Spatial Strategies. However RDAs are not well placed to develop the single regional strategy and whilst some may be beginning to pick up the challenge of change, there is considerable scepticism that they will develop sufficiently and in time to adequately fulfil the RPB role:

- They have limited experience of brokering statutory solutions across different political groups, geographical locations and constituencies of interest. The SNR seems to under-estimate the complexity of achieving democratic regional ownership of the single regional strategy; this requires a range of experience and skills not currently sufficiently available within RDAs. On the other hand, there is a real danger that were they to successfully adapt to be fit for purpose post SNR, then the ‘fleetness of foot’, and strong economic focus for which RDAs were established, could be lost.

- Currently RDAs do not contain staff with sufficient experience of preparing and delivering regional planning policy; there is significant concern that the expertise within Regional Assemblies may be lost as a result of the current uncertainty arising from SNR and the long transition to any transfer of responsibilities.

- A range of related functions is also conducted by RPBs, such as monitoring and conformity; the skills for this work are not currently available within RDAs.

v. **Inadequate resources:** It is unclear how RDAs will be resourced to carry out their proposed additional functions, which must be properly resourced if they are to be delivered effectively. If additional funding is not provided, there is a risk that RDAs will have to divert funds from their economic development duties (where budgets are already declining) to deliver RPB functions, thus risking their ability to meet economic development challenges in their regions.

vi. **Confused Government ownership:** Whilst BERR remains the sponsoring department for RDAs, the considerable complexities of the planning system, and the role of the RPB, will require substantial guidance from Communities and Local Government. If this issue of ownership and leadership is not resolved, we fear there will be different expectations of the single regional strategy from the two government departments (CLG and BERR) and resultant difficulties in developing and delivering the strategy.

7. **The accountability of RDAs**
7.1 It is critical that EEDA is accountable to the region, not just to central government, with EERA or, post SNR, a successor consortium of local authorities, responsible for regional scrutiny. Good work has been carried out by the Regional Assemblies with different approaches adopted according to the circumstances in each region. However Regional Assemblies are concerned that the impact of scrutiny activities has been restricted by the limitations of the RDA Act (1988). Whatever scrutiny and accountability arrangements are established within the regions as a result of the SNR, future activities should be enhanced with stronger powers for local authorities and other partners to hold the RDA to account for the development and delivery of the single regional strategy. Current local authority powers which require RDAs (and other public bodies) to provide them with information are inadequate to enable effective scrutiny.

7.2 The Regional Assemblies, using their considerable experience in conducting regional scrutiny, have identified a range of principles that are essential to effective regional scrutiny and that are endorsed by EERA. Therefore, in addition to requiring a strong statutory basis to activities, whatever arrangements go forward for regional scrutiny must be:

- Democratically-driven
- Informed by specialist expertise
- Clear in its purpose, understood and valued
- Strategic
- Constructive and focused on clear outcomes
- Evidence-based
- Objective, rigorous and honest

7.3 Strong regional accountability is particularly important given RDAs’ proposed expanded remit. The contested nature of regional planning policy means communities will demand far stronger democratic accountability of RDAs than is currently the case. Whilst existing mechanisms and recent proposals (such as parliamentary regional select committees) may increase accountability to Government there is a fundamental, and more significant, accountability gap within the regions. ‘Oversight’ by local authorities at the end of the process - as opposed to them developing as an equal partner and ‘signing off’ the single regional strategy - is not regarded by EERA as a sufficient substitute for a truly democratic process jointly-led by local authorities with their RDAs and engaging community stakeholders and other partners.

7.4 Should RDAs assume responsibility for leading the development of the single regional strategy and regional planning, this must be preceded by a significant overhaul of the governance arrangements of RDAs. Whilst EERA welcomes the input of businesspeople and other stakeholders in directing the region’s economic development, the new competencies of RDAs would be better overseen by a Board comprising a greater proportion of local authority members from the region than is currently the case.
7.5 Whilst accountability to localities and the region needs to be strengthened, we recognise that RDAs are subject to numerous strands of scrutiny and performance management. Nevertheless, the number of processes has not led to a tangible increase in accountability to the regions. Many of the central government scrutiny processes for RDAs fail to operate in a transparent manner and are irrelevant to regional partners and local communities. It is unclear to what extent these activities take into account the experience and views of partners and communities. The activities often appear to operate in isolation, with little clarity on the value each adds to the overall accountability of RDAs. Whilst RDAs should be subject to rigorous scrutiny, the current proliferation of approaches is failing to achieve coordinated and coherent accountability and is disproportionate.

7.6 Regarding proposals for Parliamentary regional select committees, we reiterate our view that such committees should reflect regional political balance and should engage local authority leaders. They should also avoid becoming solely preoccupied with the RDA, which we believe should be a matter for regionally-led scrutiny, and central performance management systems, and should rather look at how well or not Government departments are delivering in the regions.

8. How RDA performance has been measured in the past and will be measured in future

8.1 Firstly, it is important to note that monitoring outputs – such as jobs created – is not a sufficiently rigorous process to ensure RDA accountability to the region or to identify the outcomes of their work. Performance management is one element contributing to accountability, but they are not one and the same. It is regrettable, then, that the SNR indicates that RDAs will in future be held to account through a central government performance framework. This continues Government’s focus on top-down performance measurement rather than accountability to regions and localities. Nevertheless EERA is pleased that in its latest Corporate Plan, EEDA uses a logic chain process to explain how its planned activities will affect regional outcomes although more time is required to properly evaluate this tool.

8.2 An ongoing concern for all Regional Assemblies has been the government’s focus on economic performance measures for RDAs which if not adjusted post SNR could imply a disregard for the social and environmental impacts of economic growth. Noting our opposition to such a transfer, if RDAs are to take responsibility for planning, transport and possibly housing it is entirely inappropriate for economic development to take primacy over the other elements of sustainable development. Economic growth is inextricably linked with social and environmental issues and directing economic growth at the expense of society and the environment will not allow for sustainable development in the long-term.
8.3 Whilst the national criteria for RDA performance outputs allows for a degree of regionally-specific indicators, it is not clear how effectively this flexibility is being used. RDAs must ensure that it is used to best effect.

8.4 One particular element of monitoring of RDAs that EERA wishes to question is the Independent Performance Assessment. There were varied experiences in different regions regarding the extent to which partners, including the Regional Assemblies, were engaged in the process. Fuller and more consistent engagement of Assemblies, local authorities and other community stakeholders should be guaranteed in future, although currently it is unclear whether an evaluation of this process has been made and if so whether the process is set to continue.

8.5 As set out in section 6, clarity is needed on where overall responsibility for RDA performance management lies. It is not yet clear how BERR and CLG will manage their respective responsibilities for monitoring delivery and neither is it clear what additional monitoring burden is likely to be placed on RDAs.

12 September 2008
Memorandum submitted by the Chief Economic Development Officers Society & the CSS (RDA 29)

Introduction

1. The Chief Economic Development Officers Society [CEDOS] provides a forum for Heads of Economic Development in upper tier local authorities throughout England. Membership includes county, city and unitary Councils in non-metropolitan areas, which together represent over 47% of the population of England and provide services across over 84% of its land area. The Society carries out research, develops and disseminates best practice, and publishes reports on key issues for economic development policy and practice. Through its collective expertise, it seeks to play its full part in helping to inform and shape national and regional policies and initiatives.

2. The CSS represents local authority Strategic Directors who manage some of the most pressing issues facing the UK today. The expertise of CSS members and their vision is fundamental in the handling of issues that affect all our lives. Operating at the strategic tier of local government they are responsible for crucial transport, waste management, environment, planning, energy and economic development issues. CSS membership is drawn from all four corners of the United Kingdom.

3. CEDOS and CSS welcome the opportunity to submit evidence to the Business and Enterprise Committee’s Inquiry into the role of regional development agencies (RDAs) and the implications the Government’s review of sub national economic development and regeneration may have on that role. In framing our evidence, which addresses the specific areas on which the Committee’s Inquiry is focusing, we have consulted directly with our members throughout the country.

4. Our overall position is that whilst we recognise the need for some key issues to be dealt with at a broad regional level, we are seriously concerned about the current and proposed roles of the RDAs not only as a result of the lack of demonstrable added value but also, and fundamentally, as a result of the growing democratic deficit arising from the decision-making powers of appointed RDA Boards – something that is likely to increase as a result of the additional executive responsibilities being proposed.

5. Nevertheless, we have to recognise that the Government’s proposals for taking forward the Sub National Review [SNR] involve retaining RDAs and extending their responsibilities. Accordingly, our response to some of the key issues covered in the Committee’s Inquiry has been framed on the assumption that this will be the case. In doing so, we must emphasise the importance of there being a substantial reduction in the bureaucracy associated with regional initiatives and a significant delegation of budgets and programmes to the local authorities and the partnerships they lead.

The need for a level of economic development/ business/ regeneration policy delivery between central and local government
**CEDOS/CSS views:**

6. There is a need for some key economic development and regeneration issues to be addressed at the broad regional level - issues that are not appropriate for being dealt with at the national level but which require decisions and action at a larger than local or sub-regional scale. Equally, there is a need to co-ordinate economic development activity with other policy areas such as housing, environment and transportation and to maximise the beneficial impact of major investments.

7. The need for a regional level of economic development policy and action does not imply, of necessity, a requirement for separate regional organisations, with their inevitable bureaucratic procedures, to be inserted between central government and local government and its local and sub-regional partners. In our democracy, we believe the focus of public policy-making and delivery should rest with the elected levels of Government – with central government and local government.

8. There is a strong case for arguing that regional economic development strategies and policies could be put in place most effectively through a partnership of central and local government. With the development of local and multi area agreements, local government is increasingly well placed to take a lead role in this partnership – something that will be facilitated further with the establishment of the local authority leaders forums proposed by the Sub National Review. Where regional policy and action is required, this could be achieved potentially by strategic county and unitary authorities putting in place the regional equivalent of multi-area agreements with the national interest being looked after by the Government Offices for the Regions.

9. We seriously question whether the current regional arrangements provide a sound basis for strategic policy-making and action. Whilst the Regional Development Agencies are making a contribution, major concerns are their lack of political and democratic accountability and the barriers to the effective delivery of economic development that are too often imposed by their bureaucratic procedures. These concerns are accentuated by the extensions to RDA powers and responsibilities proposed in the Government’s plans for taking forward the sub national review of economic development and regeneration.

10. Whatever regional arrangements are made, it is important to distinguish between policy-making and delivery. For most economic development activity including business support and regeneration, delivery is most appropriately undertaken at the sub-regional and local level led by local authorities and local/sub-regional partnerships.

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84 For more on this see, for example, *Barriers to the Effective Delivery of Economic Development & Regeneration* CEDOS October 2006
11. The Sub National Review proposes that Regional Development Agencies will continue but with a more strategic approach & the expectation that they will delegate responsibility for spending to local authorities or sub-regions “unless there is a clear case for retaining spending at the regional level”. We are, however, concerned that the Government’s proposals for taking forward the SNR lack clarity on the actual extent to which RDA funding will be devolved to local authorities or sub-regions. We believe that if the Sub National Review is to truly facilitate the place-shaping role of democratically elected local authorities, there must be a substantial reduction in the bureaucracy associated with regional initiatives and a significant delegation of budgets and programmes to the local authorities and the partnerships they lead. The Government should make a clear statement that it expects there to be a presumption that RDAs will delegate responsibility for the delivery of programmes and the accompanying resources to the local or sub-regional level unless there is substantial evidence for not doing so.

The effectiveness of RDAs and their role in adding value

CEDOS/CSS views:

12. Overall, the assessment of RDA effectiveness is one of mixed performance with, perhaps inevitably, variations across the country as a consequence of the range of economic challenges being faced. Undoubtedly, there have been some significant achievements. Examples cited by our members include the major regeneration project at Osprey Quay at Portland, Dorset and actions related to specific issues where a truly regional approach is needed, for example in the West Midlands with the Rover Task Force and the response to the 2007 flooding.

13. In other areas of activity, there is much less evidence of effectiveness. An example is rural development where it is very difficult to identify any real added value from a regional body that despite delegating funding to local partnerships, still imposes its own layer of bureaucracy and administrative processes.

14. Demonstrating real overall added value is difficult. It is notable that in the assessments of RDA performance carried out so far by the National Audit Office, only in the case of one RDA is there a reference to added value in relation to performance. In any objective assessment of added value, the question needs to be asked – what would have happened if there had been no RDAs and their resources had been made available to local and sub-regional partners, principally the local authorities? If this had been the case, it may well be that more could have been achieved as a result of directly relying on bodies with a greater local knowledge of the relevant areas and issues and at the same time reducing the management and administration costs associated with the additional RDA tier.

RDA expertise
CEDOS/CSS views:

15. Our members report a varying picture across the country. Whilst some RDAs have developed a significant level of technical expertise on some particular issues affecting their regions, there is concern at a lack of sufficient expertise on wider economic matters. Moreover, where specialist RDA expertise exists, it is not always easy for local areas to tap into and benefit from it. It may be that for some issues it is appropriate for expertise to be provided at the regional level but the cost-effectiveness of doing so needs to be properly assessed and demonstrated.

16. Of course, RDA technical expertise has been developed in relation to their current range of activities and with the proposed extension of their activities under the Sub National Review of Economic Development and Regeneration [SNR] it is clear that "the RDAs will need to undergo significant change in both what they do and how they operate"85.

16. In relation to SNR, much is being made about the need for RDAs to satisfy themselves that sufficient capacity exists at local authority or sub-regional partnership level to take on delegated activities. The RDAs will need to show how the capacity issues related to their changed role are being addressed and they should be subject to the same assessment processes as local authorities.

17. In the light of the findings of a recent report by the CLG Select Committee, there must be serious question marks over the ability of RDAs to acquire the necessary technical skills, at least in the short term. The Select Committee report refers to a drastic shortage of planners and of skills gaps within existing planning staff and, as the Committee acknowledged, quoting CEDOS/CSS evidence, this is something that also affects a wide range of other professions including economic development and transport planning.

19. It is not only a question of technical expertise. Particularly with the proposal to give RDAs executive responsibility for preparing integrated regional strategies and designate them as Regional Planning Bodies, expertise is a crucial issue for the RDA Boards. The Government’s proposals for taking forward the SNR state that the skills and experience of those appointed to RDA Boards will reflect their new responsibilities in regional planning, along with their existing responsibilities. Nevertheless, we feel there must be a real question mark over RDA Boards having the necessary depth and breadth of spatial planning experience.

The extent of, and need for, their overseas activities

CEDOS/CSS views:

20. All the UK regions, sub-regions and local areas operate within a global economy and need to respond to global challenges. In this context, it is appropriate for RDAs to pursue relevant overseas activities in terms of inward investment, exporting and global competitiveness. However, on the information currently being made available, it is often difficult to judge the extent of RDA overseas activities, how much is spent on it, the outcomes that are resulting and the extent to which they can be attributed to intervention by the RDAs. As one of our members in the South East says “Without much greater level of reporting/audit detail on this area of RDA activity, no one can judge if they spend too much on this area as we cannot discern what they actually do spend, and on what, and therefore what the tax payers actually get for their money”.

21. There is clearly a need for greater transparency in reporting the extent and results of RDA overseas activity to enable a proper understanding of costs and benefits. There is also a need for better coordination with local and sub-regional partners to make best use of resources, minimise duplication and to ensure that overseas activities benefit all areas of the UK and the regions.

The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding

CEDOS/CSS views:

22. We have some serious concerns about the consequences of the current proposals to expand the RDA remit to include new functions, in particular responsibility for integrated regional strategies, regional spatial planning and EU funding. We support the idea of integrated regional strategies to bring together the regional economic strategy, the regional spatial strategy and other regional strategies into a single long-term strategy. However, if they are to be workable and effective, they must be prepared in an inclusive way, be co-owned by the RDAs and elected local government, be actionable, and be underpinned by proper and transparent accountability and scrutiny arrangements. In this context, we are seriously concerned at the proposal that an RDA will be able to submit a strategy to the Secretary of State without the agreement of the local authority leaders should they deem it necessary.

23. Whilst it makes sense to bring planning, economic development and transportation policy at the regional level more closely together, we have particularly serious concerns about the proposal for RDAs to become Regional Planning Bodies. We are not convinced of the ability of business-led RDAs to deal impartially with the tensions between economic, social and environmental issues that will inevitably arise, something, which in our view requires, at the very least, a strong democratic input. The fact is that moving regional planning responsibilities to RDAs will mean less involvement of elected Councillors in decision-making at the regional level. As Regional Planning Bodies, Regional Assemblies had to have at least 60% of their membership made up of elected councillors – and in practice it is often around 70%.
There is no such minimum figure for RDA Boards, where elected Councillors are in a minority - currently across the country, it is between 20 - 25%.

24. As far as EU funding is concerned, responsibility for some funding streams has already passed to the RDAs, in particular those associated with the Rural Development Programme for England [RDPE]. We are aware of concerns in a number of areas where local partners are not impressed with RDA handling of these funding streams, for example in East Sussex where “since the Leader programme passed to the RDA as managing authority for the relevant RDPE Axes, the very principles of ‘Leader’ have been completely undermined: The Local Action Groups no longer appear to have the responsibility for agreeing which projects are to be funded, with every project having to go to the RDA for final agreement. The local autonomy that the Commission has acknowledged as the key to the success of Leader has been unilaterally removed”.

25. It has yet to be clarified whether all ERDF money, including Cohesion funding, Competitiveness funding and Interreg 4a as well as Axes 1 and 3 of RDPE, is to be passed to the RDAs. ERDF, which can cover both capital and revenue spend, is a particularly important source of non-domestic funding for economic development activity. Whilst there are potential benefits in bringing major funding sources together and thus avoiding parallel applications and appraisals, there is concern about the use of ERDF by RDAs to replace and not be additional to, core funding. As a result, there could be reduced funding opportunities for local/sub regional partners, limiting their ability to respond to local needs and achieve real added value impact.

The accountability of RDAs

CEDOS/CSS views:

26. The Sub National Review states that “democratic accountability for the regional tier needs to be based on a combination of central and local government” and that “in particular, there needs to be clearer and stronger accountability of the RDAs, both to local and central government as, currently, RDAs do not have a clear democratic mandate”. We agree with this but we consider that the Government’s proposals for taking forward the Sub National Review do not address sufficiently the increased democratic deficit that will occur as a result of the growing powers of RDAs, including the transfer of regional planning responsibilities. There is a lack of clarity as to how accountability to local government will be achieved and on what scrutiny powers will be vested in the proposed local authority leaders forums.

27. Unless there is full and proper democratic accountability, the whole process set in train by the Sub National Review could become unworkable. We believe that the Government’s proposals for taking forward the Sub National Review must to be strengthened significantly. To achieve effective and proper regional accountability and scrutiny, there needs to be:
- a clear statement that local authorities will be actively involved in the preparation of integrated regional strategies;

- increased local authority representation on RDA Boards;

- a requirement for each integrated regional strategy to be jointly signed off and submitted by the RDA and the Leaders Forum;

- provision for full consultation by Government on any proposed changes it wishes to make to submitted regional strategies.

28. At national level, RDAs should be accountable to Parliament jointly through the Secretary of State for Business, Enterprise and Regulatory Reform and the Secretary of State for Communities and Local Government. Further parliamentary scrutiny can be achieved by establishing Regional Select Committees, which as well as comprising MPs from the regions should also include elected members from the regions who can bring their first hand knowledge and experience to bear.

**How RDA performance has been measured in the past and will be measured in future**

**CEDOS/CSS views:**

29. Hitherto, most of the assessment of RDA performance has been undertaken internally by their Boards and through quarterly reporting to BERR. In the 2005 Budget, this was added to by the introduction of performance assessment by the National Audit Office, although so far there has only been one assessment of each RDA during 2006 and 2007. Whilst this represents a somewhat improved process, it falls well short of what is needed, particularly if RDA remits are to be expanded.

30. So far, the RDA performance monitoring framework has been dominated by Central Government targets and lacks sufficient relevance to partners within the region. Generally RDA performance measurement has lacked sufficient rigour with a lack of detail on how RDA spend and activity is reported. With the move to Comprehensive Area Assessment, there is an ideal opportunity to align RDA performance measurement with that of local authorities. Local authorities, through the new Comprehensive Area Assessment, will be judged on performance with much of the performance being delivered through the framework of Local Area Agreements. It will be appropriate for RDAs to be assessed on how much they have done to support local authorities and their partners in improving the performance of localities and sub-regions using the same set of performance indicators.

18 September 2008
Memorandum submitted by Centre for Cities (RDA 30)

Introduction
1. The Centre for Cities ("The Centre") welcomes the opportunity to respond to the Business and Enterprise Committee’s review of the future role and responsibilities of the Regional Development Agencies (RDAs).

2. The Centre is a non-partisan research and policy institute, helping cities improve their economic performance. We work with cities, employers and central government to develop practical policy solutions which help urban economies to grow. Our work focuses on three major themes, of crucial relevance to city economies: business and enterprise; housing and labour markets; and city infrastructure.

3. The Centre is actively considering the future of RDAs as part of its own policy work. We are not convinced that there is a strong case to maintain RDAs in every region in their current form. We will be setting out our thoughts on the future shape, role and functions of RDAs later this autumn. Given the strong political interest in this issue in Westminster, we will keep the Committee informed as we progress this work.

4. This short response touches on a number of the issues highlighted by the Committee. It sets out the Centre’s existing thinking – drawing on our experience of working with RDAs, cities and business organisations through our research.

Need for a tier between central and local government
5. There is a need for a level of governance between Whitehall departments and local authorities in order to deliver economic development, transport, regeneration, training and regeneration.

6. However, the city-regional (or sub-regional) level is the most appropriate level at which to co-ordinate, plan, and deliver key economic development functions – as this level most closely matches the ‘real economies’ of England’s cities and towns.86 Existing local authorities are too small to capture the ‘economic footprint’ of places, and the English regions are too big.

7. Accordingly, we support the consolidation of the regional tier – and the shift of delivery functions toward city-regions – outlined by the Sub-National Review (SNR). As recognised by the SNR, economic development, business

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support and regeneration policies need to be delivered at the level that matches real economic areas, that of the city-region or sub-region.

8. RDAs need to be more strategic, and devolve programme funding (as opposed to project funding) downward to city-regions and sub-regions. Currently, RDAs are too tactical and interventionist – and spend considerable time and resource managing individual projects. They are also trying to achieve too many priorities at once. In future, RDAs should focus on 1) setting a high-level investment plan for the region as a whole via Integrated Regional Strategies, 2) prioritising funds on and between city-regions, 3) support inter-regional collaboration (e.g. Milton Keynes growth area, Sheffield City Region), and 4) supporting a small number of business clusters where the region has established strengths.

9. But the commitments outlined by the Government in the SNR are vague and high-level. Over a year after the publication of the SNR, there is still an urgent need to set out the detail of how RDAs will devolve power downward to city-regions and to local authorities.

RDA performance and assessment

10. From our work with cities, RDAs and business leaders across England, the performance of RDAs has been mixed. For example, the Northwest Development Agency has taken a proactive approach to developing city-regions – e.g. in Greater Manchester – as evidenced by its joint work with the Centre in 2006.87 Yorkshire Forward has been commended for its prioritisation of investment, notably in transport. And One NorthEast’s willingness to submit the region’s economy to a full-scale OECD territorial review was commendably transparent.88

11. However, RDAs are also often seen as inflexible and unaccountable – and their performance is often criticised. An example would be in the West Midlands, where Birmingham City Council and Advantage West Midlands have maintained a tense relationship over the years – with some projects, such as New Street Station, slowed as a result. In major cities, RDAs are sometimes viewed as a barrier to more effective sub-regional working, rather than an asset.

12. The Government bears some responsibility for RDAs’ mixed performance. First, RDAs have confused lines of political accountability (more below). Second, they have had to answer to a number of departments – such as CLG and DfT – in addition to their sponsors in DTI/BERR. And third, the RDA tasking frameworks have been complex and confusing – especially after the

87 NWDA and Centre for Cities (2006) Cities Northwest Warrington: NWDA.
failure of elected Regional Assemblies. Confused steers have made it difficult for RDAs to focus their efforts on a small set of strategic interventions that promote economic growth. A simpler RDA performance framework, with a smaller number of priorities, is to be welcomed.

**RDA overseas offices**

13. In our recent report on *UK Cities in the Global Economy*, we argued that individual English regions do not need overseas offices. These are inefficient, and compete against each other – potentially to the detriment of the UK as a whole. Instead, city-regions should work through the existing UK Trade and Investment framework to build up city-regional ‘brands’ and to attract Foreign Direct Investment targeted on cities’ particular business assets\(^9\). We therefore do not support the continued operation of RDA inward investment offices.

14. We have attached a copy of the above report for the Committee’s consideration.

**European Union funding**

15. Given their expanded control over regional economic development funding and strategy, it seems sensible for RDAs to take over the strategic management of remaining EU Structural Funds. This would enable better match-funding and gap-funding of key regeneration projects at a time when public expenditure is tight. However, as argued in previous work, this funding should be focused on city-regions – and devolved to them on a programme – rather than a project-by-project – basis.\(^9\)

**RDA accountability**

16. Despite the Government’s commitment to greater accountability in the Sub-National Review, RDAs still have serious accountability problems. The creation of Regional Ministers and the proposed establishment of Regional Select Committees may open RDAs up to greater Westminster scrutiny, but do little to improve joint working between RDAs and cities and towns. They also do not help make RDAs better understood within the regions.

17. As evidenced by the Modernisation Committee’s recent inquiry, RDAs have multiple lines of accountability in Westminster and Whitehall – including ministers, government departments, and other NDPBs.\(^9\) RDA Boards and Chief Executives are torn between their statutory obligations at the national level and a desire to be responsive to regional businesses and residents.

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18. RDAs’ principal role requires clarification – as they are poorly understood by many local and regional stakeholders. Ministers need to decide, once and for all, whether RDAs are 1) agents to deliver central government policy in the regions – like Government Offices, or 2) independent regional actors, tasked with working with the local authorities. They should also drop the pretence that RDAs are ‘business-led’ – and acknowledge that they are public-sector agencies charged with promoting and investing in regional economic development.

19. The best way to deal with RDAs’ local accountability problem is for them to devolve power and funding downward to city-regions. Leaders’ Forums, the proposed replacements for Regional Assemblies, will offer some scrutiny of RDA actions – but not true accountability. Giving city-regions programme budgets for economic development, transport and housing would be a better solution – as elected local councillors would then bear direct responsibility for delivery.

20. The Centre would be happy to offer oral evidence to the Inquiry, if that would be helpful.

19 September 2008
Memorandum submitted by West Midlands Business Council (RDA 31)

The West Midlands Business Council brings together over 20 mainly business representative organisations to speak with one voice on the key business issues across the West Midlands region, when appropriate. Further information regarding the West Midlands Business Council can be found in Annex A.

The West Midlands Business Council report, Making It in the Midlands, is also attached with this report.

Regional Development Agency Model

The business community across the West Midlands region supports the concept of Regional Development Agencies. The model has proved to be effective amongst other major international trading partners in ensuring there is business growth.

We see the concept of Regional Development Agencies from a purely business perspective. The West Midlands is largely a homogenous travel to work area. Statistics provided by the West Midlands Regional Observatory and Centro – the West Midlands conurbation passenger transport executive – demonstrate that the vast majority of the administrative area of the West Midlands region has strong and established travel to work patterns.

This is one of the clear economic indications of a de facto regional economy being in place. In addition, statistics provided by a range of bodies, such as UK Trade and Investment as well as the West Midlands Regional Observatory, demonstrates clear commonality of economic interests across the region – such as agriculture in Worcestershire and Herefordshire, for instance, with urban markets in the West Midlands conurbation.

We therefore consider that a Government agency charged with developing the regional economy has a basis in commercial reality and we can therefore see the need and necessity for such a model.

Over recent decades, while the regional economy has continued to operate in response to market demands, the decline in traditional manufacturing industry has led to the need for an economic stimulus to exist to jump start the regional economy. One of the outcomes from the decline of mass production heavy manufacturing is that the West Midlands region is one of the worst performing regions in the United Kingdom in terms of low levels of adult attainment in skills.

In addition, the regional economy which is reliant on effective good transport networks, has suffered from severe shortcomings in the transport infrastructure. This
has impacted on trade flows around the West Midlands region and across to other regions.

In addition, due to various economic and historical factors, the West Midlands region has one of the lowest rates of business start ups across the United Kingdom. The West Midlands region also has one of the lowest rates of R&D investment in the UK.

None of these issues can effectively be addressed by central Government alone. While the policy direction of the Government and national macro economic stability is critical to regional economic growth, the issues outlined above requires a regionally based solution because many of these problems, though not all, are based on how the regional economy has developed over the years and is not necessarily just linked to the need for national macro economic stability.

We believe that is where the Regional Development Agency model comes into play. Its regional focus, which must be tied into national economic policy, is critical so that the complex linkages between national and regional policy can be addressed.

**Effectiveness of Advantage West Midlands**

We believe the Regional Development Agency, Advantage West Midlands, has played an important role in the regional economy. The economic recovery plans that were implemented after the demise of MG Rover is a clear example of this. As the ramifications of that collapse showed, the impact of the collapse did not just affect Birmingham but also the economies of Redditch and Bromsgrove, to take just two examples.

The soft loans scheme introduced by the Regional Development Agency following the 2007 summer floods also helped the regional economy get back on its feet – as the independent Pitt Report demonstrated.

However, it is in respect of capital investment that the role of the Regional Development Agency has been seen to be particularly effective. For instance, it would be hard to see how the physical regeneration of north Staffordshire would have taken place at the pace it has without the role of a body like the Regional Development Agency.

There is no doubt that there is concern that the direction of Government policy has led to confusion despite the existence of RDAs. One good example is that of City Regions. In the West Midlands region, the City Region covering the West Midlands conurbation and Telford and a City Region covering north Staffordshire and south Cheshire were encouraged to be established.

It remained unclear how these City Regions related to the sub regional structures the RDA itself had established such as the Regeneration Zone in north Staffordshire and
numerous Regeneration Zones in the conurbation and Telford city region, alongside other geographically designed RDA led delivery vehicles.

While Government actively encouraged the establishment of City Regions, it did not clarify how these structures relate to the RDA. As a consequence, progress in the City Regions in the West Midlands region has been haphazard with very little activity in north Staffordshire and limited activity in the conurbation and Telford city region. Business proposes that clearer guidance is required so that clarification of roles and responsibilities can lead to a step change in delivery of policy objectives.

This submission would not be complete if we did not address the business support functions of the RDA. While business had raised concerns about the earlier structure of business support, we are pleased that a new streamlined system has now been introduced and we hope this new structure will prove to be effective for the long term. Such work addresses the problems in the regional economy which have developed due to the regional aspects of the economic structure, as discussed earlier in this submission.

Overseas Activity

We appreciate the Committee is rightly looking into the role of RDAs in respect of their overseas activity. We addressed this very point in response to the recent Regional Economic Strategy consultation. In our report, Making It in the Midlands, which has been attached with this submission for the Committee’s consideration, we stated:

*The opportunity to influence European Union policy for the benefit of the region is important as are the links that can be made with other European regions for potential profitable activity with the West Midlands.*

*For instance, in October 2006, the West Midlands Business Council – with the Midlands World Trade Forum – pitched to representatives of European regions that if firms in their areas worked with firms in the West Midlands not only could this be good in terms of commercial collaboration but it could help to access South Asian markets.*

*Another positive example of the work of the West Midlands in Europe office was in 2005 when, further to the MG Rover collapse, West Midlands in Europe immediately made representations to the European Commission that led to assistance from the EU towards the work of the MG Rover Task Force.*

*These examples show the merit of establishing the West Midlands in Europe office and, with a greater focus, it can achieve so much more for the people and businesses of the region.*

*That is why we would propose that the West Midlands in Europe office concentrate on:*
- Providing tailor made information to clients rather than general information;
- Work with representatives of other European regions to bid for EU funding with joint collaborative measures;
- Work with representatives of other European regions for cross regional commercial links;
- Focus on gaining EU funding for the region including enterprise funding for SMEs.

While the West Midlands in Europe office should be recognised for its hard work in ensuring opportunities for FP7 funds are widely advertised, recent research by the West Midlands Business Council – facilitated by West Midlands in Europe – demonstrate the difficulties for SMEs, in particular, to access these funds. Such activity, therefore, should not be at the expense of considering other funding routes.

We added, in respect of international regional offices:

One way is to link these offices directly with the business community, in particular with business representative organisations. Many business representative organisations which are represented in the region are also represented with international arms overseas. Therefore links could be made with these structures so that business representative organisations can be seen as an added extension to these offices – promoting the region and improving communications with the business community.

Communications with the business community is a critical issue. While knowledge of the existence of these offices is recognised their performance and record are not known. To engage the business community as partners with the Agency and others in inward investment, then this relationship could be strengthened.

Members of business representative organisations and other organisations linked to the West Midlands Business Council could be encouraged, when on overseas visits, if they have the time, to link up with one of the offices to promote the region.

**Sub National Review**

We support the overall aim of the Sub National Review to cut out duplication and red tape and to streamline regional decision making and delivery. The development of tensions between the Regional Economic Strategy and the Regional Spatial Strategy has not helped with the development of the regional economy and the Government is right to end such waste.

However, we are very concerned that the Sub National Review, as currently envisaged, would reduce the business role and therefore make it more difficult for the Regional Development Agency to gain market confidence in its delivery mechanisms.
Regional Development Agencies are the first to state that their business led boards are not representative of the business community. RDAs rightly state that business members of the RDAs Boards are there in their own right and mechanisms still need to be put in place to ensure grassroots businesses have a way to influence and shape policy and delivery via their business representative organisations.

The Sub National Review, though, envisages abolishing the only mechanism that currently exists for business, the Regional Assemblies, with nothing put in its place. At the same time, the Sub National Review states that a new tax would be imposed on business – the Business Rate Supplement. Naturally, this has led to many businesses to complain they will now face taxation without representation.

We welcome the fact that Advantage West Midlands has come to the conclusion that it needs to find a solution to this matter and we would be happy to work with the Committee to ensure business is at the heart of regional economic development decision making and delivery. Otherwise, despite the best intentions of the Government, business confidence could be harmed rather than helped by these changes.

**Measuring the RDAs**

In respect of the best means to measure performance of RDAs we have made our views known on this issue in our report, *Making It in the Midlands*.

We stated:

*We support the work of the West Midlands Regional Observatory to develop economic modelling to measure and assess future economic trends for the region and ensure the strategy develops to address the changing dynamics of the economy.*

*The work of the Observatory is fundamental for the effective implementation of the Regional Economic Strategy with the need for regular impact assessments. We would strongly propose that the Agency uses to the full these tools for the good of the region.*

This modelling work is now in place and is based, to some extent, to the economic modelling which is guiding the work of the Northern Ireland Executive.

Such work is fundamental if we are to avoid artificial target setting that takes little or no account of regional economic trends and developments.

**Conclusion**

In conclusion, we believe the model of Regional Development Agencies is required. While business has its own views on how to develop upon the work of RDAs, in terms of the basic necessity of RDAs, we believe the case has been proven.
Annex A

a) The West Midlands Business Council (WMBC) is a UK First – the first time independent business representative organisations have chosen to come together to speak with one voice on the key regional business issues. No other region of the UK has such an organisation;

b) WMBC is an umbrella organisation for the whole West Midlands region – covering Herefordshire, Shropshire, Staffordshire, Warwickshire, & Worcestershire together with Birmingham/Coventry/Wolverhampton and the West Midlands conurbation.

c) The member organisations of WMBC are:

Asian Business Forum  
Association of Colleges  
British Ceramic Confederation  
Business in the Community  
Chartered Institute of Building  
Confederation of West Midlands Chambers of Commerce  
Co-operatives West Midlands  
Country Land and Business Association  
Engineering Employers’ Federation  
Federation of Small Businesses  
Institute of Chartered Accountants in England and Wales  
Institute of Chartered Secretaries and Administrators  
Institute of Directors  
Institution of Civil Engineers  
Midland Association of Restaurants, Caterers and Entertainment  
National Farmers’ Union  
National Federation of Retail Newsagents  
Royal Institution of Chartered Surveyors  
UK IT Association  
West Midlands Developers Alliance  
West Midlands Higher Education Association  
West Midlands Minority Ethnic Business Forum

19 September 2008  
Memorandum submitted by finest (RDA 32)

Established with the support of AWM in 2004, finest is the network for professional service firms in North Staffordshire, hosted by the Chamber of Commerce. Our aim is to stimulate growth in the sector locally by bringing firms together to share good practice and information, lobby, promote and tackle issues in the sector. We now
count around 120 of the most forward-thinking firms in the area amongst out membership.

In 2007 we created futurefinest, which was a separate membership forum for professionals in the early stage of their careers. This was to ensure that younger professionals felt they had a voice and a place as well as being an opportunity to develop their business and peer networks and their careers. Firms felt that a sense of cohesion and purpose with North Staffordshire’s younger professionals would help solve a long-standing problem of the loss of talented professionals who, once qualified, would leave for other cities, as well as a fundamental difficulty in getting graduates to stay in the area once their university courses were over.

As a result of these activities, finest was delighted to run a pilot project for AWM called Graduate Works, which takes a cohort of 25 younger professionals working at a graduate level through a programme of intensive development of their personal and professional skills through workshops and coaching. The aim of which is to support companies to invest in their high-fliers and demonstrate that they can have a real impact on their SME as well as take control of their career. If such employees feel in control, have a good peer network and feel valued by their company then they are more likely to stay in the area and have a long-lasting, positive effect on the local economy.

Graduate Works is now several months into delivery and the feedback has been very impressive, with the firms and individuals finding real improvements after each stage. If it proves a success then the programme could be rolled out to businesses across the region and lever in greater private sector investment.

One participant said: “I just wanted to say what an excellent session it was…throughout the day I felt I progressed and learned something valuable”

One company director said “They are coming back with so much enthusiasm; I can really see the difference in confidence and attitude.”

We have been delighted to work with AWM on this project and are determined to make it a success so that other firms in North Staffordshire and, hopefully, the wider region will be able to benefit.

19 September 2008
Memorandum submitted by Acas (RDA 33)

We welcome the opportunity to contribute to the inquiry into Regional Development Agencies (RDAs). Acas is a national organisation with regional offices throughout Great Britain. Its services include dispute resolution in the form of collective and individual conciliation and mediation, workplace advice and training, and a national helpline.

Its mission, rooted in statute, is to improve organisations and working life through better employment relations. The support Acas provides to businesses can be a key component in business success and the subsequent impact that this has on national, regional and local economies.

Whilst largely publicly funded, via the Department for Business, Enterprise, and Regulatory Reform (BERR), Acas is statutorily independent of Government.

Workplace relations and the regional agenda

Getting it right in the workplace, is in our opinion, central to the current debate on regional development. However, the issue of employment relations was notable in its absence from the Sub National Review. Although Acas has worked very successfully in partnership with some RDAs, others have been reluctant to engage with this important area of economic development. This may be a result of an apparent lack of understanding of the link between high involvement management and productivity.

A recent report by the National Institute of Economic and Social Research (NIESR) revealed that for every pound of tax payers’ money spent by Acas, £16 is returned. At a conservative estimate, this means that almost £800 million of benefits a year are generated across GB businesses, employees and the economy as a result of Acas interventions. If the work of other agencies such as trade unions, employers associations were to be included then the figure would clearly be far higher. The need for RDAs to effectively engage with organisations such as Acas is therefore crucial.

Competing in the global economy

The importance of good employment relations is a key factor in terms of increasing inward investment. Acas services address both immediate problems of actual disputes but also the promotion of better relations in the longer term. As the NIESR study emphasises: “In the longer term there are likely to be dynamic impacts on the whole economy from the existence of more productive and harmonious workplaces, both through the potential it offers for a more relaxed macroeconomic policy, and through a greater level of confidence among investors, both domestic and international, in the

\[92\] A review of the economic impact of employment relations services delivered by Acas, Pamela meadows, National Institute of Economic and Social Research, 2007
UK as a place in which to risk their money. This higher investment in turn offers the potential for a higher growth rate, which provides benefits.”

For the purposes of this inquiry we would like to share some of our experiences of working with RDAs, and regional and sub regional bodies, and to emphasise the way in which the partnership has benefited local and regional economies. We would also like to highlight how the benefits offered by proposed changes to the regional agenda might be enhanced.

The need for a level of economic development, business regeneration policy delivery between central and local government

There is undoubtedly a role for regional governance at a strategic level, and we support the approach for greater engagement at sub regional and local level. Certainly our experience of working with employers, employees and their representatives on a daily basis in Britain’s workplaces is that there are noticeable variations in the quality of workplace relations at a regional level. This is backed up by robust research including regional analysis of the Workplace Employment Relations Survey (WERS), studies by Office for National Statistics (ONS), and Acas’ own research and evaluation of its services.

As a specialist in this area, with both practical and academic knowledge of workplace relations, Acas can offer valuable intelligence to RDAs, and other sub regional and local partners in developing economic strategies that are sensitive to local needs.

We look briefly at some of the regional variations in workplace relations, below, and how they are linked to the wider regional agenda.

• **Levels and types of dispute both collective and individual**

There are notable variations in the manifestation of disputes in the workplace.

*Individual disputes*

The WERS 2004 cross section survey asked managers in workplaces of five or more employees whether any claims had been brought to an employment tribunal in the past 12 months. In London, 36% of employers said that they had had one or more claim, compared with 21% in the East of England, and 27% in the North West.

If we look at the most recently published figures from the Employment Tribunal Service there are vast differences in the numbers of employment tribunal claims across regions and sub regions. In 2006/7 19,863 ET claims were registered in Newcastle compared with 3,458 in Liverpool, and 5,732 in London Central. Importantly, some of these differences can be explained by large multiple equal
pay claims brought against local government, and although not likely to be a long
term trend, it is an example of the type of intelligence that regions and sub-regions
need to be aware of in order to respond strategically in terms of resource
allocation.
Even when multiple claims are excluded, there are still variations regionally and
sub-regionally.

**Collective disputes**

According to the ONS, working days lost to strike action are highest in the North
West (55 days per 1000 employees) and lowest in the East Midlands (19)\(^93\).
However, collective conflict can occur without there being strike action. Acas deals
with a range of collective disputes both where strike action is threatened but also
where conflict exists but the possibility of strike action has not been raised by the
union.

Again there is a notable difference between the demand for collective conciliation
between regions. In the North West, collective conciliators dealt with 193 cases in
2007/8 compared with 101 cases in the North East, and 35 in the South East.

An interesting observation by our collective conciliators is that in recent years they
have seen a lack of experience of negotiating collectively among HR professionals,
and younger, less experienced trade union officials. Acas conciliators often find
themselves in the position of educating the parties and walking them through the
processes involved. Whereas trade unions have their own mechanisms for training
representatives in these skills, the gap in HR negotiating skills is something that
could be addressed as part of the regional economic strategy. Without these skills
there is a danger that conflict that could be dealt with informally, including
through Acas conciliation, will evolve into full blown disputes.

- **Employer support of innovative working practices**

Regional analysis of the Workplace Employment Relations Survey 2004\(^94\)
identified significant differences in the use of flexible working practices. In the
East of England only 32% of organisations use flexible working compared with
London where flexible working is found in 53% of organisations.

Flexible working can mean a reduction or flexibility of working hours, or the
ability to work from home. There is a direct impact on business costs in terms of
estates spending and a potential reduction in transport and congestion difficulties
where people are working from home. More flexible hours can allow those with

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\(^{93}\) “Labour disputes in 2007”, Dominic Hale, ONS, in Economic and labour Market Review, Vol 2,
No6, June 2008.

\(^{94}\) A regional perspective on employment relations: tabulations from the 2004 Workplace Employment
Relations Survey, Ref 02/06, John Forth and Lucy Stokes, NIESR report to Acas
domestic responsibilities, disabilities, and older workers to enter, and/or remain in the labour market when they would previously have been excluded, resulting in a far more diverse workforce, and one that is far more conducive to the health and wellbeing of the economically active population.

- **Employer support of high involvement management**

The WERS regional analysis also found significant differences between regions in the incidence of practices associated with 'high involvement’ management.

In the East Midlands 10% of managers strongly agreed with the statement that “most decisions at this workplace are made without consulting employees”. This compared with an average score of only 2% across all other regions.

Managers have a key role in motivating and encouraging discretionary effort, something that is vital for improving productivity and enhanced service delivery. Studies have shown, for example, how high levels of trust and cooperation, a prerequisite for workforce commitment, act as a mediating factor in the relationship between workplace practices and business performance (see for example Ashton & Sung, 2001[95]); and, the relationship between employee satisfaction, engagement and business outcomes (see for example Harter et al, 2002[96]).

To be an effective manager however, there needs to be available training in relevant people management skills. For small businesses who cannot afford to bring in consultants regional initiatives are essential to ensure that as many organisations as possible are able to access support in developing management capability.

Moreover if organisations are to successfully address the worklessness agenda and bring vulnerable groups into the workplace, managers need the skills to ensure that they stay. This might include their role in developing an inclusive workplace culture, and supporting and developing low skilled, poor performing or otherwise vulnerable workers. Without these skills the benefits of investment to bring more people into work will be unsustainable.

**Why RDAs need awareness of intelligence on workplace relations**

There are a number of factors affecting differences described above including the trade union density, range of organisational size, differences in type of sector, diversity

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of the population etc. What is important from the RDA’s perspective is to understand how this plays out in their region, how their region compares with other parts of the country and to work with organisations such as Acas to develop a relevant regional strategy with sub regional and local bodies.

The effectiveness of RDAs and their role in adding value.

Acas’ experience of working with RDAs and other regional and sub regional bodies
As a regionally based organisation Acas has developed a range of partnerships with RDAs, public, private and voluntary sector organisations throughout England. It organises employment relations fora in most regions which bring together employers, unions and employee representatives to discuss topical employment relations issues and looks for ways to work together to improve economic development, business growth and sustainability in the region.

One of the most successful models of partnership working at regional and sub regional level has been in the North West. An Acas senior adviser spent two years on secondment with the agency with the objective of aligning and integrating our business support services as a key partner contributing to the North West Development Agency’s Regional Economic Strategy (RES). This has resulted in improved co-ordination, Acas taking a lead role in supporting the promotion of good practice in employment relations and equality & diversity within the Regional Economic Strategy, and the signing of a Memorandum of Understanding between the two organisations (2005), that has been renewed annually.

<table>
<thead>
<tr>
<th>Acas North West office and the North West Regional Development Agency</th>
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<tbody>
<tr>
<td>Acas North West works closely with NWDA and its sub regional economic partnerships to improve the co-ordination, focus and delivery of publicly funded business support. Acas, as a partner and stakeholder, is involved directly with a number of key Agency project initiatives including; Regional Equality and Diversity Strategy, Ethnic Minorities’ Business Forum, Women’s Strategic Forum, Leadership &amp; Management, Fair Employment Zone and RDA funded research that focuses on employment practices and workforce development activity.</td>
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The NWDA, with Acas, is a founder member of the North West Employment Relations Strategy group, which engages with the region’s key economic and social partners to identify barriers to effective employment relations and promote solutions to enable higher productivity and a successful regional economy. This role has been extended to the five sub regions where the Agency is a partner in the newly established sub regional employment relations fora.

More of our focus is now placed upon developing links with the RDA’s sub regional economic partnerships. These bodies will be the key drivers and co-ordinator of business and skills support activity and will play a leading role in the new Regional
Integrated Strategy.

We continue to be a stakeholder in the NW Regional Assembly (now reshaped as the North West Leaders’ Forum), and are working with partners such as Business Link, Learning and Skills Council, Jobcentre Plus, Higher Education Institutions and other business support intermediaries to provide a demand led, integrated employment and skills support package. This partnership approach adds considerable value, helping Acas to reach many more businesses across the region, and through projects such as the Fair Employment Zone, has produced very successful employment and skills outcomes.

Working closely with NWDA, Jobcentre Plus and partners, Acas is developing a joined up approach to tackling worklessness, by making the business case for employing Jobcentre Plus’ priority client groups and advising on policy, procedures and management skills required to ensure successful recruitment, retention and employee development.

Acas is working with partners to achieve equality in the workplace via the Regional E&D Strategy, and Fair Employment Zone support for retailers in Manchester (Trafford Centre) and more recently Liverpool (major retail development at the heart of the city’s regeneration programme), in both instances working alongside public and private sector partners including the RDA.

**Acas and East Midlands Development Agency (lead RDA on employment relations)**

Acas currently sits on the steering group of the mature workforce initiative. As well as presenting at EMDA hosted ageing workforce events, Acas was funded for a supply chain initiative aimed at communicating the ageing workforce message to small employers via big companies they supply. Most recently Acas received funding to run a series of five ageing workforce consultation events, culminating in a final summit and research paper.

Acas is currently working with EMDA to develop a project on work organisation and management leadership.

In other regions it has been more difficult to persuade RDAs to engage with the importance of workplace relations. There is a danger that those regions that ignore the importance of employment relations in contributing to economic growth in their area will find it harder to meet the government’s aim to reduce disparities between poorest and richest performing regions.

**How the RDA performance has been measured in the past and will be measured in the future**
What more can be done?

The government clearly supports the importance of good employment relations, and understands the cost to the economy if things go wrong, evidenced by reform to the dispute resolution system, and the additional £37 million committed to Acas over the next three years to resolve disputes at an earlier stage. However the government could do more to mainstream the message that good employment relations practice and effective workforce development are intrinsic to its aims of achieving regional economic growth. RDAs should have a strategic role in delivering this message so that at sub regional and local level good employment relations are taken seriously by local authorities in objectives and targets drawn up in future Local and Multi-Area Agreements.

19 September 2008
Memorandum submitted by CBI West Midlands (RDA 34)

I write in my capacity as Chairman of the CBI in the West Midlands regarding the Business and Enterprise Committee's inquiry into the role of regional development agencies (RDAs). Please feel free to contact me should I be able to be on any further assistance in this matter.

Businesses in the West Midlands recognise the role of the Regional Development Agency in driving the economic development of our region, but there are questions to be raised about how best it can optimise the effective delivery of its activities.

In a confusing environment – with many players on the regional stage all contributing to major decisions - it makes it difficult to measure the effectiveness of the RDA in isolation. That being said, a more streamlined structure – an objective of the sub national review – is to be welcomed. It can only be a good thing if it enables our RDA to place a greater focus on delivering tangible results.

Currently, despite being told that the RDA is ‘business driven’, this would not be the perception of many in the commercial sector in the region. It is our belief that to overcome this the process of ‘streamlining’ must cover:

- **people** – to be truly business driven the RDA needs to tap into the very best commercial skills within the region. The RDA needs to continue to listen to the business world more effectively and ensure that more business expert / leaders are engaged on RDA boards. It also means more commercially ‘able’ people on staff.

- **process** – businesses find the preoccupation of the RDA with consultation frustrating. The emphasis must be on getting on with the job and delivering results.

Business needs and expects RDAs to make a real difference on the ground. We must see results measured in terms of making a difference to economic development and not in terms of new initiatives set up, consultations taking place, and research undertaken.

In considering the set of results listed by our RDA it is evident that there is much output but it is often difficult to measure tangible and quantifiable outcomes. For example, our Economic Strategy has undoubtedly set us valuable targets but it’s own process isn’t an end in itself. Likewise we have several very valid initiatives including the Skills Action Plan, but again we can’t measure deliverables until the targets set are reached.

Our RDA needs to be specifically engaged in those areas which contribute most to our regional economy – skill, transport and planning.

It seems obvious to suggest then that this is where its focus remains, and that the RDA doesn’t undertake activities that may duplicate other inputs.
In considering the consequences of expanding the RDA remit – businesses largely support the idea of a single regional strategy ‘owned’ by a single organisation and it makes sense for the RDA to take on this role. Again – streamlining is key – less is more - currently we have too many strategies and bodies in place that seek to promote development across regional areas - this remains confusing to many CBI members.

Under the umbrella of ‘accountability’ the proposals to grant a wide range of powers to the leaders’ forum are sobering. Businesses would be concerned to see such a significant shift of influence away from the commercial sector towards Local Authorities, as this would suggest a shift away from the focus of economic development too. Such a move could surely only impact negatively on the ability of the RDA to the job it is supposed to do.

Lastly, businesses certainly feel that the ‘hands off’ approach from central government is welcome. Micromanaging the RDAs will only ever result in a duplication of functions.

19 September 2008
Memorandum submitted by the Centre for Urban and Regional Development Studies (CURDS), Newcastle University (RDA 35)

Introduction

Almost twenty years on from the Audit Commission’s (1989: 1) description of the then government’s approach to addressing urban problems as a “…patchwork quilt of complexity and idiosyncracy”\(^97\), we are now in the midst of another concerted attempt by Government to make sense of and tidy up the sub-national governance of economic development and regeneration. This is a challenging task made all the more difficult by being undertaken in a UK context following a period of uneven devolutionary change and cross-cut by new and existing scales of institutions and spatial policies at the sub-regional, city-regional, regional and pan-regional levels as well as the economic slowdown. The current endeavour has taken the form of the Review of Sub-National Economic Development and Regeneration led by HM Treasury, Department for Business, Enterprise and Regulatory Reform and the Communities and Local Government department and the consultation Prosperous Places: Taking Forward the Review of Sub National Economic Development and Regeneration\(^98\) (hereafter SNR).

We recognise that SNR is emergent ‘policy-in-the-making’, containing some potentially radical steps for government across a range of geographical levels, and represents a laudable attempt to establish a clearer framework replete with challenging opportunities for RDAs, local authorities and other existing and emergent spatial institutions. Our purpose here is to raise some key issues for debate and reflection as part of the process of addressing sub-national economic development and regeneration policy and governance. The issues comprise the dominance of growth-oriented national economic policy over redistributive spatial policy, the marginal and fragmented nature of spatial concerns within central government, the multiple and under-specified geographies, the problematic search for the appropriate spatial scales for policy, the recurrent ‘wicked issues’ of multi-level and multi-agent co-ordination and working at between and across particular spatial levels, the potential overburdening of local authorities and the national but limited regional and local accountabilities. Each issue and potential responses are discussed in turn below.

1. Growth-oriented national economic policy over redistributive spatial policy

SNR and spatial policy more generally are dominated by the economic focus of government policy. Led by HM Treasury, economic policy is informed by orthodox


neo-classical economics and its founding assumptions, including individual actors’ economic rationality and markets as the most efficient allocation mechanism for scarce resources, and uses productivity as a proxy for competitiveness. Rather than acknowledging an explicit role for the public sector as an actor involved in positively shaping spatial development, ‘market failure’ is interpreted as the only justifiable rationale for state intervention to ensure or improve the functioning of markets for goods and services, labour and capital. Making markets work better is the aspiration through improving information flows, promoting competition and ensuring responsive and flexible market actors, especially on the supply-side. Without a ‘market failure’ rationale, this approach suggests, government agency locally and regionally risks the ‘crowding out’ of private sector investment and ‘government failure’ from inefficient policy choices. Enshrined in HM Treasury’s Green Book, the assumption is that spatial policy effects can be “essentially unproductive” or “zero-sum” because they are distributional. That is, spatial policy expenditure in one area can make improvements only at the expense of other areas because of displacement and ‘crowding out’ effects. Informed by ‘new economic geography’ research, however, HM Treasury has begun to recognise that spatial policy and ‘place’ matter through the positive (or negative) externalities and spill-overs arising from the geographical distribution of economic activities. This view has stirred a growing recognition, albeit from a modest start, of the spatial dimension to interventions and the potential of spatial policy to contribute to national economic growth and prosperity.

SNR fits squarely within HM Treasury’s ‘new regional economic policy’ that explains the spatial disparities between regions and within regions primarily in terms of differences in productivity and shortcomings in the supply-side of regional or local markets and business climate. This analysis has led to a policy focus upon addressing the ‘5 drivers’ of productivity (skills, investment, innovation, enterprise and competition) at the regional and local levels as the means of releasing and realizing economic potential better to contribute to national economic productivity and growth. There is no national ‘top-down’ spatial policy but rather a ‘bottom-up’ approach, wherein decentralised institutions are encouraged more flexibly to tailor policy to local and regional needs and circumstances within an enabling national framework of ‘devolved decision-making’. National economic growth has been prioritised in the context of global economic competition where success may only be

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achieved by diversified, innovative, open and well-connected spatial economies building economic specialisation, realizing their potential based upon their particular indigenous strengths and moving up the economic development ladder toward higher value-added and more sophisticated economic activities. SNR appears to emphasise this national focus upon the economic growth and efficiency of ‘areas of opportunity’ to a much higher degree than its acknowledgement of the social and spatial equity questions of tackling spatial disparities and entrenched ‘areas of disadvantage’. It might even be argued that the earlier vintage of language of associated with market-led approaches and ‘trickle-down’ has been replaced with that of a newer language inspired by ‘new economic geography’ and ‘spill-overs’ while the central intent remains much the same. Discussions of balanced spatial growth and development have been consigned to an earlier era.

While SNR connects so strongly to the prevailing dominance of national economic policy over spatial policy it fails to recognise and develop cogent responses to the salient critique of the Government’s ‘new regional economic policy’ emergent in recent years. First, national economic policy and its subordinate spatial policy are heavily focused on economic growth, albeit with some relatively weak traces of sustainability, at a time when the importance of wellbeing, quality of life and broadened notions of spatial ‘development’ beyond that which is captured by increases in economic indicators and productivity targets such as Gross Value Added per hour worked are beginning to be recognised\textsuperscript{105}. Second, conceptually and analytically, the ‘new regional economic policy’ betrays the largely aspatial and narrow view of the orthodox neo-classical economist and draws upon a narrow evidence base, especially given the long history of research on urban and regional economics in the UK\textsuperscript{106}. Research and methods for examining national productivity problems are transposed unproblematically to the regional level and virtually every malady is reduced to a problem of productivity amongst workers and firms. Redistributive forms of spatial policy have been caricatured as ineffective ‘old’ regional policy and the UK has been effectively repositioned firmly in line with the international trend toward the abandonment and weakening of the state’s redistributive functions and the embrace of forms of spatial policy that focus less on national redistribution of growth and more on giving regions and localities the responsibility to generate their own growth\textsuperscript{107}.

Yet, orthodox neo-classical economics with a limited understanding of spatial context and dynamics can only ever provide weak and partial explanations of spatial issues. The government’s diagnosis of spatial disparities, for example, underplays the


importance of the demand-side and the number of firms and jobs in places (employment has only belatedly been acknowledged as a 6th ‘driver’ of productivity), ignores land and property constraints, overlooks the importance of spatial industrial structure in shaping productivity levels of value added per head, neglects the significance of spatial divisions of labour in the geographical distribution of types of functions, jobs and occupations associated with economic activities and portrays a simplistic and narrow conception of the public sector’s role in spatial development. The orthodox approach to ‘market failure’ and ‘making markets work better’ offers only an ahistorical and simplistic analysis – notably without even recognition of the Keynesian analysis of cumulative and unequal forms of economic growth. In a geographical frame, path dependencies set in train by the historical layering and patterning of economic activities in places play a crucial role and efficiently functioning markets can exacerbate rather than ameliorate spatial disparities; for example, labour responding to price signals and migrating from less prosperous places taking their spending power and demand for local services elsewhere, further accelerating localised economic contraction and decline. Indeed, certain interests have actually called for such processes to be supported and even accelerated.

Lastly, while SNR recognises the importance of the economic success of London as a ‘global city’ and concedes that the economic gap between it and the rest of the England and the UK has increased, the relationships and linkages between London and the Greater South East ‘super-region’ are not tackled because of the dominance of national growth concerns over spatial policy. Put bluntly, spatial policy interventions are sanctioned that support rather than inhibit the growth of the London ‘super-region’ and its contribution to national economic prosperity, while the equity dimensions of this are overlooked. This rationale underpins the substantive direct and indirect spatial effects of the unprecedented levels of public infrastructure investment being made to contain the diseconomies of growth and agglomeration in London and the Greater South East. In addition to the Sustainable Communities Growth Areas in Thames Gateway, Milton Keynes and South Midlands and Ashford, high levels of public investment are evident in the Channel Tunnel Rail Link, Terminal 5 and a further potential runway at Heathrow airport, the expansion of port facilities at Felixstowe and new facilities at Shellhaven on the Thames Estuary, the trans-London Crossrail line and the 2012 Olympics. While it might be argued that London and the South East’s share of population justifies its prioritisation, it is probable that these high, unprecedented and rising levels of infrastructure investment are more likely to generate rather than ameliorate inequalities in public investment per capita across the UK. Together, such central government investment for the UK’s

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main city-regional growth centre and lack of coherence of the sub-national
governance of economic development across England has been met with calls for
some kind of an integrated ‘Spatial Plan for England’, mirroring those in London,
Scotland, Wales and Northern Ireland (and many other places in Europe) and
providing more than the sum of the Regional Spatial Strategies of the 8 English
regions in setting out a set of spatial development priorities for England as a whole.\footnote{113}

What might be done to ameliorate this domination of spatial policy by growth-
oriented national economic policy? First, drawing upon analysis of their definition
and meaning, open up debate and reflection on which forms of sub-national
‘development’ and ‘regeneration’ are deemed appropriate. Sustainable development is
in the original RDA remit, for example, and will come to the fore more strongly in the
context of Integrated Regional Strategies wrestling to reconcile economic, social and
environmental issues in the search for sustainable development in a era of climate
change. Second, explore ways to achieve a better balance between economic efficiency
and growth nationally, regionally and locally and social equity in spatial policy that
does not further fuel spatial disparities at a range of geographical scales. The life
chances and welfare of people are better served by more spatially equitable access and
provision of the nation’s resources. Third, draw upon the wider and historical regional
and urban economics research and evidence base in conceptualising, analysing and
developing policy. Last, rather than assuming and/or waiting for market-led dispersal,
better understand and shape the relationships between the London and Greater South
East ‘super-region’ and the rest of the UK\footnote{114}, for example, through an initiative such as
the TCPA’s ‘Spatial Plan for England’.

2. Spatial concerns marginal and fragmented within central government

While spatial concerns have undergone a highly uneven renaissance in government
thinking and public policy in the last decade, SNR tends to reinforce the view that they
remain marginal and fragmented at the centre of government. Any ascendancy in
spatial concerns in central government we might interpret as part of HM Treasury’s
wide influence and its strong focus on productivity growth to the exclusion of other
considerations. Here, ‘regions’ have been accepted as functional units or containers
within which ‘market failures’ and interventions for the 5 productivity drivers could
be addressed and ‘neighbourhoods’ are seen as the localised areas within which the
regeneration of deprived communities could be tackled. Policy examples include the
regional economic performance Public Service Agreement, resource growth and
increased flexibility for RDAs, and the various neighbourhood renewal institutions
and programmes. SNR’s emergence, however, signals the concern in government to
better understand and tidy up the sub-national governance of economic development


Economy, 11, 3, 40-44.
and regeneration in England. As part of this endeavour, its aspiration is for clearer objectives and responsibilities within central government. Yet it is seeking to undertake this task in the context of, first, a tighter public spending round which imparts an emphasis upon streamlining decision-making, minimising bureaucracy and rationalising and co-ordinating strategy and funding effectively and, second, a visibly worsening economic situation which is likely to have highly uneven regional consequences. In turn, these developments are occurring in circumstances where spatial policy remains of marginal concern to a central government which presumably sees a lack of obvious and short-term political dividends from getting spatial policy right.

SNR is hampered in its task of streamlining the sub-national governance of economic development and regeneration by the recurrent problems of centralism and departmentalism characteristic of the Whitehall model of public administration and the particular history of the British civil service. Despite more than a decade of attempts at ‘joining-up’, spending departments working within a centralised system of Treasury-defined targets tend to continue to work within focused ‘silos’ and find it hard to connect and integrate their policy concerns with those of other, similarly managed, government departments. Compounding this problem, important spending departments remain to varying degrees ‘spatially blind’ to the geographical implications of their decisions and actions even when they orchestrate delivery agents regionally and locally, for example in higher education sector R&D, especially in the context of a more ‘knowledge-intensive’ economy, and centralisation tendencies are replayed, for example in the current reorganisation of post-16 education and training. Further disconnection is evident in the lack of linkage and integration between the influential HM Treasury-commissioned independent reviews of spatial aspects of growth management issues addressed in recent reports, for example Eddington (Transport), Barker (Planning) and Leitch (Skills), and the spatial policy work in key government departments. Such important reviews have provided tangible ways of enhancing sensitivity to spatial questions that might have been expected to have been taken up more readily in government departments.

Where spatial concerns are more central to individual departments they have been historically fragmented. In their most recent incarnation, this has been between the Department for Business, Enterprise and Regulatory Reform (BERR) as the sponsor Ministry for RDAs, the Communities and Local Government (CLG) department and — largely without a mention in SNR despite its spatial responsibilities — the Department for Environment, Food and Rural Affairs (DEFRA). The Devolved Administrations largely have their own spatial policy arrangements in the context of devolution. The lack of overall weight given to spatial concerns at the centre has been

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reinforced by this fragmentation and by the relatively small size and weak positions of
the nominally ‘spatial’ departments vis-a-vis other larger and/or more powerful
departments in their relations with HM Treasury. CLG, for example, has the strongest
claim to the spatial brief at the centre through its responsibilities for local government
and regeneration at neighbourhood and community level to increase economic
inclusion and reduce worklessness as well as its connections with BERR for RDA
funding. CLG’s emergent (although somewhat eclectic) ‘economics of place’ agenda is
a project to use ‘place’ as an amenable focus and language to show how government
policy connects and interacts in specific areas and to cement spatial concerns at the
heart of government117. While laudable, it remains at an early stage in constructing the
powerful and convincing analytical framework and evidence base necessary to
demonstrate and cement spatial concerns in HM Treasury and other Departments’
strategies and delivery plans. There is, then, still much work to do formally and
informally to change the culture of some Whitehall departments and to make the case
for greater spatial sensitivity and its effectiveness in helping to deliver on core
departmental targets.

What might make government take spatial concerns more seriously and begin to co-
dordinate and integrate their working more effectively in the centre? First, continue
what SNR has started by encouraging a higher priority and greater coherence for
spatial concerns at the heart of government. Second, support more research and the
construction of a stronger evidence base to demonstrate and support the effectiveness
of building a spatial dimension into the business of government departments to show
how it facilitates the process of reaching their own core targets and, through joint
agreements, better connects and integrates public policy across departments. Further
development, for example, might be considered of the gains and insights from the
Regional Funding Allocations process. Third, establish a Cabinet Minister post and
portfolio and standing Cabinet Committee working cross-departmentally with a
specifically spatial remit. Fourth, establish a commitment for all government
departments to consider the spatial implications of their public service agreement
targets and policy frameworks. This might draw upon existing work on ‘region
proofing’ but incorporate a broader geographical frame of reference across spatial
levels, for example city-regions, localities and neighbourhoods118. Last, establish a
rolling ‘Lyons Review’ or a permanent central government unit with responsibility to
oversee and shape the pattern and dispersal of public sector activity119.

3. Multiple and under-specified geographies

117 Communities and Local Government (2007) Communities and Local Government Economics Paper 1:
Review of Public Sector Relocation, HMSO: Norwich.
SNR contains multiple and poorly specified geographies. Reference is made to at least seven different spatial units or entities existing at the sub-national level, including ‘regions’, ‘sub-regions’, ‘cities’, ‘city-regions’, ‘localities’, ‘neighbourhoods’ and ‘communities’. In addition, there is also use of the more general term ‘places’. This openness and lack of clear prioritisation of specific spatial entities appear to be part of the deliberate and pragmatic strategy at the heart of SNR. The Local Government Minister, John Healey, states that the “principle” and “invitation” within SNR is for sub-national spatial entities to explore, develop and co-operate to find the spatial arrangements that work best in unlocking economic development potential in their particular areas120.

This lack of geographical specification in SNR raises some issues. First, SNR deliberately deploys the broad term ‘sub-national’ or even ‘spatial’ policy to encompass the diversity and variety of geographical entities that might emerge121. In the context of a faltering regionalisation and regionalism project, a vacuum has emerged into which has flowed rival spatial governance concepts competing for attention and support122. Yet their inter-relationships are little discussed in SNR. What, for example, are the spill-over impacts and policy externalities on specific localities and/or regions of an ambitious city-region forging ahead on strategies for economic development, housing, planning, transport and skills for its own particular area?123 How do adjacent local authorities connect, shape or react to such initiatives? How do places determine where they fit into an emergent spatial institutional architecture from which they might be effectively excluded? Where does the political authority and decision-making power lie to answer such questions? Second, the different spatial entities have different institutional histories and contexts. ‘Region’ resonates with Government Office Regions and, for example, the shared PSA between HMT, BERR and CLG, BERR’s sponsorship of RDAs and CLG’s housing, spatial planning and RDA scrutiny responsibilities. Alongside, city-regions and sub-regions have gained currency, especially as a result of their purported economic growth potential and ability to encourage local authority co-operation particularly across existing administrative boundaries. ‘Neighbourhoods’ and ‘communities’ remain the preserve of CLG and are explicitly linked to economic, social and environmental regeneration. Such complexity and variety of spatial entities is part of SNR’s motivation. Indeed, flexibility is broadly welcomed in preference to any more rigid, top-down universal template. But this raises some difficult questions. By simply mirroring the institutional landscape how can SNR help decide whether and how regional, city/city-region, sub-regional and neighbourhood policy are substitutes or complements? The avoidance of overly strong prescription from the national centre

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accords with the ‘bottom-up’ approach but is it too open and flexible? Is it a recipe not to rein in but to extend and continue the very issues of fragmentation, overlap and duplication SNR is seeking to address? Indeed, the perceived encouragement of city-regions — albeit faltering — by government has stimulated representations from interests associated with some specific spatial units feeling excluded from such an agenda, including areas such as rural, former industrial, seaside, suburbs as well as other non-core cities, towns and shire counties124.

Third, the thorny issues of boundaries and the delimitation of spatial entities are sidestepped within SNR. There is a welcome recognition of the importance of functional spatial areas, for labour markets, commuting and transport for example, that typically extend beyond administrative boundaries. But the responsibility for deciding how these geographies might emerge and cohere on the ground is left to those spatial institutions with the initiative to work it out and put in place cross-institutional arrangements. This approach is markedly uneven and risks reinforcing asymmetries and inequalities amongst sub-national institutional actors and their geographies by encouraging those areas with already the most established levels of cooperation to deepen their collaboration further for mutual gain. This might offer a potential boon for ‘areas of opportunity’ and/or those with strong histories of joint working but it is potentially much harder for those localities with few ‘areas of opportunity’ and/or histories of antagonism, rivalry or conflict, although common problems and shared adversity might perhaps provide the basis for co-operation.

What might be considered, then, to address the multiple and under-specified geographies in SNR? First, acknowledge the value and provide some more worked through examples of the potential variety of geographical units and their inter-relationships, drawing upon international research and experiences. Deeper research is required on issues of subsidiarity to identify the lowest appropriate level for appropriate spatial policy interventions in particular contexts. Second, reflect upon and demonstrate how more polycentric, distributed models and multi-level inter-relationships between spatial entities at whichever geographical scale can be constructed, drawing upon international experience. Last, provide more central support and resources to remedy the markedly uneven capacities and spatial disparities shaping the ability of spatial institutions actively to participate in constructing new spatial arrangements.

4. The problematic search for the appropriate spatial scales for policy

SNR continues the government’s problematic search for the appropriate spatial scales for policy. The devolving decision making agenda has sought to get decisions made at the ‘right’ spatial level by devolving powers and responsibilities in line with outcomes in specific functional areas, for example transport in functional labour market areas.

The idea is that an ‘optimal’ scale exists for different spatial policy interventions and, once identified, responsibilities can be allocated to institutions in line with economic impacts. But the question of which kind of policy at which spatial scale is deceptively complex and difficult to answer if we take geographical context and spatial interdependencies seriously. The notion of an ‘optimal’ scale for specific policy types again betrays the orthodox neo-classical economists’ approach, language and relative neglect of the complexities of spatial context and dynamics. Geographical context and spatial interdependency mean that for any given functional policy sphere numerous ‘appropriate’ scales might be identified because of the specific and particular attributes of places in which policy interventions unfold and because the spatial impacts of policies typically spill-over and generate knock-on effects to places both adjacent and further afield from the places where policies are being delivered across and between geographical scales. In other words, context makes a difference to the appropriate scale for policy in specific cases and outcomes can be effectively multi-scale. Depending upon its particular configuration of economic assets and potentials as well as institutional capacities, for example, a specific place may deem innovation policy a regional, sub-regional or city-regional concern. Other policy interventions have deliberately sought to work across scales in a wider spatial approach, for example neighbourhood regeneration effectively seeks to link deprived communities to economic opportunities at city, city-region or sub-regional scales, notwithstanding the need for appropriate linkage mechanisms. Such complexities emerge even without introducing issues of institutional competition and turf wars over specific policy domains.

Following this argument through, it could be envisaged that different policy foci could find an ‘appropriate’ and effective home across and between ranges of different spatial levels depending upon their geographical context. This creates a more complex but arguably more realistic picture of the typically overlapping spatial extents and scales of policy – for example concerning housing, labour and retail markets, industrial sectors, sustainable eco-regions and so on – which may vary in their specific spatial extent across the country and with which spatial policymakers have to deal rather than searching for the ‘one-size-fits-all’ scale for a particular kind of policy intervention. Indeed, regional actors are interpreting the shift towards a more ‘bottom-up’ policy framework as a signal that central government has recognised that different policies will manifest themselves differently in different regions. In seeking the ‘optimal’ scale for specific policy interventions government appears torn between a desire for economies of scale in developing strategy and policy for a particular functional area

and its ‘devolved decision-making’ agenda which is seeking to facilitate greater responsiveness to local and regional circumstance. A tension which raises the further question of the ‘appropriate’ level of spatial policy for whom? The policy makers and deliverers or the objects and subjects of policy?

What might be done to address the problematic search for the ‘optimal’ spatial scale for specific policy interventions? One possibility is to adopt a more open approach alive to the diversity and variety of spatial policy interventions that the greater acknowledgement of geographical context and spatial interdependencies introduces, recognising the value of being flexible about policy interventions at the national, regional, sub-regional and local scales. This openness potentially sits more comfortably with the more flexible approach to institutional arrangements suggested and encouraged in SNR.

5. Recurrent ‘wicked issues’ of multi-level and multi-agent co-ordination and working

SNR is bedevilled with the recurrent ‘wicked issues’ of horizontal and vertical integration and co-ordination between specific institutions and policies working at, between and across particular spatial levels. While central government might want clearer roles and better or enhanced co-ordination across geographical levels, the central question remains of how to make a complex system of multiple agents acting across and between different spatial scales and geographical areas work to deliver desired policy outcomes? Centrally, SNR is about ‘de-cluttering’, re-fashioning and even dismantling some parts of the regional tier and making the local and the sub-region the “key building blocks” of regional strategy\(^{129}\). The aims are to provide clearer objectives, streamline decision making and reduce the number of strategies and funding streams. Notably, this includes a number of changes welcomed by regional and local institutions, including: transforming RDAs into strategic and programme-focused bodies capable of establishing clearer spatial priorities; integrating the RES and RSS into the single and overarching Integrated Regional Strategy to provide a clearer framework for aligning institutional plans and influence regional investment decisions; supporting more robust and rigorous analysis of the evidence base to provide the objective advice for decisions about priorities and interventions, especially at wider spatial scales spanning existing administrative boundaries; and, more robust and systematic evaluation and monitoring.

Despite the proposed changes, there remain a number of significant issues. First, the SNR represents the recasting of centre-region-local relationships within a centrally orchestrated framework dominated by the national economic growth orientation. The shadow of centralisation is still evident with central government departments working

to PSA agreement targets with differing degrees and levels of sympathy for local and regional discretion and flexibility. Moreover, there is little or no mention of the role of Government Offices, despite their expertise and experience in regional working and coordination particularly as they move toward a more strategic role. Devolved decision making is prioritised – over and above any “positive discrimination from the centre for less prosperous areas” – only where reliability and confidence in regional and local actors can be ensured by the centre. Second, in line with the open geographies and non-prescriptive approach of SNR, no clear authority or ‘power hierarchy’ is set out amongst the different levels. This raises the thorny issue of who then decides on priorities, especially on the substantive, boundary spanning and, sometimes controversial, issues of spatial planning concerning employment sites, housing and infrastructure. Third, capacity and confidence is slow to accrue and learn amongst especially newly empowered local and regional institutions in the context of the long term legacy of centralisation in the sub-national governance of economic development and regeneration in England. Such issues are not to be underestimated given the magnitude of the challenges for regional and local actors in SNR. Even for RDAs that have become more sophisticated in learning the effective utilisation of evidence, rationales, prioritisation, differentiation of RESs to match particular regional circumstance and partnership working, for example, SNR represents serious challenges of changing into strategic bodies, developing the new Integrated Regional Strategy (IRS) and working to a framework agreed by local council leaders, assuming spatial strategy and housing responsibilities and working out how to delegate to sub-regions and local authorities where they can deliver on core RDA targets unless a strong case exists for maintaining responsibility and resources at the regional level. Attempting to distinguish institutional roles between strategy and delivery at and between regional and local levels, for example, will be difficult when local authorities will be participating in strategy development and providing leadership for spatial prioritisation. Another perennial challenge is how to get individual local authorities to think beyond their own territories and work in the wider interests of the broader spatial entities – city-regions, sub-regions and/or broader regions – to which they belong.

What then might be considered to ameliorate the ‘wicked issues’ of multi-level and multi-agent co-ordination and working at the sub-national level? First, continue the redistributive devolved decision making agenda in meaningful ways while reflecting upon the role of the centre in the context of a more growth-oriented, decentralised model of spatial policy. Second, in outlining examples of how a variety of plausible institutional arrangements might emerge, better explain how issues of political authority and decision making power are addressed. Third, learn to live with fragmentation and complexity by deepening understanding of institutional roles and responsibilities and developing skills for integration and inter-scale working. Fourth,

better align and connect local performance indicators – employment and worklessness, education and skills, infrastructure investment, creating an attractive business environment and narrowing the gap – with regional performance indicators – GVA per hour worked, employment rate, skills, R&D and business start-ups. Last, provide greater specification of what kinds of capacity needs to be enhanced amongst which institutions and at which spatial levels. The full range of capacity, for example, cannot be effectively enhanced at all levels and might involve choices being made in particular contexts about the most appropriate level for institutional capacity building and leadership.

6. Overburdening local authorities?

SNR presents some serious and stretching challenges for local authorities which may risk overburdening them. Local authorities and their potential collaborations and groupings are centre stage in SNR. This reflects the international trend of decentralisation for economic development, the national HM Treasury agenda and the CLG desire for local authorities play a more active role in achieving economic productivity and growth set out in 2003133. It also follows the recent devolution of regeneration funding and some business support and regeneration functions from Scottish Enterprise to local authorities in Scotland134. Changes for local authorities will include a leadership role in the new arrangements, especially leading on co-operation and resource pooling between local authorities across existing administrative boundaries through voluntary Multi-Area Agreements with collective economic development targets (no spatial entity for these is preferred, although statutory arrangements might be entertained at the sub-regional level) and an enhanced scrutiny role over RDAs and (sub-)regional transport bodies. Linking the skills and jobs agendas, local authorities will gather new responsibilities for devolved 14-19 education and skills funding and the establishment for new local employer-led skills and employment boards as well as fulfilling the duty to undertake the new statutory ‘local economic assessment’ that will form the basis of their respective IRS and take account of their sub-regional contexts, for example adjacent areas of growth and decline.

SNR represents substantival, even transformational, opportunities and challenges that risk placing new strains on local authorities and are beset with a number of largely unresolved issues. First, the reinforced role of local authorities as economic actors locally emphasises their need to balance this economic responsibility with their duty of wellbeing from the Local Government Act 2000, attempting the complex and difficult job of connecting the economic to the social and environmental implications of development locally envisaged in Lyons’ ‘placeshaping’ agenda135. Second, whilst

delivering their statutory duties, local authorities have to develop the capacity to lead and to manage strategic programmes of activity to achieve outcomes in a refashioned regional framework with more local partners and cross-boundary working, demonstrating and proving their capacity to manage delegated resources from the RDAs. Third, local authorities often remain ‘under-bounded’ by administrative boundaries not co-terminous with their spatial reach or footprint in housing, labour and other economic markets and public policy domains, especially transport. MAAs may offer some potential to address boundary spanning issues, although these may be time consuming to construct especially in areas without capacities and histories of joint working and may only marginally supplement the kinds of activities local authorities already have the powers to undertake. Fourth, new actors are being introduced into the already crowded local institutional context with which local authorities have to manage and interface, for example City/Economic Development Companies and the local and regional arrangements of the new Homes and Communities Agency. Fifth, SNR offers some modest enhancement of fiscal capacity through specific measures, predicated on local asset bases and increased local economic growth, but fails to enhance their local revenue raising powers and fiscal flexibilities in line with local government internationally136. Last, little is said about the role and purpose of regional local government associations in the light of the new Regional Leaders’ Forum.

What might prevent any undue overburdening of local authorities as part of the SNR process? First, recognise local authorities’ unique role in broadening sub-national development beyond the narrow economic growth agenda better to incorporate social and environmental concerns locally and using ‘place’ as an integrating focus for spatial concerns. Indeed, lessons might be learnt in national central government from local authorities as their experience accumulates under the new institutional arrangements. Second, recognise the potential risks of overburdening local authorities in SNR and provide appropriate levels of resources and support to help them develop the capacities to deliver on their refashioned roles in the new context, for example to undertake the kinds of far reaching and strategic assessments that will prove useful, to work with reshaped and new partners locally and to demonstrate the capacity to manage delegated funding streams from the regional level. Last, revisit the balance of funding between central and local government in the context of SNR.

7. National but limited regional and local accountabilities

SNR largely continues national but limits regional and local accountabilities in the proposed new institutional arrangements. More broadly, it fails sufficiently to connect the governance of economic development and regeneration to reflections upon the wider questions of sub-national accountability in national constitutional affairs137.

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Finding more appropriate forms of regional and local accountability has become a struggle and, while the RDAs have become the focus of current debate, the regional and local levels are replete with other Non-Departmental Public Bodies (NDPBs) and other arms-length public organisations currently outwith the purview of regional and local democratic structures. SNR does nothing to change the accountabilities of RDAs and local government through the Ministers of their respective departments to Parliament. At the national level, Ministers for Regions are potentially welcome but their role is as yet unclear, particularly how they will be able meaningfully to articulate regional concerns in the centre and ensure the centre takes account of the differentiated spatial implications of government policy. As a complement, Parliamentary Regional Select Committee(s) might have an important scrutiny role, despite the constitutional difficulties of their establishment, and mirror the way territory can help provide a focus for considering questions of public policy integration, as demonstrated for many years by the Welsh and Scottish Affairs Committees.

Local and regional accountability appears rather more limited and weaker, raising serious concerns about whether what SNR proposes will provide the clear accountability and scrutiny arrangements desired to strengthen governance. How the RDA Board and local council leaders’ forum relationship works will be key, especially the extent to which local authority leadership is able to agree on wider spatial interests and priorities, achieve consensus on IRS and formally scrutinise the RDAs as well as leading on establishing likely new thematic sub-groups and sub-strategies to share and support the work of the RDA. Planning will be at least one contentious area where such weak structures of accountability will be exposed, especially in the process of better integrating the RSS and RES within the new IRS and in the emergent context of the new national Infrastructure Planning Commission. The new arrangements emphasise the legitimacy of local authorities but does the interface between the RDAs and Leaders’ Forum provide enough clarity and transparency on where the strategic priorities, choices and difficult decisions have been taken? Or, does it risk replicating the weak and uneven forms of accountability exercised by Regional Chambers in their respective regions?\(^{138}\) How will the RDA and Regional Leaders’ Forum relate to any emergent city-regional boards? Will the Regional Leaders’ Forum ultimately isolate and denude the role of RDAs in the wake of strong, multi-purpose and democratically accountable local authorities co-operating across administrative boundaries? More broadly, SNR contains no mention of whether and how the new arrangements will extend their purview over existing NDPBs – the ‘quango state’ and its ‘democratic deficit’ that animated campaigners’ support for Government plans for Elected Regional Assemblies back in 2002\(^{139}\). Moreover, where and how do other local and


regional actors have their say? Will it only be through more general consultation processes structured by the RDA and Leaders’ Forum? Little is said about how the RDAs – with everything else they have to do – will ensure the meaningful engagement of civil society and ‘economic and social partners’ such as business, trades unions and the voluntary sector despite the experience of the Regional Chambers in developing engagement mechanisms to experiment with appropriate forms of participatory democracy\textsuperscript{140}. SNR is in danger of providing a weak attempt to resolve profoundly difficult questions about the state of local and regional democracy, which are connected to even larger questions about the state of representative democracy in the UK.

What then might better address the limited regional and local accountabilities on offer in SNR?
First, nationally provide more clarity on the roles of Ministers for Regions and Parliamentary Regional Select Committee(s). Second, clarify how the RDA and Regional Leaders’ forum will work and inter-relate, how existing NDPBs will be held to account regionally and locally and how civil society and other stakeholders will be given voice in the new arrangements. The aims should be to develop stronger and more robust regional and local arrangements that will ensure coherency and transparency for the new sub-national governance settlement envisaged in SNR.

Conclusion

This contribution has sought to identify some of the key issues arising from the SNR for economic development and governance in England. In particular, we are concerned about the dominance of growth-oriented national economic policy over redistributive spatial policy, the continued marginal and fragmented nature of spatial concerns within central government, the multiple and under-specified geographies contained in SNR, the problematic search for the appropriate spatial scales for policy, the recurrent ‘wicked issues’ of multi-level and multi-agent co-ordination and working at between and across particular spatial levels, the potential overburdening of local authorities and the national but limited regional and local accountabilities. For each issue, we outline potential ways forward that might help to capitalise on the opportunities presented by SNR and address some of its problems and risks.

19 September 2008

Memorandum submitted by the Federation of Small Businesses (RDA 36)

Summary

B1. The FSB broadly supports the RDA’s but constantly changing their targets and funding will not delivery economic growth and regeneration.

B2. Without the full involvement and participation of the business sector, it will be difficult to deliver the economic growth needed.

B3. For achieve economic success public sector bodies must work effectively in partnership and demonstrate the leadership that will be required.

B4. There needs to be statutory consultation with recognised business organisations

B5. Where best practice had worked under the Regional Assemblies this must not be lost going forwards.

B6. Going forwards there needs to be an effective mechanism for the business sector to nominate an elected number of members onto the RDA Boards.

B7. SIRS must provide the simplification aspired to in amalgamating the RES and RSS

B8. It is important that economic strategy becomes the key driver for SIRS

B9. The FSB is wholly opposed to the idea of Business Rate Supplements (BRS)

B10. RDA’s must be allowed to utilise the most appropriate delivery mechanisms and not be forced to channel programmes and funding through Local Authorities unless they can clearly demonstrate the appropriate skills and experience to deliver.

B11. The FSB believes that RDAs need to be held accountable for their decisions by the business sector.

B12. The current proposal allowing for RDA’s to distribute funding to LA’s and LA’s to have sole scrutiny over the RDA’s will inevitably lead to a conflict of interest.

B13. The myriad of governance arrangements must be simplified into a way that businesses can understand.
B14. Government needs to develop a more suitable range of measures for RDA performance

Introduction

The Federation of Small Businesses (FSB) welcomes the opportunity to respond to the Business and Enterprise Committee Inquiry into the role of regional development agencies (RDAs) and the implications the Government review of sub national economic development and regeneration may have on that role. The FSB represents approximately 165,000 businesses in England. Our members are drawn from small and micro businesses across all sectors.

The FSB broadly supports the need for a regional tier of economic development/business and regeneration policy. We acknowledge that RDAs were introduced to bridge the gap between national government and local authorities to be the organisation to develop and implement regional strategy. We would question that if RDAs were not there then who would actually deliver this critical element of strategic work. We do not believe that central government or local authorities have the abilities or skills to operate effectively at this level. If regions are going to achieve success and growth to bring them up to our key EU counterparts, then help to improve as well as the sharing of best practice is required.

B1. The FSB broadly supports the RDA’s but constantly changing their targets and funding will not delivery economic growth and regeneration.

The FSB strongly urges the Government not to plunder RDA budgets merely to fund short term programmes aimed at addressing Government targets e.g. the £300 million taken to fund the housing recovery package. If the Government continues to view the RDA budgets as simply an alternative source of funding to address the problems any downturn in the economy, then they are going to render the RDAs unable to deliver on their core objective to facilitate and support economic growth if they cannot count on their budgets being available. It is only three to four years ago since many of them had to deal with the problems caused by the reclassification of capital versus revenue spending targets.

The FSB welcomes the principles behind the Sub National Review. Moving to a more streamlined regional tier if implemented with the genuine involvement and guidance of the business community should reduce some of the complexity and confusion that currently exists. However, business expects to see tangible results from this process including more efficient processes and a stronger focus on economic development. Without the support of the wealth creators the economic growth aims of SNR are likely to fail.

B2. Without the full involvement and participation of the business sector, it will be difficult to deliver the economic growth needed.
The FSB feels that the original focus of the Sub National Review was clearly and positively centred on economic growth but development has been lost amongst the negotiations between public bodies at a national, regional and local level.

Below are issues and concerns the FSB in the English regions has on RDAs and the impact of the proposed sub national review proposals. However, we must note that we recognise the situation in London is, of course, totally different from the rest of the English Regions. The FSB believes that regional economic development in London must also rest with a London-wide body. We also note that whilst decentralisation has occurred in London, and devolution in Scotland, Wales and NI, with only reluctant and narrow acceptance by the public in referenda, there is nobody now calling for these processes to be reversed.

1. The need for a level of economic development/business/ regeneration policy delivery between central and local government

In light of the proposals within the Sub National Review, for government to be effective and deliver on economic growth, strong leadership will be required across all levels of government. The public sector will therefore need to demonstrate far greater leadership than it currently does.

There appear to be tensions arising between different public bodies since the publication of the SNR and this is causing concern amongst the business community that the public sector will is simply not able to work in partnership.

B3. For achieve economic success Public sector bodies must work effectively in partnership and demonstrate the leadership that will be required.

The SNR proposals will also (as currently proposed) enable the public sector to develop regional and local strategies without business community support or consultation. However, in reality it will be the business sector not the public sector that will deliver any economic success. For regional and economic strategies to truly support business need, businesses must be given a voice. Therefore all government bodies should consult with recognised business organisations. We are calling for this to be a statutory requirement.

B4. There needs to be statutory consultation with recognised business organisations

The FSB is very concerned that with the extended roles of RDAs and Local Authorities that this will result in business engagement being completely lost, or being patchy at best.
These new and extended roles and responsibilities of both RDAs and Local Authorities will also create new challenges for them in terms of capacity and skills. The FSB has concerns that some local authorities neither have capacity to provide the long-term leadership needed to plan for economic development, nor do they have the capacity to implement programme management and delivery effectively, or to perform the proposed economic assessments.

If there is to be the introduction of Local Authority Forums, government needs to ensure these are both ‘fit for purpose’ and are truly representative of the whole community. It is crucial that there is business representation on the local authority leader’s forum to help drive economic growth.

The delivery of business support has been modified continually over the past decade. We need to ensure that any future changes improve on the current system and can demonstrate ‘added value’ for the business community. The FSB has concerns that the current Business Support Simplification Programme could be undone by local authorities and needs to be more effectively focused on growth for small and micro businesses.

The past model of Regional Assembly, Regional Development Agency and Government Office provided a process for cross boundary collaboration. Where good practice has existed and good business engagement has been achieved the demise of the Regional Assemblies undoes this process and calls into question the future effectiveness of regional consultation and collaboration. However, where bad practice has been evident and business engagement has been poor the demise of the Regional Assembly is seen as a positive move.

**B5. Where best practice had worked under the Regional Assemblies this must not be lost going forwards.**

The government has already requested our thoughts on sub-regional collaboration beyond Multi Area Agreements. The FSB believes that any sub-regional collaboration must reflect and support the direction of the single integrated regional strategies. Before creating statutory arrangements the government needs to look at successful examples of collaboration and learn from the good practice. There is also a need to investigate the barriers where collaborative working is not effective.

RDAs have also been tasked with reducing disparities and the FSB has concerns that this is suppressing collaboration across regional boundaries and may negatively affect national economic performance. As such we believe that RDAs must work closely in partnership to maximise economic activity across the UK.

**2. The effectiveness of RDAs and their role in adding value**

There are questions as to how RDAs can demonstrate ‘adding value’ to the regions given their accountability to national government. There is also no mechanism for
relating RDA activity to any growth in GVA. To confidently demonstrate value to the business community it is clear that more strategic regional accountability must be considered by national government. The current role of the RDA is principally to spearhead economic growth within the English Regions. With a changing economic climate Government needs to consider the relevance of RDA core objectives and consider changing the metrics to which RDAs are assessed. Having said that we have received feedback from across the English regions which included the following comments:

- The South West RDA has enabled the region to develop a more coherent voice when dealing with central government. The RDA has also been effective in offering support during foot and mouth, as well as the flooding crisis. The lack of resources however is putting the SW at a disadvantage as the ration of EU funds they are required to match is twice that of any other RDA.
- The effectiveness of EMDA has come from the combination of being business-led, having strong business engagement plus specific specialised skills of their staff.
- It is felt that EERDA has added value through the creation of a single Business Link for the Region. This is something that we were pleased to publically support from the outset.
- Y & H RDA have added value through a number of programmes that have been recognised nationally and with their championing of the needs of black and ethnic minorities.
- The NWDA have reaped the benefit of collaborative working with the private sector, when they have acted inclusively as in the current BSSP Transition Management. This is not always the case however and too many examples exist where the inclusion of ‘the customer’s opinion’ is a box ticking exercise.

There have been a few concerns to note. Whilst RDAs must have the confidence to demonstrate where they have added value regionally across a range of areas, there is a danger that they seek to claim success in areas where their role is minimal. This is best demonstrated in areas like job creation where some FSB members are distrusting of their true value.

There are also concerns going forward that the government’s continuing failure to sign off existing Regional Spatial Strategies undermines business confidence in the RDAs ability to deliver the Single Integrated Regional Strategies in the timescales put forward in the SNR. This lack of confidence does not help small businesses take long term investment decisions and will stall economic growth.

We need to ensure that RDAs are given the appropriate time to strategically plan, deliver and evaluate activity. The constant changing of the ‘goal posts’ by government is being counterproductive to achieving regional economic growth. It means far too much time and effort is spent on internal re-organisation, re-positioning of resources often then poorly communicated to external stakeholders.
3. RDA expertise

We very much believe that RDA boards must remain business-led to achieve the appropriate public/private sector equilibrium between the RDA’s and local authorities. There also needs to be greater representation of small businesses on RDA boards. Going forwards there needs to be an effective mechanism for the business sector to nominate elected members onto the RDA Boards.

From our observations, a large proportion of RDA officers come from the public sector. Consequently, most do not have much of a feel for the micro-businesses, who constitute 99.5% of the businesses that make up the economy. The result is that many of the economic support products on offer are either not wanted or wrongly delivered.

B6. Going forwards there needs to be an effective mechanism for the business sector to nominate an elected number of members onto the RDA Boards.

Whilst the current system is not perfect it does allow the business community to take a relevant role in regional strategies. We believe to develop and deliver effective regional strategies in the future RDAs must engage with and have buy in from all key stakeholders.

In preparation for the SNR RDAs will need to increase capacity and skills set to enable them to take on the role of Regional Planning body and regional transport. The FSB is concerned that the RDAs may not have the skills to deliver these new remits. We are also concerned that the focus in SNR for delivery to be channelled through local authorities appears to preclude the RDAs from utilising existing quality deliverers.

RDA expertise and best practice should be shared to maximise economic development across the country, whilst continuing to recognise Regional variations.

4. The extent of and need for their overseas activities

There is a need for RDAs to continue to have an international presence but this must be more focussed on the needs of the business community. The FSB would like to see more and better emphasis on trade development, more focus on export and import development and reduced duplication in UKTI and RDA programmes.

Currently it appears that RDAs compete with each other with their overseas activities, which may be counterproductive to attracting investment or business to the UK. Regional experts should be represented on overseas trade missions; however they should be working within an overall UK strategy, supporting commons goals whilst still recognising the significant regional differences (i.e. London and the South East which form the cornerstone of the UK economy).

5. The consequences of expanding RDA remit to include new functions as proposed by the sub national review, including the delivery of EU funding.
The FSB has concerns around the implementation timescales of the SNR proposals. We would like to see quick implementation of the SNR proposals as we have fears that delays will lead to a focus on structures and processes rather than on delivery. If the economic growth aims aspired to in the SNR document are to be achieved there must be flexibility to allow regions to match their distinctiveness.

The FSB has concerns that the slow timescales necessary to meet statutory processes involved in any review of RSS’s, when transferred to the new SIRS will slow down the RDAs ability to be responsive.

The FSB supports the amalgamation of the Regional Economic Strategy and Regional Spatial Strategy into Single Integrated Regional Strategies (SIRS) if this provides the simplification aspired to. The FSB believes that the RDA must consult with and include the business community when shaping the SIRS. We also have concern that there is nothing at this moment in time which demonstrates how the development of the SIRS, will cope with economic uncertainties.

**B7. SIRS must provide the simplification aspired to in amalgamating the RES and RSS**

**B8. It is important economic strategy becomes the key driver for SIRS**

The SNR proposals indicate significant changes in some of the roles and responsibilities of RDAs. This will create new challenges for them in terms of capacity and skills. The FSB has concerns that the RDA and Local Authorities do not have the skills and capacity to deliver the SNR proposals. In particular the movement of spatial planning from Regional Assemblies to RDAs raises the concern that RDAs do not have the structure or experience to deal with this. Government need to ensure these structures and expertise are resourced in order for the RDAs to deliver these new roles.

The SNR makes reference to Business Rate Supplement (BRS). The FSB is opposed to the introduction of the Business Rates Supplement as these will have a major and disproportionate effect on small businesses.

**B9. The FSB is wholly opposed to the idea of Business Rate Supplements (BRS)**

The SNR indicates that in the future funding should be devolved by the RDAs to local authorities. Local authorities will then deliver economic support at a more local level. The FSB believes that Local Authorities should demonstrate to RDAs where they have had programme management experience, and have a good track record in improving local economic development and regeneration before any funding is delegated. RDA’s must be allowed to use other delivery mechanisms where poorly performing Local
Authorities exist. The delegation of funding must also seek to achieve the goals set out in the regional strategy to reduce the complexity and confusion to businesses.

**B10. RDA’s must be allowed to utilise the most appropriate delivery mechanisms and not be forced to channel programmes and funding through Local Authorities unless they can clearly demonstrate the appropriate skills and experience to deliver.**

Local authorities should also be required to ring-fence economic development funding to avoid merging budgets and losing economic growth opportunities.

**6. The accountability of RDA’s**

Despite being ‘business-led’, RDAs accountability to the business community does not currently exist and the FSB believes that RDAs need to be held accountable for their decisions by the business sector. Under the SNR proposals it is difficult to see how this can be the case and without the inclusion of the business community the current scrutiny proposals are not robust.

**B11. The FSB believes that RDAs need to be held accountable for their decisions by the business sector.**

FSB experience indicates that the robustness of Regional scrutiny has varied across the English regions with examples of good and bad practice being reported by our policy teams.

RDAs will be responsible for distributing funding to local authorities whilst the proposals state local authorities will be responsible for the scrutiny of RDA activity. This clearly raises questions around conflict of interest. This includes the potential conflict of the local authority’s leader’s forum signing off the new regional integrated strategy. Given the vested interest of the local authorities, scrutiny should be done by a forum of stakeholders including the business community and we have concerns that turf wars and political disputes within the local authority leader’s forum could lead to serious delays in Regional decision making processes.

**B12. The current proposal allowing for RDA’s to distribute funding to LA’s and LA’s to have sole scrutiny over the RDA’s will inevitably lead to a conflict of interest.**

Small businesses cannot always keep up with new governance arrangements and there needs to be more clarification of what already exists. The myriad of governance arrangements must be simplified into a way that businesses can understand - who is responsible for what and who is accountable for the decisions.

Scrutiny should not just be reserved for the RDA’s, but other regional government bodies like the Highways Agency, Environment Agency etc:
B13. The myriad of governance arrangements must be simplified into a way that businesses can understand.

7. How RDA performance has been measured in the past and will be measured in the future

It is difficult to genuinely say how this has been undertaken and it is not clear how it will improve in the future. Unless RDAs are allowed to develop their own priorities and not just respond to central targets then any measurement will be largely meaningless in terms of meeting the needs of businesses and the communities in their Regions. Therefore we suggest that RDAs are measured on their operational effectiveness, and on the outcomes of RDA programmes and initiatives.

The FSB is also aware that that some current measures are not fit for purpose but are used because they are collected – for example business start-ups are measured using the VAT registration proxy instead of HMRC. The FSB would welcome the opportunity to work with BERR on developing a more suitable range of measures.

We also believe that some government targets in the past have not necessarily driven the right behaviours e.g. Business Support targets for the number of ‘interventions’. This encourages RDAs/Business Links to simply ‘play the numbers game’ with little emphasis on either the quality or the effectiveness of those interventions.

B14. Government needs to develop a more suitable range of measures for RDA performance

There is concern that the SNR consultation will not drive economic growth for the simple reason that the performance indicators do not directly measure growth. We recognise that

SIRS need to be led by the needs of the economy and should be developed through using a strong evidence base as well as incorporating the aspirations of the region. There are a number of issues arising from the suggestions within the SNR that local authorities will undertake local economic assessments in a bid to better understand the local economy and hence develop more appropriate strategies to achieve economic growth. It is important that RDA’s do not just have to give regard to Local Economic Assessments but need to demonstrate how they have been used to influence the development of the regional strategies.

The government will also need to ensure that RDAs do not become ‘over audited’ where what gets measured gets done, with little time to focus on helping the region’s achieve economic growth.

19 September 2008
Memorandum submitted by the University of Birmingham (RDA 37)

The University of Birmingham is the largest HEI in the West Midlands and a major and influential institution in the Region as confirmed in a recent study of the Economic Impact of the University on the City and Region\textsuperscript{141}. The University can both contribute to and benefit from the unique character and development of its Region and as such interacts closely with the West Midlands RDA – Advantage West Midlands (AWM) – and its various delivery vehicles. In particular, the new West Midlands Economic Strategy (WMES)\textsuperscript{142} that AWM drives has a very strong focus on developing a knowledge-based economy with a central role for Universities. The Strategy is built around four themes - Business, Place, People, and a Powerful Voice - in each of which the University of Birmingham can have a significant delivery role that will both benefit both the region and positively benefit the University's own objectives around research, knowledge transfer, teaching and learning and internationalisation.

It is in this context of a strong relationship between the University and AWM, with a particular emphasis on the knowledge-economy, that we respond to the issues of concern in this inquiry in turn.

The need for a level of economic development/ business/ regeneration policy delivery between central and local government

The University supports current Government thinking that there is a role for the Regions in knowledge-based economic development which the RDAs have an important role in facilitating. The Sainsbury Review\textsuperscript{143} recommends an enhanced role for RDAs in supporting science and innovation, particularly user-driven collaborative R&D, knowledge transfer, cluster development and start up/growth of new businesses. It is further elaborated in the ‘Innovation Nation’ White Paper\textsuperscript{144} that this should be achieved in collaboration with the enhanced Technology Strategy Board, using RDAs ‘single pot’ and ERDF funds to support a range of initiatives (eg innovation platforms, voucher schemes, proof of concept funding and Knowledge Transfer Partnerships). The University supports these views because a regional scale is large enough to encompass significant clusters of activities or partnerships, which often transcend local authority boundaries, yet a small enough scale for the players to establish trusting partnerships with shared regionally specific/foocussed objectives. For example, the University believes that initiatives like high-technology clusters/corridors around world-class universities, or Science Cities based on a strong regional knowledge base, are appropriate subjects for RDA engagement and leadership. This is also consistent with the view in ‘Innovation Nation’ that seeks to support partnerships

\textsuperscript{141} Regional and Local Economic Impact Assessment of the University of Birmingham (July 2007; www.bham.ac.uk/about/regionalimpact.shtml)
\textsuperscript{142} ‘Connecting to Success’, West Midlands Economic Strategy (December 2007)
\textsuperscript{143} ‘The Race to the Top’, Sainsbury Review of Government Science and Innovation Policies (October 2007)
\textsuperscript{144} ‘Innovation Nation’, Department for Innovation, Universities and Skill White Paper, March 2008
in addressing regional challenges and developing demonstrators, aligning national and regional programmes where possible.

**The effectiveness of RDAs and their role in adding value**

With respect to the development of the Knowledge Economy, AWM has become a increasingly important partner in recent years. In development of innovation AWM funding has become a significant source, particularly for Knowledge Transfer activities, in this and other regional Universities and AWM has built a good relationship with all the regions universities in which each side has a growing understanding of the others objectives and how they can be mutually supportive. Together with national and regional policy emphasising the role of HE in the regional knowledge economy, AWM sees universities, including Birmingham as the largest in the region, as important partners in delivering elements of the new West Midlands Economic Strategy.

The University’s impression is that AWM, with regional partners, has initiated a number of initiatives at the forefront of national good practice, eg Innovation Voucher Schemes. They are perhaps prepared to go further in supporting ‘research leading to innovation’ that is the case in other regions. For example, within Birmingham Science City, AWM have already committed £45m (with about the same again in planning) to development of the Birmingham-Warwick Science City Collaborative Package of research infrastructure, in the themes of Energy, Advanced Materials and Translational Medicine. This package will develop for the region and the partner universities a highly visible critical mass of research excellence, extensive business interaction, further collaboration with other HEIs regionally, nationally and internationally, and leverage of substantial additional revenue support (over £15m already secured in the first 18 months). A recent independent report for AWM anticipates a major economic impact of this package over 10 years plus145.

In addition to the innovation role, AWM is at the centre of the Regional Skills Partnership which brings together a wide range of appropriate partners, including the regional universities, for example in initiatives designed develop skills for the new knowledge economy and to retain graduates in the region, including specifically the Advantage West Midlands funded Graduate Advantage Project.

**RDA expertise**

With respect to the University’s main area of interest with respect to the RDAs, namely economic development through the knowledge economy, AWM has a growing level of expertise within its specialist Innovation and broader Economic Development Team, and a developing sense of its importance at the strategic and decision making levels. From our experience, however, the nature of Innovation and its long-term importance to the economy is not understood sufficiently across the RDA, which leads to a lack of a joined up view on this agenda.

145 ‘Economic Impact Assessment of the Birmingham and Warwick Science City Collaborative Package’, Report for AWM by GHK (October 2007)
The extent of, and need for, their overseas activities
As a major asset and presence in the region, the University has a significant role to play as both a leader and delivery organisation for promoting West Midlands. As such it has a role, in partnership with the RDA and other organisations, to promote the capabilities and infrastructure of the University as part of the assets to attract people to live, work, study and invest in the Region. Furthermore, activity such as the Science City collaborations with Warwick (as above), the Midlands Alliance in securing the National Energy Technology Institute etc have a huge role to play in attracting inward investors. AWM have not exploited this type of highly visible activity fully to date in this respect, indicating the lack of joined up view suggested above.

The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding
It is clear from above that the University has a broadly good impression of the RDA in this region and has built up a trusting relationship in its areas of concern. Therefore, based on our experience with AWM, we are broadly content with the RDAs taking on further responsibilities, as long as the resources were sufficient. In regard to the particular example, AWM would already seem to be making an excellent job of delivering the complex European Structural funds, working well in partnership with the Universities and a wide range of other stakeholders.

The only concern we would raise relates to the lack of joined up view mentioned above. With a greater range of responsibilities, it would be essential that the RDA have appropriate internal decision making and communication strategies and routes to ensure consistency and compatibility across its varied remits, to a greater extent than currently exists.

The accountability of RDAs and how RDA performance has been measured in the past and will be measured in future
Working with the RDA brings ongoing opportunity for the University, although AWM funding does bring challenges associated with the accountability and monitoring of their activity, which is then passed on to delivery partners. At a large institution such as the University of Birmingham we have been able to develop significant specialist resource therefore needed to work with the complex application, contracting and monitoring procedures, as well being secure enough to carry some of the risks passed on to delivery organisations. Smaller organisations that may have a lot to offer to the RDA are unlikely to have the capacity or capability to develop and deliver projects via the RDA.

A particular concern for the University is the nature of the tasking framework outputs that the RDAs are required to deliver against, and which in turn have to be passed on to the delivery organisations. These are very poorly suited to developing the sort of long-term, transformational knowledge economy type of activity that the West
Midlands partnerships are trying to develop through Birmingham Science City, the Technology Corridors etc. We would encourage BERR to think widely about indicators that measure impact more broadly and over the longer term needed for the full benefit of knowledge economy interventions to be fully realised.

19 September 2008
Memorandum submitted by British Music Rights (RDA 38)

1. British Music Rights is the consensus voice of Britain’s 60,000 composers and songwriters, music publishers and their collecting societies. Our member organisations are: Music Publishers Association; British Academy of Composers & Songwriters; MCPS-PRS Alliance.

2. Our interest in this BERR select committee inquiry arises from our support for policies that will help realise the economic and cultural potential of the UK music industry as a whole and the creative potential of the individuals who comprise it.

3. We agree with the Prime Minister’s assessment that “in the coming years, the creative industries will be important not only for our national prosperity but for Britain’s ability to put culture and creativity at the centre of our national life”; and we applaud his ambition “to give everyone the opportunity to unlock their creative talents.”

4. We note the Government’s desire to “recognise the growing success story that is Britain’s creative economy and build on it” and agree that “the creative industries must move from the margins to the mainstream of economic and policy thinking, as we look to create the jobs of the future.”

5. We draw the Select Committee members’ attention to the Government’s stated vision “of a creative engine in the heart of our biggest cities as a driver for regional economic growth,” with “more creative jobs opportunities in every region, with clear routes into those careers from local schools and colleges” and “every young person believing they have a real choice to use their talents in a creative career.” We note that this statement of vision was signed by the Secretary of State for Business, Enterprise & Regulatory Reform, and the Parliamentary Under-Secretary of State for Business & Competitiveness.

6. Regional Development Agencies have strategic responsibility for economic development at regional level; and administer an annual budget of over £2 billion from central Government plus funds from the European Regional Development Fund and the Rural Development Programme for England. Their power and responsibility is therefore very considerable.

7. In order for the Government’s ambitions for the creative industries to be met, the participation and buy-in of RDAs is absolutely crucial.

8. We have noted encouraging statements in each RDA’s corporate plan with respect to their ambitions for creative industries in their regions. (see Annex A for extracts). However, we find it difficult to assess the levels of investment by each RDA into stimulating economic growth in the music sector; what the objectives are for that investment, what the measures are for the effectiveness of that investment, and who are the delivery partners from within the music

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146 Our member organisations are: Music Publishers Association; British Academy of Composers & Songwriters; MCPS-PRS Alliance.
147 Prime Minister’s Foreword to Creative Britain: New Talents for the New Economy strategy document published February 2008, p.1
148 Ministers’ Foreword to Creative Britain: New Talents for the New Economy strategy document published February 2008, p. 4
sector in helping to achieving the objectives. We have difficulty assessing the degree to which our sector is benefiting from the investment and support that RDAs are able to provide to sectors in order to maximise their economic potential and impact.

9. Economic priorities are set regionally by consultation, based on the real and potential economic contribution of different sectors to the region’s growth. We question how the creative industries, and music sector in particular, are assessed for their real or potential contribution to regional economies. Neither standard industry classification (SIC) codes nor business VAT receipts are adequate in capturing the size or contribution of the music industry, primarily because the music industry is made up of a large number of small or micro businesses and individuals, and a small number of very large businesses. Despite the characteristics of our sector that make it difficult to measure, the UK’s music industry is one of the largest sectors of the creative industries, with a GVA of £6 billion, equivalent to 1% of the UK’s total GVA.

10. The UK’s music industry – publishers, labels, contracted managers, collecting societies, and creative individuals themselves – are the primary channels for investing in music to achieve: commercial success, cultural diversity and innovation, and a wide and capable pool of talent. A fraction of the music industry’s total investment into developing music yields profitable return; the vast majority of that investment provides for the rich mix of music expression that is not commercially profitable but nonetheless of great cultural value. The music industry also invests heavily in educational initiatives.

11. As the primarily vehicle for investment in music of all kinds, and as world leaders in producing music that is loved around the globe, we argue that there is greater scope for the UK’s commercial music sector to work more closely with the public agencies that invest public money into music in an attempt to achieve similar goals.

12. We submit to the members of the Select Committee that a root and branch examination into the effectiveness of public investment in music designed to achieve economic, cultural and educational objectives is required. In particular, we hope that a thorough examination will stimulate fresh ideas about how public investment, through partnerships with commercial sector, could achieve even greater public policy results.

13. We remain at the Select Committee’s disposal to expound on any aspect of this submission.

Annex A – Extracts from RDA Corporate Plans

West Midlands Corporate Plan 2008 - 2001
To tackle the region’s output gap and address the key regional challenges, Connecting to Success sets out ten Strategic Objectives for the region around its central themes of creating a successful regional economy: Business, Place, People, supported by a Powerful Voice for the region. Within the
Strategic Objectives, the WMES sets out twenty three priorities for action. [These include] stimulating innovation, creativity and knowledge generation; maximizing our cultural offer and national assets.

East Midlands Corporate Plan 2005-2008
The focus of our support for the region’s creative industries is collated under our Cultural Quarters programme. We will work closely with the 3 projects in Nottingham, Leicester and Derby to promote the cities’ cultural quarters and will also ensure that Lincoln and Northampton benefit from regional investment in this area. We will support the establishment of Leicester’s Performing Arts Centre and will work with Arts Council England and the SSPs to help bring forward other major investment projects with the potential to give a significant boost to the economic regeneration of cultural quarters within the region’s main urban areas.

Yorkshire Forward: Corporate Plan 2007/10
Implement action plans for knowledge based regional clusters and review on a rolling basis: Digital industries – expand to widen creative industries coverage

South West of England – Corporate Plan 2005-8
The Agency aims to enhance both competitiveness and productivity in the following eight key sectors identified in the Regional Economic Strategy: creative industries, (etc)

With respect to the creative and cultural industries, EEDA has worked with its partners to develop Space for Creativity, a development strategy for the creative and cultural industries in the East of England…EEDA will work with its partners to take forward the priorities set out in this strategy over the corporate plan period. EEDA will continue to support business networks and/or support organizations providing specific business support to the sector, including the East of England Multimedia Alliance and Screen East. EEDA will also be guided by the Science and Industry Council in assessing the feasibility of enterprise hub support for the creative and cultural industries.

South East England – Corporate Plan 2008-11
SEEDA took the lead on seven targets, namely: innovation and creativity (etc) Funding by portfolio identifies £50,525,000 for the innovation and creativity programmes between 2008 – 2011.

One Northeast – Corporate Plan 2007-12 & Business Plan 2007-8
The Growth Scenario identifies that the great majority of this growth over the next 10 years will most likely come from business services, energy, health & health care, creative industries, chemicals & pharmaceuticals, offshore technologies and tourism. But this will require transformational change in many aspects of the Region’s business, people and place performance.
Northwest RDA – Corporate Plan 2006-2008

The region’s creative industries are growing at twice the rate of the mainstream economy and employ 140,000 people across 40,000 companies. Annually they are worth over £6bn to the region and the workforce is dynamic with 70% having degree qualifications or above. The Creative Industries Development Plan which will be delivered by a number of ‘cornerstone industries’ specifies a sub regional and sub sectoral approach to industrial development in the region. As part of this the Agency has priorities five sub sectors that have the most potential for significant economic growth. They are: The Music Industry [etc]

London Development Agency: Corporate Plan 2007 - 2010

Creative London officers will be drafting frameworks for the sub sectors, in order to guide the LDA’s interventions and investments. These investments are likely to be increasingly focused on a small number of high-profile interventions and are all being made on the basis of robust evidence, expressed industry need and addressing market failure...The LDA currently runs specific programmes tailored to three priority sectors: the creative industries, science and technology, and the environment sector.”

19 September 2008
Memorandum submitted by Leicestershire Asian Business Association
(RDA 39)

1.0 Introduction

1.1 The Board and members of Leicestershire Asian Business Association welcomes the Business and Enterprise Committee’s judicious review of the role of RDA’s. LABA believes RDA’s have made significant impact in developing a regional focus to economic regeneration and prosperity. However, engaging the considerable entrepreneurial synergies of the British Asian communities in business support, inward investment, urban regeneration and international trade has been somewhat limited.

2.0 Background

2.1 LABA is a twenty-five year old business network, established with support from the DTI in 1983 by the Small Firms Minster with a clear vision to encapsulate the considerable enterprising synergies of the British Asian communities to enhance the economic prosperity of Leicestershire.

2.2 The organisation has survived via sporadic support from the public sector but mainly through support from within the Asian community and the enlightened private sector.

2.3 The Board of LABA make a strategic decision to establish its own physical facilities and provide business support and international trade links to the local business communities. Moving away, from ad-hoc funding for short term programmes and initiatives. Whist LABA spent several decades engaging with mainstream institutions to forge meaningful alliances; many remain institutionally challenged in their understanding of the needs, aspirations and frustrations of the British Asian business communities.

2.4 LABA’s strategy for the UK plc is to develop its own capacity to encourage business start-ups, business growth, diversification, international trade and continuous business up skilling and training. LABA vision is to develop five and ten year strategies and provide long term, meaningful and customer focussed support to its members and partners. In specific terms move away from cyclical changes and reinvention of business support regimes and programmes which hitherto raised aspirations and created frustration by stifling enterprise.

3.0 The RDA - The challenges
3.1 The roll out of business and enterprise support by the RDA and its local strategic partnerships has largely been inadequate and inconsistent. The penetration of effective business support by Business Links has been poor.

Leicester will be the first city in the UK where the minority communities will be a significant size of the population (50% by 2010). In context of this demographic shift, a meaningful engagement of the Asian business community has to be an important economic and political priority.

3.2 In its submission to the Business and Enterprise Committee LABA particularly recommends the following:

<table>
<thead>
<tr>
<th>Key Issues</th>
<th>Notes</th>
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<tbody>
<tr>
<td>1 The importance of Asian entrepreneurs as engines of regeneration, employment and investment</td>
<td>To be reflected in RDA’s policies and programmes.</td>
</tr>
<tr>
<td>2 No more research please!</td>
<td>But well thought out business support</td>
</tr>
<tr>
<td>3 Accountability and effective engagement by RDA’s, no tokenism or resource management based programmes</td>
<td></td>
</tr>
<tr>
<td>4 LABA is 25 years old organisation, with its own offices bought by contributions from members,</td>
<td>Why cannot LABA get access to supporting enterprise and job creation and training programmes</td>
</tr>
<tr>
<td>5 The culture of RDAs is institutionally biased against the Asian Business communities</td>
<td>Where is the engagement of the Asian community on its board and sub committees, or its sub-contractors</td>
</tr>
<tr>
<td>6 Under the sub-national economic review LABA welcomes the role of local authorities in economic development.</td>
<td>Accountability should rest with local authorities locally as Councillors are elected and are accountable. Government should ensure that business agenda is not stifled by overriding political agenda.</td>
</tr>
<tr>
<td>7 The Board of RDA’s are remote and irrelevant entities</td>
<td>Active engagement with the British Asian business communities is long overdue and imperative in a recession.</td>
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<tr>
<td>8 Where is the accountability and scrutiny with RDAs allocation of resources</td>
<td>Currently citizens have to resort to FOI’s to get sporadic information.</td>
</tr>
<tr>
<td>9 The lack of meaningful engagement of British Asian Business communities in international trade programmes. Most initiatives are London Centric</td>
<td>The engagement of the Asian business community in areas such as promoting bilateral trade with Indian sub-continent is virtually non-existence apart from ad-hoc visits and promotions</td>
</tr>
<tr>
<td>10 Lack of any effective engagement with European</td>
<td>RDA’s need to reach out and create</td>
</tr>
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4.0 Recommendation

4.1 This paper requests the Business and Enterprise Committee to reflect on LABA’s submission. If appropriate, the committee meet with representatives of LABA and IAB (Birmingham) to gauge key issue at fist hand in helping them formulate an effective business support and international trade strategy for RDA’s within the sub-national economic review.

19 September 2008
Memorandum submitted by The Association of Colleges (RDA 40)

Background
The Association of Colleges (AoC) welcomes the opportunity to contribute to the Committee’s inquiry into Regional Development Agencies (RDAs). AoC is the representative body for further education colleges in England, Wales and Northern Ireland.

The 364 English further education and sixth form colleges:

- educate and train 727,000 16-18 year olds each year (more than are in school sixth forms, private schools and private training providers put together);
- enrol more than 2 million adults each year, the majority of whom achieve economically valuable qualifications.

WHERE PEOPLE GAIN VOCATIONAL QUALIFICATIONS

![Vocational Qualifications Pie Chart]

Source: AoC analysis of DCSF statistics on vocational qualifications (2006/07)

In 2006/07 colleges received £6.7 billion a year in public funding, 79% of which came from the Learning and Skills Council (LSC).

Regional Development Agencies – Context

In 1999 the Government established the nine Regional Development Agencies to enable businesses and communities to formulate solutions appropriate to the economic challenges faced by their regions. Their remit included business support, enterprise and innovation, inward investment, skills development, urban and rural regeneration and infrastructure investment. The Government’s Regional Economic Performance Public Services Agreement (PSA) charges RDAs with taking action to reduce the disparities in economic growth rates between regions. RDAs produce Regional Economic Strategies setting out their priorities and actions in consultation...
with regional partners from the public, private and voluntary sectors. This submission addresses:

• The need for a regional tier of economic development/business/regeneration policy delivery between central and local government;
• The effectiveness of RDAs and their role in adding value;
• RDA expertise;
• The extent of and need for RDA’s overseas activity;
• The consequence of expanding the RDA remit to include new functions as set out in the sub-national review;
• The accountability of RDAs;
• How RDA performance has been measured in the past and will be measured in future.

This submission covers AoC’s view of the Regional Development Agencies as a whole. It is followed by individual case studies from AoC regional offices covering the work of their respective RDAs.

The way in which each RDA exercises its responsibility and works with partners will vary. This response highlights areas of good practice and where a consistent approach would be helpful.

**Summary**

• AoC believes that there remains a need for a regional tier between central and local government in the areas of economic development, business support and regeneration. The regional tier has a key role to play in developing overall strategy, setting out the economic, social and environmental objectives for the region as a whole;
• AoC believes that RDAs have been largely successful in promoting economic development in the regions. Their investment in educational infrastructure and projects has added value;
• RDAs have the appropriate expertise to carry out their functions effectively and they should also draw upon expertise from partner organisations;
• AoC believes that it is appropriate and necessary for RDAs to engage in overseas activity given the importance of foreign direct investment and European Structural Funding for regional economic development;
• AoC believes there are advantages in moving to an integrated regional strategy which sets out the economic, social and environmental objectives for each region. The role of skills policy in the integrated regional strategy needs to be clarified;
• RDAs need to remain accountable to Parliament through their sponsoring department and to the region through a process of effective regional scrutiny which involves partner organisations;
• Future arrangements for performance management will need to focus on how well RDAs are performing in their new strategic role. AoC supports the replacement of output targets for RDAs with a simplified outcome and growth-focused framework.
The Need for a Regional Tier of Economic Development/Business/Regeneration Policy Delivery between Central and Local Government

1. AoC believes that there is a need for a regional tier between central and local government in the areas of economic development, business support and regeneration. The regional tier has a key role to play in developing overall strategy, setting out the economic, social and environmental objectives for the region as a whole. It can also use its resources not only to address disparities between regions but also inter regional disparities.

2. Many aspects of economic development impact across local authority boundaries and sub-regional structures. These include major infrastructure investment, regional services such as Business Link, science and innovation, European Regional Development Funding (ERDF), addressing climate change, inward investment, transport, further and higher educational infrastructure and regional promotion. An RDA’s role in leading the development of an Integrated Regional Strategy as outlined in ‘Prosperous Places’150 will be critical to ensuring that public funding for major infrastructure development meets the key strategic needs of an area and joins up economic development with local spatial planning. It is important to recognise, however, that ‘regions’ are not self-contained spatial areas. For example, parts of the West Midlands regional economy are influenced significantly by other regional partners including the North West (North Staffordshire and South Cheshire); South East (Milton Keynes development) and Wales (the rural Marches).

3. The RDAs also have a key role in working with other regional bodies such as Regional Government Offices, the Regional Assemblies (and the proposed Regional Leaders Forums which will succeed them), the Learning and Skills Council (and its proposed successor the Skills Funding Agency), Jobcentre Plus and a range of regional partners from the public, private and voluntary sectors. This includes the regional arms of AoC and the regional higher education associations.

4. There does, however, need to be clarity and agreement on what is the appropriate spatial level for decisions to be made and activity to be funded. Delegation of funding to sub-regions and local authorities should take place where appropriate and where capacity exists to utilise the funding effectively. In other areas where there is a clear case for doing so funding should be retained at the regional level – especially to fund activity of regional significance or projects which cut across local and sub-regional boundaries. There also needs to be agreement on clarity of roles between the various agencies operating at the regional level, especially in the area of skills policy. In

150 Prosperous Places – Taking Forward the sub-national review
http://www.communities.gov.uk/citiesandregions/implementingsnr/takingforwardsnr/
the West Midlands, Advantage West Midlands and the Learning and Skills Council have worked closely together to clarify responsibilities for the delivery of the regional Skills Action Plan and to redefine the role of the Regional Skills Partnership. Given the new role for local authorities to produce a local economic strategy there will be a need for coordination at sub-regional and regional levels to ensure synergy and coherence.

5. Although RDAs have a key role in determining priorities they do so within an increasingly centralised system. Policy, funding and performance management of further education in England is now highly focused on national targets. Successive Treasury spending reviews have pushed the Learning and Skills Council to focus increasingly on national targets. This focus has forced organisations to work towards common goals and has contributed to quality improvement through the assurance of common standards. However the shift in funds towards the targets has come with costs. In some cases, the focus on targets means that the accreditation of existing skills is valued equally with the acquisition of new ones. 1.4 million adult learning places were lost in two years between 2004 and 2006. The emphasis on national goals has limited the ability of colleges and others to respond to local needs.

6. For example Ruth Adams, Head of Skills at Yorkshire Forward, recently told the Innovation, Universities and Skills Committee:

“For example, it is absolutely right that the Train to Gain offer is very straightforward because it is a national offer, but what that means is that you have very little flexibility then to deal with or to invest in issues that you may need to address, so for example, to go back to my earlier point, based on the CBI Survey, as an average, we start from a very low base in terms of business demand for skills but we have the same national offer that regions that have not got that issue are starting from.”151

The Effectiveness of RDAs and their Role in Adding Value

7. RDAs are not directly responsible for funding or planning education and skills but they have considerable scope to make a difference, for example through:

- Setting regional priorities, for example in their regional economic strategies. These priorities have a strong influence on the regional plans of national agencies, for example the Learning and Skills Council or Sector Skills Councils;
- Influence on decision-making in other governmental organisations, for example through organisation of Regional Skills Partnerships or membership of regional committees;

• Delivery of the brokerage and business support services which support employer decision-making about training;
• Providing financial and logistical support for capital investment in education and training;
• Supporting training programmes through the European Social Fund and other grant programmes;

8. AoC can identify a number of areas where RDAs have successfully promoted economic development – see case studies below.

9. AoC welcomes the investment that RDAs have made in the educational infrastructure, particularly support for capital investment in the further education sector – see case studies below.

10. RDAs are designed to focus on employment, business growth, economic opportunity and innovation. The Leitch report encourages the education and training system to focus on the same issues. In the past 16 months, we have seen good examples of positive responses from individual RDAs to the challenges set out by Lord Leitch. There are new opportunities for RDAs to work better with the education and training system but achieving a sustained and successful partnership requires the following action:

• RDAs will need to create new mechanisms to engage local partners to ensure that the abolition of Regional Assemblies does not mean they lose local intelligence;
• RDAs need to work with central government and LSC to ensure that successful initiatives can be incorporated into the mainstream. RDAs have the flexibility to innovate, pilot, experiment, take risks and provide development funding but good practice is often lost when programmes end;
• RDAs may need to develop their understanding and insight and level of engagement with the education and training system. There is a tendency to involve universities on an automatic basis but not colleges. Some RDA officers need better insight into the structural and bureaucratic drivers, enablers, barriers and inhibitors. AoC is always happy to broker meetings with college principals and governing bodies to help RDA officers understand core as well as developmental issues. For example, it is important that the RDAs play an active role in encouraging Government to plan its promised new higher education provision\textsuperscript{152} to suit the needs of adult, part-time students which will be so vital if Government is to hit higher level skills targets.

The Extent and Need for RDA’s Overseas Activity

\textsuperscript{152}http://www.dius.gov.uk/policy/documents/university-challenge.pdf
11. AoC believes that it is appropriate and necessary for RDAs to engage in overseas activity given the importance of foreign direct investment and European Structural Funding for regional economic development – see case studies below.

The Consequence of Expanding the RDA Remit to Include New Functions

12. There are advantages in moving to an integrated regional strategy which sets out the economic, social and environmental objectives for each region. The Sub-National Review proposes that the RDAs will have the executive responsibility for developing the integrated regional strategy.

13. In developing the integrated regional strategy RDAs will need to work closely not just with local authorities but also other strategic partners from the public, private and voluntary sectors. The role of skills policy also needs to be clarified – the sub-national review proposes that it complements and contributes to the priorities agreed in the regional strategy. Although existing Regional Skills Partnerships play a role in identifying regional priorities, the main drivers of skills policy are national – the Train to Gain programme and the National Apprenticeship Service. Targets for these have also been determined at a national level. Development of a single brokerage service for business support and skills has merit although AoC has reservations about the effectiveness of the brokerage service in relation to Train to Gain.

14. RDAs have responsibility for the management and delivery of the ERDF programme worth £2.5billion between 2007 and 2013. This is a new responsibility for them which was previously undertaken by Government Offices for the Regions. As under previous arrangements there is a Programme Monitoring Committee which comprises a range of regional partners and which has responsibility for determining the overall strategic direction of the programme and ensuring that agreed objectives and targets are met. AoC supports this approach.

15. The RDA also has a role in co-chairing the 14-19 Strategy Group Forum and a responsibility to reflect regional skills and economic development needs in commissioning. There needs to be effective liaison with not just Local Authority Children’s Services but also Economic Development Officers.

16. Giving RDAs responsibility for regional spatial planning raises issues of democratic accountability. The proposed local authority Leaders Forum addresses this issue but there needs to be a clear distinction between the executive role in developing the strategy and the scrutiny role of examining RDA performance. Scrutiny should be carried out by members who have not been involved in the development of the strategy. New appointments to the RDA boards should take into account their new responsibilities for planning.
17. AoC also believes that in implementing the sub-national review the role of partners such as business universities and colleges as well as local authorities needs to be acknowledged. AoC endorses the North West model which includes social, economic and environmental partners on the Leaders Forum and involves them in the scrutiny process.

The Accountability of RDAs

18. RDAs are accountable to Parliament through the Secretary of State for Business, Enterprise and Regulatory Reform. Regional Assemblies have been responsible for regional scrutiny of RDAs. In the North West the NWRA Regional Scrutiny Group has undertaken inquiries into each of the five themes of the Regional Economic Strategy and has produced reports and recommendations which the NWDA has responded to. The Committee is chaired by a member of the Social, Economic and Environmental Partners Group and contains other members of this group alongside local authority members. We believe that this model has worked well and would hope that future scrutiny arrangements reflect this and involve both regional partners and local authority representatives in the scrutiny process.

The Measurement of RDA Performance

19. The performance management framework for RDAs includes audits of accounts and financial systems carried out by the National Audit Office (NAO), independent appraisals and corporate plan reviews and evaluation of RDA performance in delivering their strategic objectives. Independent Performance Appraisals carried out by the NAO examine the organisational performance of RDAs as strategic drivers of their region’s economic development, giving them a points rating across a number of different areas. In response to these reports RDAs produce an improvement plan and report regularly to their Boards on progress made in implementing these plans. Government Offices, as the Government’s representatives in the regions sponsor and monitor the effectiveness of their RDAs.

20. Performance management has focussed on how well the RDAs have carried out their economic development role and whether the objectives set out in the Regional Economic Strategy are being met.

21. Future arrangements will need to focus on how well RDAs are performing their new strategic role. AoC supports the replacement of output targets for RDAs with a simplified outcome and growth-focused framework. The need for effective scrutiny of RDAs at the regional level will become increasingly important.
Case Studies

North West

The Effectiveness of NWDA and its role in adding value

1. In the North West economic performance has been steadily improving since 2000. Between 2001 and 2006 the regional economy grew by £23 billion (26%). In the past 5 years 180,000 new jobs were created and £2.4 billion of investment secured.

2. In the North West the RDAs has invested almost £10million in the new college and university campus in Burnley; £5million in the Macclesfield Learning Zone which incorporates a new college building, high school, sixth form college, and a new building for the college’s European Centre for Aerospace Training and £5million in Warrington Collegiate’s Winwick Road campus which provides state-of-the-art educational facilities including a business school. Without NWDA investment these developments could not have taken place on the scale that they did.

3. The NWDA, along with the LSC, funded Fusion: Connecting Business and Education which was designed to improve the responsiveness and quality of workforce development in the North West. Colleges forged closer links with partner agencies such as Business Link, Sector Skills Councils and Jobcentre Plus to deliver a range of innovative projects addressing the needs of employers across the region. Fusion has been an outstanding success, exceeding all its targets and developing a strong infrastructure and an immense bank of good practice which is available for the whole region. Without NWDA financial support of over £2million the projects would not have happened.

4. The NWDA together with Yorkshire Forward and One NorthEast, funded the Enterprise Education in FE Initiative through the Northern Way. Delivered by AoC in partnership with Manchester Metropolitan University the project involved 32 colleges in the north of England introducing enterprise education into the curriculum. 96 college lecturers were trained as Enterprise Champions and over 16,000 students participated in the programme. Without development agency support this project would not have taken place.

NWDA Expertise

5. The NWDA has the appropriate expertise to carry out its functions effectively. The 2006 Independent Performance Assessment scored 3 for capacity (performing well).
6. More skilled staff have been recruited at all levels to enable the agency to become more effective in delivering its objectives. Every project has a dedicated senior officer allocated to manage and be responsible for it. This enables project deliverers to have a single point of contact with the agency.

7. The NWDA also draw on the expertise of staff from partner organisations. This is illustrated best by the RES Advisory Group which consists of a range of representatives from public, private and voluntary sector organisations from across the region. The Advisory Group was involved in all stages of the development of the Regional Economic Strategy and monitoring its achievements. It will play a similar role in the development of the proposed Single Regional Strategy.

The extent and need for NWDA’s overseas activity

8. Foreign direct investment plays a key role in the economy of the North West. Over 17% of regional gross value added (GVA) is accounted for by foreign owned companies and productivity per worker is almost 50% higher than the regional average.

9. The three northern RDAs have entered into collaborative arrangements for overseas activity and have established offices in the USA, Australia and Japan. The NWDA jointly funds the North West Brussels Office which builds and develops relationships with the European Parliament and Commission and seeks to influence the direction of European policy.

10. The NWDA works with sub-regional partnerships to attract foreign direct investment into the region. In the past year the North West has attracted over 150 inward investment projects which have created or safeguarded almost 15,000 jobs – almost twice as many jobs created as in the previous year.

The South East

The need for a level of economic development / business / regeneration policy delivery between central and local government

1. AOSEC (Association of South East Colleges) considers that there is a strong need for economic development / business/ regeneration policy delivery at both a regional level and sub-regionally. The Regional Development Agency in the South East, SEEDA, is better economically aligned to take a more holistic overview of regional needs than would be the case if its functions were carried out at a national or a local level. Notably, SEEDA’s Regional Economic Strategy is a valuable source of expertise for Colleges when developing their own strategies and plans. Likewise the Regional Assembly, SEERA, has a good ability to act cohesively and its scrutiny work of SEEDA is
effective. Regional and sub-regional levels of policy delivery need to exist in order to pull together all the partnerships that exist in areas such as education, housing and transport.

2. AOSEC also notes that Colleges tend to work sub-regionally with a strong steer from the regional Learning and Skills Council. As the LSC is being abolished, there needs to be a structure in place to maintain this regional and sub-regional perspective.

The effectiveness of RDAs and their role in adding value

3. AOSEC considers that SEEDA has been effective in a variety of different areas. In the South East, where there is a three tier economy, comprising inner South East, rural and coastal variation, SEEDA’s impact can particularly be seen where there is market failure. For example, SEEDA has been instrumental in gaining local support for education-led regeneration. A good example is at Hastings where SEEDA supported Sussex Coast College (formerly Hastings College) with its new building, resulting in £120m being invested by central Government. SEEDA also influenced the curriculum offered in the college in support of the business needs of the area including for engineering and higher level construction skills.

4. Secondly SEEDA has been successful with its enterprise hubs across the region. These identify opportunities for innovation and business start-ups and provide grants to bring the idea to reality. Finally SEEDA has been highly successful with its Action for Business College programme which helped transform FE colleges to more effectively respond to the demands of business. In total 26 Colleges gained the prestigious Action for Business standard.

RDA expertise

5. AOSEC is aware that much of SEEDA’s expertise surrounds their work on the development and monitoring of plans and statistical information. Additionally there are forums, such as the Regional Skills for Productivity Alliance, which bring in expertise from across the region.

The extent of, and need for, their overseas activities

6. If SEEDA can identify business or partnership opportunities there are potentially significant advantages for Colleges to be gained from overseas operations. Colleges benefit greatly from a global perspective, whether this is via student exchanges, shared curriculum development or other commercial activities that may develop.

The accountability of RDAs
7. The question of accountability is one that needs to be addressed. Currently AOSEC and other economic and social partners on the Regional Assembly are able to scrutinise SEEDA’s work and thereby share their expertise. AOSEC as a regional and non-political organisation is ideally placed to perform this overarching function. However, if its input were to be only via consultation, it is doubtful whether the voice of the FE sector would be heard so clearly. Furthermore, if Local Authorities were to be granted this role, consideration would need to be given as to how to equip them with an understanding of FE issues at a regional and sub-regional level. For instance, agricultural colleges are specialist colleges which serve regions rather than any one Local Authority area. There would need to be a system in place that can take account of this regional perspective. There also needs to be further work to resolve concern over the conflict of interest of Local Authorities trying to both implement the regional strategies and monitor them.

How RDA performance has been measured in the past and will be measured in the future

8. AOSEC considers that, in the future, Regional Development Agencies should not be measured on purely economic indicators. There are many other values which people recognise as beneficial beyond just economic ones, and to focus primarily on this area would skew priorities and thereby disadvantage people and communities with a broader understanding of regional development. Further Education colleges have a key role to play in delivering the education and skills demands which are critical to improving the region’s economic performance. In addition many people, particularly adults, attend FE colleges for the social and community benefits that follow. There needs to be a balance of priorities to ensure that both economic and non-economic benefits are recognised.

Eastern Region

1. ACER (Association of Colleges Eastern Region) represents colleges in the East of England which comprises the six counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk and the unitary authorities of Peterborough, Luton, Southend-on-Sea and Thurrock. EEDA (East of England Development Agency) organises their services around four activity areas:

- Business support
- Enterprise Hubs
- Investing in Communities
- Regional Renaissance
2. EEDA had an expenditure budget for 2007/08 of £153 million, the smallest budget of RDAs which has presented challenges in prioritising activities. The region has a reputation for strengths in research, innovation and high technology. Cambridge is the most obvious source of these strengths but by no means the sole focus for them. Nevertheless, the region includes areas with the lowest skills levels in England and pockets of intense deprivation. Some of these problems are exacerbated by variable transport links, which are very good in some areas (for example the East Coast mainline) but poor elsewhere (especially when travelling across the region rather than on routes into and out of London). It is ACER’s experience that EEDA has prioritised high level skills (level 4+) rather than levels 1-3 and, as a result, has worked more closely with the universities in the region, rather then the further education colleges. For example EEDA provides core funding, premises and resources to AUEE (the Association of Universities in the East of England) but not to ACER (the Association of Colleges in the Eastern Region).

Performance

3. In the NAO Independent Performance Assessment of EEDA in 2007 EEDA scored 15 out of 24 points, which was the equivalent of ‘performing well’ (15-19). The East of England is a relatively new administrative region, and the report recognised that EEDA faced particular challenges in helping to forge a regional identity. It is classified among the three better-performing English regions but it is similar to regions elsewhere if the impact of commuting to work is excluded. The report indicated EEDA has taken action over the last two years to improve its capacity in terms of staffing levels and internal processes. It found that the Chair and Chief Executive provide strong leadership (a new chief executive took up office in September 2008) but that the Chief Executive’s Group needs to develop its capacity. Transitional problems associated with staff change caused difficulties for stakeholders. The report noted that there can be long delays in approving some activities and monitoring is not always adequate and stated, “EEDA needs to improve its communication with regional partners and stakeholders about what it is doing” - this is borne out by its relationships with the region’s FE colleges.

EEDA/ESF

4. The East of England has been awarded an allocation of £155 million for the period 2007-13 as part of the new England and Gibraltar European Social Fund (ESF) programme. Although this is a considerable reduction in funding from the previous ESF Objective 3 programme’s regional allocation (2000 to 2006) of £239 million, the number of priorities has also been reduced from five to two, which means that the new programme will be better focused with more flexibility to meet regional needs. EEDA is one of five Co-Financing Organisations (CFOs) in the East of England region for the new programme.
2007-13. The other CFOs are the Department for Work and Pensions (DWP), the Learning and Skills Council (LSC), Bedfordshire County Council and Luton Borough Council. EEDA’s Co-financing Plan, which was formally approved in December 2007 by the region’s European Programmes Strategy Group, contains an ESF allocation of £6.6 million for the initial programme period 2008-2011. During that time, EEDA’s programme will fund projects which address the employment and skills challenges in the East of England, focusing on extending employment opportunities to those not in work and developing a skilled and adaptable workforce for the needs of the region’s businesses. This funding is important to the region’s colleges.

Examples of EEDA funding to ACER/FE colleges:

- EEDA funded Skills for Life Teacher Education project led by ACER, delivered by member colleges, from 2003-2005; subsequent funding was from LSC/ESF portfolio
- Peterborough College has indirectly benefited from EEDA funding for a new HE campus in Peterborough
- South-East Essex College will benefit from EEDA funding for the ARU Southend campus
- EEDA funded JobCentrePlus project with ACER to get incapacity benefit claimants into assessor or teaching posts in construction skills in colleges (small scale)
- EEDA on East of England Centre for Excellence in Teacher Training (EECETT) board and are to fund a research post
- EEDA on ACER’s Engineering Forum
- EEDA on AoC’s Business Development Managers’ Network

South West

1. AoC SW has recently expanded its operation in the region and, working with the SWRDA, is pioneering the way it supports colleges to help them raise their profile and demonstrate a positive impact. The SW Colleges Capacity Building Project was established in Autumn 2007 as an innovative strategic pilot designed to build the capacity both individually and collectively of the SW FE College sector so that it will have greater impact on the region’s economy, economic success and long term prosperity. The total project value over three years is £1.5M has been pump primed by the SWRDA with £400K

2. A joint SWRDA and Colleges Strategic Forum has been established where FE College Chief Executives and Principals meet with SWRDA Officers and Board Members to discuss areas of mutual interest. The focus of these discussions has been the Regional Economic Strategy (RES) and how best the FE College sector can both collectively and individually contribute to the aims and objectives of the RES. In addition a number of Thematic Groups have been established to underpin these strategic discussions.
3. Initially, three Thematic Groups (Sustainability, Regional Economy and College Profile) were set up to help achieve the aims of the project. Each thematic group has been developing a 3 year Strategic Framework which identifies key areas of activity to support the overall project.

4. Of particular interest has been the work of the Regional Economy Group which has produced a Regional Impact Assessment Research Project demonstrating that colleges in the south west have a significant impact on the region’s economy with a combined turnover of £680 million and directly employing over 25,500 people.

**Individual examples of joint working involving Colleges and the SWRDA**

5. College capital projects have benefited from SWRDA involvement. For example, Higher Level Innovation, Enterprise and Technology Centres are being established at North Devon and South Devon Colleges; the regeneration of Gloucester Docks and new Gloucester College Campus; the innovative Centre for Sustainable Construction at Somerset College of Arts and Technology.

6. **Stroud College**: The SWRDA paid for a significant proportion of the revenue costs towards a series of construction related courses that Stroud College undertook from its Dursley centre during 2006 and 2007. The RDA is currently in the process of working with Stroud College to develop a new centre in Dursley on the Littlecombe site to undertake a greater number of construction and related courses.

7. **Gloucestershire College relocation to Gloucester Quays**: Working under the terms of a joint funding agreement, English Partnerships and the RDA worked in partnership to undertake the design and implementation of a new canal crossing (a lifting bridge) and supporting road infrastructure at Gloucester Quays connecting into the Gloucester SW By-pass to the west. This £1.2m investment is now completed and was a core reason for the College to agree to relocate onto the Quays.

8. Gloucestershire Wide Incubation: This project, currently at Full Application stage, will potentially include Incubation centres at Hartpury College and in the planned new Stroud College in Dursley Centre. Incubation is specialist workspace with a significant business support offer for new businesses.

9. The SWRDA have been working with **City of Bristol College** as part of the redevelopment at Hengrove Park in Bristol to establish a skills academy on the park. This is the first phase of one of the most important regeneration schemes in South West England. The multi-million pound development at Hengrove
Park will deliver a massive boost to the people of South Bristol. The first phase of the project will see the delivery of significant new community facilities including a Community Hospital being developed for Bristol Primary Care Trust; a Skills Academy to be run by City of Bristol College and a new 'Healthplex' leisure centre for Bristol City Council, to be built and operated by Bristol Active Ltd.

10. 'The SWRDA is working with Wiltshire College (WC) as a key partner to address the economic opportunities and challenges in the County. Of the 4 sites [Salisbury, Chippenham, Trowbridge & Lackham] operated by WC the SWRDA have primarily been involved in the development of a new model for Salisbury because of the opportunities presented by the increasing presence of the military and the South Wiltshire 'research triangle' in the county. This was included in the RDA’s recent funding of a study into the feasibility of relocating the Salisbury campus, integrating business skills needs into the comprehensive Salisbury Vision - there is also a possible University Challenge bid to build HEI capacity as well.

11. Sectoral interventions have included Rural Renaissance support for a Motor Sport Academy, and ongoing discussions around higher-end skills for land-based industries.

12. Swindon College was a player in the 3-year multi-partner Employer Skills Development Project, which sought to address the future skills needs of Wiltshire & Swindon workforce, including vocational training targeted at Swindon’s Neighbourhood Renewal Areas. The RDA is currently brokering discussions with Honda, SSC and the College around a manufacturing skills academy and how it will integrate with the UWE in Swindon project.’

13. The RDA are also in discussion with Strode College with regard to them potentially building a new training centre at Morlands in Glastonbury

14. The RDA has worked closely with Bournemouth & Poole College, in conjunction with Bournemouth University, to develop a Hotel School at Bournemouth. With similarities to a teaching hospital, through the building of a purpose built 4* hotel the College is to play a central role in meeting the higher level skill and staff requirements for the hospitality industry.

15. In Cornwall a number of activities with FE Colleges have been developed including the establishment of the Marine Skills Centre at Falmouth and funding for the Combined Universities in Cornwall (CUC) "rim” which includes Truro College and Cornwall College establishments including Duchy College.
16. The EU team is working on a potential ERDF project with Penwith College. Plus the SWRDA are leading the development of 3 innovation centres linked predominantly to the HE knowledge base at CUC and Peninsula Medical School but which will also interact with FE establishments eg the one at Pool is adjacent to Cornwall College and will have links particularly to its Business School and ICT/media departments.

London

1. AoC London has had a strong and mutually supportive relationship with the London Development Agency (LDA) over a number of years, and this continues to generate beneficial outcomes for London’s College sector. This relationship is seen through a number of strands:

- **LDA funding for AoC London projects** – the LDA currently support two projects that AoC London is running on behalf of its member Colleges. Both of these projects have an Olympics theme. This support is delivered through annual funding grants and hands-on strategic guidance and support. The following provides a summary outline of these projects:

- **AoC London representation on the LDA Board** – As London’s leading FE provider representative, our Regional Committee Chair has Observer Status.

- **Regular meetings** – as part of AoC London’s stakeholder development strategy, both members and officers meet the LDA regularly to ensure a joined up approach to tackling London’s education and skills challenges.

- **LDA contribution to AoC London events** – senior members of the LDA’s Employment and Skills Team regularly support our events, e.g. Stephen Evans, Director, has participated in a Leitch and London panel debate, and is due to participate in a debate on implementing the London Skills and Employment Board Strategy.


2. AoC London hosts a dedicated FE-HE Unit funded solely by the LDA (including staff costs) at a significant level, currently until 2010. The Unit is now in its second year and it’s purpose is to enhance the involvement of Further Education (FE) and Higher Education (HE) institutions in London towards making a valuable contribution to the LEST Action Plan and ultimately the staging and delivery of the 2012 Olympic and Paralympic Games, as well as a long lasting sustainable legacy for London and Londoners.

3. During the funding period, the project will aim to:

- ensure that all activities developed and promoted through the project make a positive contribution to reducing longer term worklessness in London
• support the provision of 2012-specific new apprenticeships and work placements through London colleges and universities
• ensure that substantial numbers of young people from London’s FHE sector are signed onto the Olympic Host Broadcast Training Programme
• deliver a 2012-focussed student enterprise programme in conjunction with key strategic partners
• strengthen existing links with London colleges and universities and those in Beijing, during and following the staging of the 2008 Games
• encourage a positive response by London colleges and universities to the pan-London Job Brokerage Network
• in conjunction with key strategic partners, support the delivery of three ‘2012 Careers’ events and two generic motivational events per year across London, three within the five host boroughs and two outside.

4. It is expected that other opportunities will emerge during the course of the funding period; it is a fluid environment and it will be necessary to flex activities to reflect developments in the 2012 landscape.

‘London-Beijing College Links’.

5. The LDA provides funding, alongside the Prime Minister’s Initiative for International Education, to this international project, which through promoting and supporting twinning activity between London and Beijing vocational and training institutions aims to generate curriculum and staff development activity. As we move towards 2012, the focus is on supporting the development of Olympics relevant programmes in London FE. This project is led by a London College Principal and supported by AoC London. 18 London Colleges are currently participating and LDA funding currently runs until 2010.

6. Specifically the funding for 2008/09 is focussed on a review of vocational training and other involvement of Beijing vocational schools that was put in place for the 2008 Games, including their evaluation, post-games, of good practice. For 2009/10 the project will evaluate the longer term legacy impact of Beijing vocational education provision. In both cases the aim is to focus on developing good practice in London Colleges, with rollout shared through AoC and other networks, in preparing for the 2012 Games and maximising employment and skills opportunities for Londoners in our Games.

7. The aims of the LDA funded aspects of the project are:
   • To support LDA strategy to ensure London vocational education equips its students to help them and London compete in a global economy
   • To support the LEST strategy to aid London’s preparations for the 2012 Games and to maximise the skills and employment opportunities,
specifically by learning and sharing lessons from what worked in Beijing Vocational Schools 2008 preparations

- In addition the project will complement and support:
  - The strategy for strong links between London and Beijing, and a continued London FE presence in Beijing
  - The UK strategy for developing London as an international student destination and the LDA strategy for developing markets

19 September 2008
Memorandum Submitted by the West Midlands Regional Forum of Leaders
(RDA 41)

Introduction
Following the publication of the Sub National Review we have formed a Regional Forum of Leaders in the West Midlands. This forum currently comprises the Local Authority Leaders of 18 of the region’s local authorities from all of the tiers of Local Government. The forum has been meeting to discuss how best to work together to address the social and economic challenges that we face in the West Midlands. This response sets out the views of this group of elected members.

Response
Publication of the Sub-National Review (SNR) of economic development and regeneration in July 2007 heralded a new era of collaboration between Regional Development Agencies (RDA) and local government. In the West Midlands this builds on a history of partnership working between Advantage West Midlands (AWM) and Local Government, the close alignment between the West Midlands Economic Strategy and Regional Spatial Strategy bears testament to this and provides a very secure foundation upon which to develop the Single Integrated Regional Strategy. The West Midlands response to the SNR consultation document underlines the commitments local government and AWM have made together to close the £10 bn output gap. Success for the region can only be achieved if we work together in partnership and with Government and align our resource base towards a shared agenda. Collective ownership of both the challenges and the solutions will be essential if we are to secure real progress towards closing the output gap.

Local government in the West Midlands is firmly of the view that the right spatial level to deliver the majority of public services with and for communities, people and business is at the local level. Depending on the nature of communities and the services to be provided, local may refer to district level, but in respect to economic development and regeneration is most likely to refer to the local strategic partnerships led by upper tier authorities, or groups of local authorities. However we acknowledge that Government has put in place a regional infrastructure to support some elements of national policy development and delivery. This is supported where it represents a devolution of policy making and resource from Government but is absolutely opposed where there is a ‘hoovering’ up of powers and resource from local government.

Where Government has regionalised policy and funding streams, local government in the West Midlands has sought to make it work effectively for local communities, people and business. Thus local government in the West Midlands has put in place arrangements to support local authorities in the West Midlands as a whole for many years not least because of the leadership role in respect to regional planning; which although now a statutory duty of Assemblies via the Regional Spatial Strategy, remains dependent on the expertise within local government for policy development, implementation and democratic oversight.

We acknowledge that in certain circumstances the regional level can be effective for coordinating resource, investment and effort to implement economic development
and regeneration. In such circumstances we aim to ensure that regional level coordination can aggregate and support the impacts of local authority actions; ensure the greater effectiveness of the spending of Government departments and agencies in the region; prioritise regeneration activities; and respond to economic shocks such as the closure of MG Rover or last summer’s flooding.

In addition we have sought to engage strategically through regional arrangements to inform and influence the development of the Regional Economic Strategy, the design of Business Link, in the activities of regional partnerships/boards (e.g. the Regional Skills Partnership, Enterprise Board) and through sub regional arrangements as the Regeneration Zones.

SNR is built on the premise that regions have very tangible commonalities of geography, issues, problems and solutions. We acknowledge that regions can offer an appropriate spatial level for policy development and intervention in relation to economic regeneration and development, but only where it is complemented, as it is in the West Midlands with strong local levels of intervention. As a region the West Midlands also has strong links with neighbouring regions/countries though strategic alliances such as the Memorandum of Understanding between the Welsh Assembly Government and the West Midlands Regional Assembly and work with the East Midlands and South East to secure enhanced freight access to ports. Individual or groups of local authorities also work cross boundary issues e.g. Staffordshire and Derbyshire County Councils.

In the West Midlands there has been a high level of support from both local government and business bodies to the SNR proposal of a Single Integrated Regional Strategy. While the National Audit Office identified that the close alignment of the Regional Economic and Regional Spatial Strategies is one of the region’s strengths it must make sense to ensure that the two are entirely consistent in one strategy, creating the conditions for economic growth across the region and locally.

The SNR provides for RDAs to delegate funding to individual or groups of local authorities and others to achieve economic outcomes in line with the regional strategy and local priorities. We believe that the balance of the RDAs’ single pot must be in favour of local delivery via local authorities (or groups of) to secure maximum impact and value for money. We have had early and productive discussions about how this will be implemented via a series of programmes set within a context of investment planning –so that local and other appropriate resources can be combined with those from AWM for greatest effect. We are concerned that Government’s own financial and accountability arrangements as currently framed may inhibit the levels of delegation we believe are possible and desirable, our Joint Strategy and Investment Board would welcome further dialogue with Government to explore the specific issues involved.

The strategic involvement of local government in shaping and delivering the Single Integrated Regional Strategy is vital. The Regional Forum of Leaders is working with AWM and regional partners to develop a Joint Strategy and Investment Board, this will be the body which will take responsibility for setting the vision and direction of travel for the West Midlands, strategic management of Single Integrated Regional Strategy including its development sign-off and delivery, democratic overview,
alignment of regional partner delivery and investment strategies and external liaison with other regions and Ministers.

The accountability of RDAs and AWM in particular to local communities and partners has long been a concern to local government in the West Midlands. We believe that SNR must facilitate a new and different model to be developed which will put local government very much in the driving seat. However we are also firmly of the belief that local government should have a responsibility to secure greater accountability for other Government agencies and bodies which have a significant impact on the economic performance of the region, such as Highways Agency and Environment Agency. We require the flexibility to design appropriate accountability arrangements that work for the West Midlands, which secure an appropriate level of democratic oversight but which do not stifle our collective ability as a region to be responsive and proactive in times of economic down turn.

19 September 2008
Policy Delivery
All regions play to different strengths. RDAs operate at an appropriate geographical level and have a greater understanding of their own individual regions which enables them to identify and support areas of strength and in turn feed regional issues / successes into central government.
A slight downside of this is that borders can create unnecessary competition in global markets when 'UK Plc' should be aligned. The RDA borders can be a barrier to national and international industries, whereas are far greater help to SMEs. More cross RDA collaboration would assist larger companies.
SREPs add an additional link into the communication chain which in our opinion is not only unnecessary, but a drain on resources. They require repetitive information input from partners who would be best suited dealing directly with EEDA to form an individually aligned strategic partnership. The sub-national review which is currently ongoing is addressing this issue.
Generally, the RDAs tend to assist in creating a strong regional identity, with individual goals in line with government policy. This identity is further cemented by business-focused events and strong communication.

Effectiveness of adding value
EEDA's role has added value to us as a partner in numerous ways through significant funding initiatives and introductions to potential partners. For example, for Cranfield's Integrated Vehicle Health Management Centre of Excellence, EEDA introduced Boeing contacts through EEI. Significant EEDA funding then acted as catalyst to secure major partners bringing a global dimension to the project and leveraging inward investment. Our future plan for the partnership is to further align strategies with our own to ensure our activities benefit the economic growth of the wider region.
Funding for innovation provides a good structure to funding schemes for SMEs. Funding for capital projects such as CUBIC (Cranfield University Business Incubation Centre) helps start-ups with accommodation and support – resulting outputs exceed capital expenditure by a significant amount. Funding for schemes to grow skills of workforce focus in our opinion too little on lower competency levels and not on higher level management skills which would benefit from our input.

RDA Expertise
There are expertise gaps within our RDA, but this is largely due to resources. The result is that individual skillsets are spread too thinly to have an in-depth knowledge of specific areas. Where expertise does not exist within EEDA, they call on partners to provide expertise. Special interest groups (Renewables East, Health Alliance, Envirolink etc) are set up to bridge gaps in knowledge on areas of specific interest to the RES. The RDA calls on academic partners to conduct research where applicable. Business Link provides an excellent interface for the Business Simplification process and as they grow, so does faith in their abilities to assist.
Overseas activities
Aside of those conducted through UKTI, with which EEDA appear to have a very well aligned relationship, overseas activities appear minimal. The only public evidence that we have of overseas activities is introduction of visitor groups through UKTI / EEI. Though positive to have visits, the quantifiable outcome of these is unfortunately limited.

Consequences of new activities including EU Funding
The RDA expertise base would need to increase as far as R&D is concerned to deliver EU funding. Whereas it is good to have one point of contact for all funding streams, sufficient resource would need to be put behind it to make it effective. Unfortunately we are not well informed enough of potential schemes to comment further.

Accountability
Although individuals at EEDA are as a rule helpful and accessible it is not always clear who (or which department) is accountable for what specific field of activity, priority or initiative.
Performance indicators are made public through the RES, although individual teams are not cited as having responsibility.

Performance Measuring in Past and Future
Measured by economic output, skills, greenhouse gas emissions, employment, inequality and resource efficiency. Each have specific targets which are well communicated amongst partners.

19 September 2008
Memorandum submitted by Yorkshire Forward (RDA 43)

The following submission provides evidence on the role of the effectiveness of RDAs on behalf of Yorkshire Forward, in line with the 7 key areas highlighted by the BERR Select Committee.

1. **The need for a level of economic development/business/regeneration policy delivery between central and local government**

**Headline Issues:**
There is a threefold rationale for a level of economic development/business/regeneration policy delivery between central and local government:

- **Critical mass** - Yorkshire and Humber is an English region with a large and diverse economy. It has a population of more than five million people and over 300 thousand businesses. The £82billion economy is as big as Denmark, Norway or Scotland. In the increasingly global economic context the region is, in very real terms, a functioning economic unit for both business and Government;

- **Cross-boundary collaboration** – Key policy areas such as labour markets, transport and housing are often most effectively pursued on a cross boundary basis. For example, labour markets reflect functioning economies rather than local administrative boundaries, transport interventions are often of a scale and context beyond local interventions and increasingly the housing market operates on a wider geographic scale;

- **Appropriateness and efficiency of targeted policy interventions** - The current economic climate reinforces the need for effective use of finite resources. Too strong an emphasis on national policy may fail to reflect the diversity of England’s economy. Although Yorkshire and Humber’s needs and aspirations have a strong correlation with national priorities, the region faces very specific challenges based on our current performance and industrial legacy. Macro economic policy of the 1980s and 1990s was heavily influenced by the economic realities of London and the South East, often at the cost of the more peripheral regions. On the other hand, sub-regional policy delivery based on England’s 43 functional sub-regions presents too many planning units to ensure efficient delivery of policy.

In the 1980s and 1990s, Yorkshire and Humber was devastated by the massive decline in the traditional industries that dominated our economy. Job losses were experienced on an unprecedented level, with huge knock-on effects on the region’s social fabric. There was at that time, no single agency in the region responsible for dealing with the scale of negative economic impact experienced. The focus was on national economic policy, with little joining up of local economic development activity. The region, like many others, had become disadvantaged by not having a powerful regional economic agency like those in Scotland and Wales – agencies...
established to identify and address specific regional economic strengths and weakness. A new approach to economic development was needed that did not rely on growth in the UK economy ‘trickling down’ to the regions, especially those in the north.

Yorkshire Forward was set up in 1999 in response, with a role to improve the regional economy. The Regional Economic Strategy (produced by Yorkshire Forward with and on behalf of the region) uses robust evidence to build on the region’s distinctiveness and unique economic geography. It recognises that our £82b economy is as big as that of Denmark, Norway or Scotland; that we have a highly urbanised core, with half of England’s 10 biggest cities outside London; and that we have a large rural hinterland with three National Parks. It builds on the success that the region has had in the last ten years in recovering and diversifying its economic base; and matches this with clear prioritisation of challenges that remain, to give a framework for sustainable economic growth that is right for this region.

We are deliberately a business-led organisation with a long term strategy set up to take tough decisions to improve the Yorkshire and Humber economy. Our role is more important than ever in these tougher economic times. We have a strong track record of responding to events that shock the region’s economy – the foot and mouth disease outbreak in 2001, Selby’s coal mine closures in 2002, and the devastating floods of 2007 are examples. Important also is our relationship with business. We have made it a priority to strengthen these links and to further our understanding of regional business so that we can be flexible and responsive to their needs, and feed this into policy making.

A range of examples illustrate critical intervention by the RDA to achieve a specific outcome for the region that would not otherwise have been achieved:

**Flood response:** The floods of summer 2007 affected over 6,000 businesses in the region. Yorkshire Forward co-ordinated a swift and decisive response, shaping a clear policy position and deploying funds to minimise the negative repercussions on the regional economy. Yorkshire Forward ensured a clear message of support and commitment was sent to the business community, mobilising support from a partnership of agencies and deploying our own resources in a flexible manner across a number of clearly defined schemes to meet the needs of business. In total, 1,387 claims were approved with a value of £4.22m. Through our Key Account Management processes, Yorkshire Forward was able to gain an immediate understanding of the impact of the flooding across some of the largest regionally significant companies. Constant dialogue between Yorkshire Forward, Government Office, and Government allowed for clear updates on the immediate situation and as recovery commenced. This intelligence highlighted the economic impact of the floods informing action and longer term policy making. The effectiveness of the response was recently verified by an independent evaluation.

As noted above, this flexible response has been deployed previously by Yorkshire Forward through foot and mouth and the Selby mine closures. Yorkshire Forward is
a core member of the region’s **Rapid Response Task Force**. A key part of this role is reacting swiftly to announcements of firm closures that will have significant impact on the local or regional economy, working with business, trade unions and local partners. Our work with Ventura, an important business in the business services sector is illustrative - following the loss of some of their major contracts, the Task Force worked with Ventura to help redeploy staff who worked within its call centre operations. Using contacts that our Key Account Management team have developed the task force was able to link Ventura with organisations seeking to recruit this profile of staff, such as First Direct.

**Investment in rail rolling stock**: Yorkshire Forward has addressed a key constraint to economic growth by improving rail access to and from the Leeds City Region - a transport priority of regional economic importance. Yorkshire Forward worked in partnership with Northern Rail and Metro to finance the leasing of six additional trains. Network Rail and North Yorkshire County Council have also provided longer platforms on some stations. Yorkshire Forward contributed £8.66m to the £20m total funding package for an additional 1,700 seats in the morning and evening peaks on routes into and out of the city region. An independent evaluation concludes that “there is no realistic prospect that alternative funding could have been found and it is therefore very unlikely that the scheme would have happened without Yorkshire Forward’s funding.” The Northern Way considers the project to be significant in lending credibility and confirming the importance of the agenda with Government, influencing DfT’s decision to allocate 224 new carriages to the Northern and Trans Pennine franchises.

**Regional Carbon and Capture Partnership**: Yorkshire Forward is leading the region on taking forward the Carbon Capture and Storage (CCS) agenda, engaging the private sector in developing solutions to reduce the region’s emissions and move towards a lower carbon economy. Yorkshire Forward has used its unique link to business to set up a regional CCS Partnership, bringing together commercial stakeholders, industrial emitters and the owners of the southern North Sea gas fields. The CCS Partnership is developing the evidence base to support regional decision making on priority actions and investment in CCS moving forward. Discussions have been held with the EU’s DG Transport and Energy and the DG Environment on greater inter-European collaboration on CCS and stimulating investment in CCS through the Emissions Trading Scheme. Yorkshire is one of three places recognised by the EU as leading European work in this field.

**The effectiveness of the RDAs and their role in adding value**

**Headline Issues**

Ensuring effective and efficient delivery of our goals, and only intervening where we can add value are central to our approach. Yorkshire Forward provides the strategic economic leadership needed to deliver the region’s economic aspirations set out in the RES. Our deliver is focused in three areas:
- **Helping people to access good jobs, skills and transport** – our interventions are intended to build ‘enabling routes’. Our approach to jobs includes working with partners to increase the number of people in jobs, creating employment opportunities in deprived areas, and promoting equality and diversity. On transport our focus is on making a strong case for investment, achieving regional consensus on priorities and influencing operators. Our approach to skills focuses on raising aspirations, stimulating business demand for new skills, and higher level skills;

- **Helping businesses start-up, grow and compete through innovation** – Our primary focus is to make our existing business base more competitive and to get more people to set up businesses. Our approach to competitiveness is based on business improvement and innovation. In promoting business start-up, stimulating a culture of enterprise, providing a coherent start-up programme and ensuring access to finance are the central priorities. Our focus in FDI is to improve regional performance;

- **Regenerating cities, towns and rural areas** – The RES identifies ‘great places’, in which to live, work and invest, as central to the economic prosperity of the region. In urban renaissance we use the development of property and public space as important tools in supporting business growth and regenerating communities. Our approach to rural renaissance aims at promoting our rural areas as modern, integrated economies in their own right. We are also working to move the region to a lower carbon economy through a focus on environmental assets, sustainable production and consumption, and grasping the opportunities offered by the development and adoption of new technologies.

Set out below are examples of key interventions both in terms of our strategic and delivery roles.

**Strategic Role**

Yorkshire Forward provides the strategic economic leadership needed to deliver the region’s economic aspirations set out in the RES. We use our unique position to catalyse Team Yorkshire and Humber - organisations across the public, private and third sector - to bring them together to focus on what is best for the region’s economy. In addition to our delivery role via the single pot, we have two primary levers. First, influencing key policies, strategies and activities in pursuit of RES goals – at a local, sub-regional, regional and national level, as well as in Europe. The ultimate aim is to influence the nature of policy and investment decisions in support of the regional economy. This influencing role extends to the private sector. Second, we lead a partnership approach to prioritisation and investment via ‘Investment Planning’. Yorkshire Forward’s funding is only one strand of the total investment necessary for RES delivery. Investment Planning is the region’s approach to aligning, and therefore maximising, the impact of public sector investment in pursuit of our economic objectives.
Delivery Role: Helping people to access good jobs, skills and transport.

We have invested £10m to create Charity Bank in the North. This regional initiative, the first of its kind, is designed to help third sector organisations move away from dependence on grants and into sustainable self sufficiency. This investment will enable charities, social enterprises and community organisations in Yorkshire and Humber to obtain loans, funds, business advice and mentoring – which commercial banks are unable to offer this sector. It will also offset the effect of the reduction in funding available to community economic development from the EU.

Over the past three years we have been working with HMP Lindholme, a closed prison, on a highly innovative project which has shown that effective vocational training can successfully re-integrate offenders. A new model offers changes to the way in which the prison delivers training and resettlement support, and engages with the private sector.

In September 2007, we announced a £9.5m boost to the region’s skills through the funding of a series of projects to help reverse the decline in science, technology, engineering and mathematics (STEM) knowledge. The project will help increase the level of student participation, achievement and progression in STEM-based subjects and careers, as a result of continued professional development for teachers, new learning resource development, and out-of-school activities for students and parents.

Directions Finningley: April 2005 saw the opening of Robin Hood Doncaster Sheffield Airport (RHDSA), estimated to create a net additional 6,000 jobs by 2014. This presented the region with a unique economic development opportunity and Yorkshire Forward has invested to reap the potential regional economic and social benefits. Directions Finningley is focused on meeting the employment and training needs of employers and individuals. It has established strong industry links that have given insight into industry needs. By working with Marshall Aerospace and RHDSA, the site is now home to the National Aviation Training Academy; and a specialist design, paint and executive jet upgrade operation considered to be unique in Europe. The National Audit Office’s Independent Performance Assessment notes this investment as an innovative way to link skills to business and an independent evaluation highlights the success brought about by a flexible and entrepreneurial approach.

Delivery Role: Helping businesses start-up, grow and compete through innovation

Making business support easier to access: In 2003 Yorkshire Forward brokered the creation of Better Deal for Business (BD4B) as a partnership between regional LSC, Business Link and Yorkshire Forward. This was to improve customer experiences of, and access to, publicly funded business and skills support and make best use of resources, helping to drive business success. BD4B was the forerunner to Yorkshire
Forward’s work to rationalise its own business support initiatives in line with national policy and to re-direct £2.7m per year to frontline services, as well as its decision to go out to the open market to secure a supplier for the new Business Link contract.

**Centres of Industrial Collaboration (CICs):** The £11.6m CIC programme provides direct business access to the world-class research facilities and scientific expertise contained within the region’s universities. The National Audit Office’s Independent Performance Assessment notes that through this Yorkshire Forward has successfully brokered collaborative working between HE and business – a finding that is corroborated by a recent independent evaluation. 12 accredited centres provide support covering the healthcare, pharmaceuticals, chemicals and biotechnology, digital and electronics, food and drink and engineering sectors. By June 2008, the CICs had worked on over 1,800 projects with business, grossed almost £11m of industrial research income, levered additional funding of £16m, and created or safeguarded almost 600 jobs.

**FDI (Foreign Direct Investment):** In 2007/08 Yorkshire Forward, in collaboration with partners, achieved record outputs for FDI, exceeding the target by 51% with 76 successes against a year start target of 40. Investment figures show that out of these 76 investment wins, UKT&I were only involved in 28 (37%). Over the last 12 months this investment has resulted in 1,141 new jobs (an increase of 60% on last year) and safeguarded a further 2,500 jobs – securing employment for 3,641 people in total. Significant new investment in the region has been made by the multi-million pound Icelandic Group, which owns an international network of independent companies active in the USA, UK, France, Denmark and Germany. New manufacturing and R&D strong projects, supported by £985k of SFI funding, will create 200 new jobs, safeguard 517 jobs, and attract private sector investment of £10.9m within the food sector.

**Large Company R&D Scheme:** The scheme’s first phase has been very successful, supporting 28 projects over its lifetime. Considerable tangible benefits have been obtained in terms of new product development, improved strategic market positioning, new facilities and increased capacities, increased levels of skills and expertise, and enhanced competitive advantage. Independent evaluation suggests that forecast new sales of £526m over the period to 2012/13 are likely to be grossly understated. Successful examples include Pace, a set top box manufacturer in Shipley, whose ‘multi dweller’ technology for use in flats and hotels is looking extremely encouraging with an estimated further substantial private sector finance likely to be levered into the project over the next couple of years. This is the only region in England offering this sort of innovation support to large companies.

**Rotherham Ready:** This is a programme investing £1.4m over four years to create a culture of enterprise in the town’s schools and colleges. 51 schools have achieved the University of Warwick Award for Excellence in Enterprise Education; over 14,000 students have been supported in developing entrepreneurial skills; and 145 school enterprise champions have been trained. This sits alongside a package of enterprise support, including the increasingly successful Enterprise Shows.

**Delivery Role: Regenerating cities, towns and rural areas**


**Renaissance Towns and Cities:** Clear strategic leadership from Yorkshire Forward has been critical in establishing an integrated approach to regenerating urban areas and maximising their contribution to sustainable economic growth. In total 12 renaissance programmes are operating across 19 towns. Yorkshire Forward has brought together the public and private sector with local communities to agree the long term priorities and vision for the future of their town, creating a framework for aligning investment behind a set of shared goals. This approach has given the private sector the confidence to invest, raised aspirations and emphasised the importance of good design. The transformational impacts of the renaissance programme are being felt across the region. In Barnsley, a £10m Digital Media Centre has opened, the town’s transport interchange redesigned, and work has started on the redevelopment of the market. Wakefield is well underway with two major projects – Westgate and the Waterfront - that form the core of their renaissance strategy that will see £90m invested. Major projects have been completed in Scarborough including a redeveloped Spa Complex, a £9m Business Park, a Creative Industries Centre, and public realm improvements to the harbour. A recent independent evaluation supports the potential for this programme to make a significant difference to the region’s economy.

This sits alongside Yorkshire Forward’s commitment to ensuring that rural areas fulfil their economic potential through the **Renaissance Market Towns** programme. Single pot investment of £140,000 in Northallerton has helped the Chopsticks charity expand its work with people with learning difficulties; £502,000 in Whitby’s Community Centre has provided business and social facilities; and £1.8m in the Upper Calder Valley has delivered a mixed-use scheme. The National Audit Office’s 2007 Independent Performance Assessment (IPA) notes the whole programme as one of the RDA’s major successes and turning around local economies, with Yorkshire Forward instrumental in bringing together – and leveraging investment from - local partners including business.

Our £9.5m investment in the **Environmental Energy Technology Centre** (EETC), currently approaching completion on land adjoining the Advanced Manufacturing Park in Rotherham, with investment from ERDF, will support more than 30 enterprises engaged in the development of products and services which aid the transition to a low carbon economy in the region. Businesses based here will be able to access the expertise behind cutting-edge manufacturing techniques and other technologies within the neighbouring Advanced Manufacturing Park.

**RDA expertise**

**Headline Issues**
Yorkshire Forward was recognised as a strong performing RDA in the recent assessment exercise by the NAO, achieving the top mark in the capacity assessment:
• We have developed a lean and flexible business structure with a strong focus on in-house expertise, not reliant on the services of consultants, but with particular strengths in economic analysis and policy, sustainable development, strategic property development, business innovation and urban and rural renaissance - with a strong emphasis on cross-team work that takes full advantage of the flexibility offered by the single pot;
• We have worked hard to ensure a strong interface between the public and private sectors and actively recruit from the private sector to strengthen our business focus;
• Yorkshire Forward has demonstrated that it is a highly effective and efficient agency with proven demand for our expertise and services.

Yorkshire Forward has unique expertise in carrying out its role as strategic lead for economic development in the region.

In-house expertise: We have built technical capacity across the organisation and have attracted experts from the private, public and third sectors. We have particular strengths in economic analysis and policy, with our Chief Economist’s team increasingly called upon by regional and local partners to assist in economic assessments and forecasting and strategy development, and Yorkshire Futures – the regional intelligence function - being very highly regarded by a very wide range of partners. Our sustainable development team is leading the region in our ambition for a lower carbon economy. In-house expertise in property development plays a vital role working with partners in problem solving in often very large, complex regeneration schemes. Teams in our business directorate, with a strong industry background are often very well placed to ensure a strong interface between the public and private sectors, and our multi-skilled urban and rural renaissance teams provide the driving force for the delivery of sustainable communities, quality design, liveability and physical regeneration.

Flexibility: Thanks to the flexibility granted by the single pot, Yorkshire Forward can be fleet of foot – and can make sometimes difficult decisions - in responding to economic opportunities and challenges. Key examples of this have been our rapid response to economic shocks such as foot and mouth and flooding; our role in the region’s Redundancy Task Force; or leading a bid to host the 2007 International Indian Film Awards, broadcast to over 500m TV viewers.

Understanding regional business: We have a core function to understand business needs and to articulate this in the RES and in programme design and delivery. We have significant expertise, demonstrated in programmes such as Key Account Management; the Logistics Institute in Hull; the Manufacturing Advisory Service; and through our work with key sectors of regional economic significance. The latter has facilitated investments such as the Advanced Manufacturing Park, with investors including Boeing.
**Innovative solutions:** We bring together the best of Team Yorkshire and Humber to deliver unique solutions to regional economic challenges – investing £10m in Charity Bank to help third sector organisations become self-sustaining, achieving 100% regional broadband coverage, developing the renaissance approach, investing in additional rail capacity, vocational training at HMP Lindholme, and the establishment of the Sustainable Futures Company are examples. In 2007, Yorkshire Forward received a number of awards recognising achievements. Furthermore, the National Audit Office’s Independent Performance Assessment IPA notes stakeholders recognising the RDA’s achievements in developing exemplar sustainable development projects.

**Influence, partnership working and leverage:** Yorkshire Forward sets the economic development agenda and works to generate stakeholder buy-in and activity. Effective partnerships – from the local (e.g. delivering the renaissance agenda), to the regional (e.g. securing a new regional strategic relationship in response to SNR), to the national level (e.g. annually inputting to HM Treasury Budget) - underpin our success. We use this influence to secure private sector buy-in, e.g. through Carbon Action Yorkshire where top businesses commit to reducing their CO2 emissions by 20% by 2016. Yorkshire Forward also uses this role to champion the region, which has generated real success including in increasing business confidence, heightened regional profile, and improved aspirations of local communities.

**The extent of, and need for, RDA overseas activity**

**Headline Issues**

In 2006, we carried out a full review of our international business activity - the region had been consistently in the lower quartile for FDI into the UK. The findings of the review have resulted in more strongly market-led approach:

- We have boosted the effectiveness of our operations using specialist agents and utilising our relationships with the region’s top businesses and universities;
- We have adopted a targeted approach based on strong analysis of current and future market trends, acknowledging that without targeted interventions and left to the market most FDI would go to London and the South East.

In 2006, we carried out a full review of our international business activity. We wanted to understand why the region was consistently in the lower quartile for FDI into the UK. The findings of the review led us to adapt the nature of our overseas presence and engagement. Our approach to attracting investment now is based on stronger evidence of market opportunity. We are promoting identified priority sector offerings in Europe, America and key emerging markets. An appointed network of sector specialists are working in these markets to promote our regional offering e.g. the role of Leeds as an economic hub in terms of business and professional services, to generate investment opportunities. We are working with partners including local
authorities, Chambers of Commerce, universities and sector representatives to co-ordinate inward investment; ensure we have strong propositions to take to market; and to build ‘virtual’ teams that maximise existing international links and local knowledge. The record FDI figures shown above (paragraph 2.9) demonstrate our success in this area.

This is complemented by our work with UKTI to improve the international competitiveness of regional businesses. We are adopting a more targeted approach to interventions, through a restructured Targeted Export Support Scheme grant, where market opportunity will be based on objective analysis of current and future market trends and matched against regional sector strengths. Our Key Account Management function further supports this activity by working with our top companies to build business intelligence, facilitate strategic relationships and encourage reinvestment.

**The consequences of expanding RDA remit to include new functions, as proposed by the SNR, including the delivery of EU funding**

**Headline Issues**
Yorkshire Forward welcomes the opportunities provided by SNR. The RDA, local government and ultimately the region will significantly benefit from a greater focus on delivering sustainable economic development at the right level. The establishment of an Integrated Regional Strategy (IRS) is a significant opportunity and will let us focus on those issues that truly require a regional response.

- **Yorkshire Forward will need to adapt.** We will become more strategic; with a wider leadership role, in terms of functional responsibility and increased partnership working. We will build capacity in new areas of responsibility. Our Board will also respond to the wider strategic remit, whilst at the same time ensuring the continuation of strong business leadership and engagement;
- **At the same time as taking on a wider strategic role underpinned by the central principle of partnership working, particularly with local government, we will work to protect our business-led focus in our operational delivery;**
- **Businesses create wealth and Yorkshire Forward’s work will continue to be geared towards the public sector enabling business to operate more effectively.**

In terms of EU funding, Yorkshire Forward has created a new Europe team to oversee the delegated managing authority functions to run the ERDF Programme as required by CLG. (CLG resource into this is approx £1m per annum which is a substantial saving on the admin costs of the previous Objective 1 and 2 programmes). We have a strong track record in taking on new policy responsibilities (SFI, tourism, etc) and we are well-advanced in further integrating EU funding into RES delivery and increasing efficiencies.

The SNR sets out new arrangements for decision-making and delivery at regional level. We believe that in this region, although significant change will be necessary, we
are well placed to respond. Prior to primary legislation being in place to implement SNR, Yorkshire Forward is working with the Yorkshire and Humber Assembly and Local Government Yorkshire and Humber to ensure an effective transition, not least as there remains a significant body of work in relation to the partial review of Regional Spatial Strategy (RSS).

Yorkshire Forward will need to adapt. We will become more strategic; with a wider leadership role, in terms of functional responsibility and increased partnership working. Our planned move to a Geographic Programme-based, rather than project-based approach to the single pot will be a key. This will facilitate delegation of RDA funding to local authorities and as such lead to a greater role for them, and other partners including the private sector, in economic development. We will build capacity in new areas of responsibility. Our Board will also respond to the wider strategic remit, whilst at the same time ensuring the continuation of strong business leadership and engagement.

Subject to legislation, as the body responsible for regional planning, we will need to play a more significant role in relation to housing. Addressing the region’s housing challenges and meeting ambitious new homes targets emphasises the importance of effective leadership and strategic planning at a regional level. Yorkshire Forward will work with the Homes and Communities Agency, the Assembly, the Housing Market Renewal Pathfinders and local authorities to ensure that the region can deliver housing to meet its needs. We will jointly develop a strong evidence base linking the regional economy, demography and housing to support the partial review of RSS and the future requirements of an IRS.

The RDA/local government relationship will be pivotal to successful economic development. Local government, with its democratic mandate, is our route to local people. We have built a strong relationship with local government, particularly through our renaissance programme, and will seek to enhance this further. Our post-SNR relationship has three elements:

- A ‘strategic relationship’ - primarily to develop and deliver the IRS, but also to influence national policy and investment (e.g. through a revised Regional Funding Allocations);
- Scrutiny - a new role of scrutinising RDA performance for local government; and
- Delivery and delegation - ongoing delivery relationships and increasing delegation of appropriate elements of Yorkshire Forward’s funding via geographic programmes and investment planning.

In terms of EU funding, Yorkshire Forward has created a new Europe Team to oversee the delegated managing authority functions to run the ERDF Programme as required by CLG. (CLG resource into this is approx £1m per annum which is a substantial saving on the admin costs of previous EU programmes).
As stated in the national response, the objective of the ERDF transfer from Government Offices to RDAs was to better align European and UK domestic funding, streamlining process and achieving efficiencies.

Yorkshire Forward has pursued a strategic approach to the delivery of the 2007-2013 ERDF programme within the Yorkshire & Humber region and has asked regional partners to proceed with applications for ERDF investment of £1m+ only. This will result in fewer projects to manage as compared with previous rounds of EU funding and lead to the required efficiency savings to be achieved. ERDF processes, wherever possible as well have been assimilated into day-to-day RDA business processes to achieve to maximum efficiencies and minimum resource input. A substantial portfolio of projects is now in development to ensure that very challenging n+2 targets are met, especially the first (December 2009) that align ERDF and Single Pot funding.

The accountability of RDAs

Headline Issues
We were established by Government as a deliberately business-led agency – but we recognise that we need to continually strengthen our accountability – particularly in achieving value for money for taxpayers. Value for money, transparency and partnership working are central to the agency’s core values.

The SNR and the Modernisation Committee makes proposals for strengthening regional accountability. Yorkshire Forward welcomes this work. As a key public sector stakeholder and delivery body, we have a considerable interest in having strong regional accountability arrangements in place. We wish to ensure that new scrutiny and accountability arrangements for the regions are both effective in their scope and reach, and avoid duplication or overburdening of the regional and local level.

How RDA performance has been measured and will be measured in the future

Headline Issues
Since our establishment in 1999, Yorkshire Forward has consistently achieved all core output and expenditure targets. Our performance has been measured against a target framework, primarily based on operational outputs set by Government which has evolved over time. In terms of future measurement, the SNR sets out a revised regional target framework that requires us to set an overarching regional growth target, which will underpin the Integrated Regional Strategy. The economic growth objective for each region is:

*To increase sustainably the region’s trend rate of growth (measured in terms of GVA per head) in comparison with the region’s trend growth over the most recent full economic cycle.*
As a principal delivery agent for the REP PSA, we support the regional economic growth objectives through our own direct investment activities and through helping to drive and coordinate the activities of our partners to achieve regional growth consistent with the PSA. However, it is our view that the current methodology that is adopted to measure the Regional Economic Performance PSA (REP PSA) has a tendency to focus on the second part of the target, assumes to a certain extent that all regions have the same economic aspirations and by the same degree does not sufficiently recognise the economic diversity of the English regions.

Yorkshire Forward has consistently achieved all core output and expenditure targets. Spending £357m in 2007-08 with 94p in every pound spent going towards delivery. We achieved this whilst at the same time exceeding our Efficiency Plan’s annual and three year targets. Over the three year period, we exceeded our efficiencies target by £7.917m. The examples given above demonstrate the value that we are adding in delivering this spend and outputs and the national impact evaluation will provide further evidence of this. Our evaluation work continues to evolve and shape corporate policy and planning. It will play a vital role in the forthcoming development of the IRS and its evidence base.

We believe that the organisation has benefited from the work carried out in 2006/07 by the National Audit Office to independently assess the performance of our work. Overall Yorkshire Forward was rated in the top category ‘Performing Strongly’ and achieved maximum points in the ‘Capacity’ category, showing the strength of our staff. We have worked hard subsequently to ensure the improvement plan is delivered.

Since 2001, the RDA has worked with the Yorkshire and Humber Assembly to develop the role of scrutiny, and to carry out Scrutiny Reviews. The aim is to ensure that RES objectives are being acted on, progress is monitored, and the desired outcomes are met, for the benefit of the economy. There are two reviews per year, culminating in recommendations for action by Yorkshire Forward and a public report; with progress monitored every six months.

Evaluation of our projects and programmes helps us to learn and measure the impacts of what we do. We developed an Evaluation Strategy in 2004 and have been working to fully embed the requirements of the RDA Impact Evaluation Framework since its issue in 2006. Our evaluation activities are currently focused on the evidence needs of the national impact report to be finalised in November 2008. Looking to the future, we have developed a forward programme of evaluation to ensure that all our main areas of activity are covered by IEF compliant independent evaluation. Annex A, presents an assessment of our performance against headline targets since our inception.
In terms of future measurement, the SNR sets out a revised regional target framework which will underpin the Integrated Regional Strategy. In summary, the new framework requires us to set an overarching regional growth target. The economic growth objective for each region is:

To increase sustainably the region’s trend rate of growth (measured in terms of GVA per head) in comparison with the region’s trend growth over the most recent full economic cycle.

Our current Corporate Plan sets this target at a trend rate of GVA per head growth of 1.8%+ over the Corporate Planning period (2008/2009 to 2011/2012). The overarching target is underpinned by five outcome-focused performance indicators. These are consistent with the drivers of productivity and employment, and are in line with the indicators for the REP PSA target. As a principal delivery agent for the REP PSA, we will support the regional economic growth objectives through our own direct investment activities and through helping to drive and coordinate the activities of our partners to achieve regional growth consistent with the PSA.
## ANNEX A: Targets and Achievements

### Table 1: Actual Outputs of Yorkshire Forward since Interception

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</tr>
</thead>
<tbody>
<tr>
<td>Reporting Basis</td>
<td>(Gross All Funding)</td>
<td>(Gross All Funding)</td>
<td>(Gross All Funding)</td>
<td>(Gross Attributable)</td>
<td>(Gross Attributable)</td>
<td>(Gross Attributable)</td>
<td>(Gross Attributable)</td>
<td>(Gross Attributable)</td>
<td>(Gross Attributable)</td>
<td></td>
</tr>
<tr>
<td>Create/safeguard new jobs</td>
<td>15,720</td>
<td>21,282</td>
<td>14,788</td>
<td>10,888</td>
<td>16,544</td>
<td>27,312</td>
<td>23,810</td>
<td>22,254</td>
<td>25,456</td>
<td>178,054</td>
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<tr>
<td>Support the creation and attraction of new businesses</td>
<td>400 (new starts)</td>
<td>1,420 (new starts)</td>
<td>1108 (new starts)</td>
<td>826 (surviving 52 wks)</td>
<td>1,179 (surviving 52 wks)</td>
<td>1,007 (surviving 52 wks)</td>
<td>1,067 (surviving 52 wks)</td>
<td>1,231 (surviving 52 wks)</td>
<td>8968 (surviving 52 wks)</td>
<td></td>
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<tr>
<td>Support the creation of learning opportunities</td>
<td>45,300</td>
<td>33,036</td>
<td>31,909</td>
<td>24,264</td>
<td>47,795</td>
<td>66,050</td>
<td>58,607</td>
<td>60,005</td>
<td>29,065</td>
<td>396,031</td>
</tr>
<tr>
<td>Reclaim brownfield land</td>
<td>287 ha</td>
<td>1,220 ha</td>
<td>0 ha</td>
<td>104 ha</td>
<td>141 ha</td>
<td>88.3 ha</td>
<td>117 ha</td>
<td>114 ha</td>
<td>88 ha</td>
<td>2,159.3 ha</td>
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<tr>
<td>Attract private sector finance</td>
<td>£135.7m</td>
<td>£175.3m</td>
<td>£93.3m</td>
<td>£249.8m</td>
<td>£275.8m</td>
<td>£333.3m</td>
<td>£370m</td>
<td>£253.3m</td>
<td>£938.3m</td>
<td>£2,824.8m</td>
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<tr>
<td>Reduce C02 Equivalent Emissions</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>1.1m Tonnes</td>
<td>2m Tonnes</td>
<td>0.65m Tonnes</td>
<td>0.565 Tonnes</td>
<td>0.36 Tonnes</td>
<td>4.675m Tonnes</td>
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### Table 2: Annual Yorkshire Forward Output Targets since Interception

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<tbody>
<tr>
<td>Create/safeguard new jobs</td>
<td>11,980</td>
<td>17,468</td>
<td>12,285</td>
<td>10,500</td>
<td>7,000</td>
<td>21,000</td>
<td>21,525</td>
<td>22,063</td>
<td>22,615</td>
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<tr>
<td>Support the creation and attraction of new businesses</td>
<td>400</td>
<td>1,420</td>
<td>968</td>
<td>700</td>
<td>700</td>
<td>850</td>
<td>871</td>
<td>893</td>
<td>1,150</td>
</tr>
<tr>
<td>Support the creation of learning opportunities</td>
<td>8,300</td>
<td>22,316</td>
<td>10,129</td>
<td>14,000</td>
<td>14,000</td>
<td>51,000</td>
<td>52,275</td>
<td>53,582</td>
<td>35,000</td>
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<tr>
<td>Reclaim brownfield land (Ha)</td>
<td>220</td>
<td>424</td>
<td>0</td>
<td>86</td>
<td>125</td>
<td>65</td>
<td>115</td>
<td>72</td>
<td>81</td>
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<tr>
<td>Attract Private Sector Finance (£m)</td>
<td>110</td>
<td>58</td>
<td>9</td>
<td>200</td>
<td>200</td>
<td>270</td>
<td>275</td>
<td>275</td>
<td>304.8</td>
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<td>Reduce C02 emissions (m tonnes)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
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Memorandum submitted by Country Land and Business Association
(RDA 44)

Introduction

1. The Country Land and Business Association (CLA) welcomes the opportunity to submit written evidence to the Business and Enterprise Select Committee’s inquiry into the role of Regional Development Agencies (RDAs) and implications the Government’s review of sub-national economic development and regeneration may have on that role.

2. The CLA represents 36,000 members in England and Wales. Our members both live and work in rural areas: they operate a wide range of businesses including (i) land-based businesses (agricultural, horticultural, forestry/woodland), (ii) other businesses which can only be found in rural areas (rural tourism, equestrian, fell walking etc) and (iii) businesses which can be sited anywhere but choose to be located in rural areas (car repairs, home working, food processing and manufacturing). The CLA represents some 260 different types of rural income streams.

3. The rural economy makes an important contribution to the national economy: land based businesses provide the environmental and recreational benefits in the countryside that are valued by the general public as a whole, whilst the number of new business set ups in rural areas consistently surpasses new business set ups in urban areas.

4. Within the rural economy, the RDAs play a vital and increasingly important role in seeking to maintain sustainable rural communities. However, effectiveness of this role is mixed, as will be outlined below, to the extent that it calls into question the efficacy of RDAs in both a strategic and delivery sense.

The need for a level of economic development policy/delivery between central and local government

5. It is clear that the effectiveness of RDAs in delivering policy depends very much on the priorities each respective RDA apportions to a particular sector. It is also the case that funding can play a disproportionate role in policy delivery. In effect, if a particular RDA is financially restricted, its effectiveness in delivery will obviously be limited.

6. However, there are serious concerns as to whether local authorities, be they at County or District Council level could provide an effective economic development function. Irrespective of the ‘failings’ of RDAs (which often tends to be a subjective judgement), there is a generally held view that RDAs are able to address regional issues which would be impossible for central government.
7. Nevertheless, there appears to be an imbalance in the priority afforded to rural areas when compared with urban areas. There is evidence in a number of RDAs that rural issues are regarded as of less importance, irrespective of the value of rural business to the general economy. We are also concerned with the reliance of RDAs on allocating funds to large scale projects to the detriment of smaller ones. It is a fact that this works very much against the interests of rural businesses who are, in the main either SMEs or micro-enterprises.

**The effectiveness of RDAs and their role in adding value**

8. This is extremely difficult to quantify given that there are no formal Key Performance Indicators with which to measure. Having said that, evidence from the CLA’s regions suggest that effectiveness is extremely variable. Of course, this is inevitable given the uniqueness of each RDA.

9. However, we have identified a number of common themes:
   - The general public is unable to identify with the RDAs through their perceived lack of transparency;
   - The internal decision making processes are complex, cumbersome and inherently slow;
   - There is a general lack of integration with the private sector. This is particularly true in terms of rural economic development;
   - However, in areas where RDAs lack experience and expertise, there is a willingness to interact with stakeholders in order to increase the RDAs knowledge base;
   - RDAs themselves are well aware of their own weaknesses. However, reduced funding from central government restricts the ability of RDAs to operate efficiently;
   - There is evidence that central government strategic frameworks ensure, in practical terms that RDAs are not able to perform effectively unless an RDA is willing to “stick its neck out”.

**RDA Expertise**

10. The CLA would comment that the picture as to RDA expertise appears very variable. One of the central concerns we have identified is the speed at which RDAs operate. In one RDA, officials, although well intentioned, seem to be hamstrung with internal process which appears to be designed to eliminate risk, rather than achieving success. This invariably means that they operate at a much slower speed than the private sector which they are meant to help. Unfortunately, intervention is often delivered well after it is actually required.
11. In another RDA, the situation appears completely different. We have been informed that this RDA has recognised the importance of working with their stakeholders on rural issues through regular dialogue with the effect that RDA staff have increased their understanding of rural issues. The result is improved efficiency and greater co-ordination with the RDA and stakeholders working as a genuine team.

12. Clearly, one RDA may have a completely different skill set in terms of rural affairs than another. In a sense this is the result of both the priorities of a particular RDA and the direction given by senior management. We believe that there is no common approach to ‘best practice’, largely as a result of a lack of leadership at national level. But there are opportunities.

13. The advent of the Integrated Regional Strategy provides the RDAs the real opportunity of delivering their respective Regional Economic Strategies. It affords the chance for joined up strategic planning from central government, via the RDAs, to local authorities. The latter would then have the framework (through this strategic planning function) to deliver to the Regional Economic Strategy with the support of the RDA. The central question is will the RDAs be capable?

**The extent of, and need for, RDAs overseas activities**

14. The CLA does not believe that the RDAs should relinquish their overseas activities. There is significant evidence that the RDAs perform an integral role in both promoting the regional and national economy but also in filling the void left by the reduction in funding for other bodies, such as UK trade exhibitors under UKTI.

15. In addition, the RDAs respective offices in Brussels do play an important role in helping to understand how the EU operates. All too often, UK businesses approach the European Commission without understanding the complexities of the decision making process in the EU. It is here that sound advice can be given by the RDA offices.

**Consequences of expanding the RDA remit to include new functions, as proposed by the SNR, including the delivery of EU funding**

16. With the proposed abolition of Regional Assemblies, regional planning bodies, and regional housing boards, are to be moved to the RDAs. It is proposed by the Government that the RDAs will have significantly enhanced statutory powers for the delivery of legislation and policy in respect of the planning system.

17. If RDAs are to be responsible for the new Single Regional Strategy (SRS), which includes the contents of the statutory regional spatial strategy, then it is critical that the working arrangements of the new RDAs must allow for a much more proactive stance in the review process leading towards the new SRS; the prevailing
impression is that RDAs have not taken a proactive role in the reviews leading
towards the current round of regional spatial strategies, simply because their statutory
purposes steer them towards regional economic regeneration.

18. The SNR consultation document emphasises the alignment of national and
regional policies that should be contained in the proposed new Single Regional
Strategies which are to replace the current RSS, RES etc. The SNR states that “regions
will be expected to reflect national policy in drawing up the single regional strategy,
and will also want to remain alert to emerging Government policies and their likely
impact”. The single regional strategy will also have to set out the distribution of
housing numbers “to meet the Government’s ambition of delivering three million new
homes by 2020”.

19. However, the SNR consultation gave little insight into how the RDAs will be
changed to accommodate their new roles and powers, particularly with regard to
ensuring delivery of regional planning objectives through the local planning
authorities in a region. There is currently no direct link between RDAs and Local
Planning Authorities (LPAs) as there is between regional assemblies and LPAs. This is
a real concern as delivery of the SRS is ultimately the responsibility of local
authorities, not the RDAs.

20. The primary role of RDAs is to act as strategic drivers of regional economic
development in their region. The aim of each RDA is to co-ordinate regional
economic development and economic regeneration, and enable the regions to
improve their relative competitiveness and reduce the imbalance that exists within
and between regions. In addition, the SNR places a great deal of emphasis on
economic development.

21. However the key driver of the statutory planning system is the concept of
Sustainable Development which contains three pillars – economic, community/social,
environmental. An unbalanced approach to the concept of sustainable development
will compromise the single regional strategy. It is imperative that a balanced approach
is taken in the single regional strategy and this must be an overarching objective of the
strategy and one that the economically focused RDAs will have to take on board and
drive. It is essential that the SRS focuses on delivery of sustainable development
otherwise the strategy is meaningless. The role of the RDA must have a strong focus
on delivery of the single regional strategy – delivery must be at the heart of all the new
SRS. Our question remains: Do RDAs have the ability to take on these new roles, as
well as their existing responsibility?

22. The CLA is concerned about the capacity of the RDAs to effectively undertake
the strategic planning role that is proposed. Being able to develop strategies to tackle
issues of local importance without the direct input of local authorities, and then
winning their support to implement such strategies would appear to be a very
A complex task. Contentious local issues will prove difficult to manage for an RDA perceived to be remote from those issues.

23. Furthermore, there needs to be strong democratic accountability in the process, but the SNR document provided little detail as to how “effective stakeholder engagement and management” will be carried through to the new-style RDAs.

The accountability of RDAs

24. With the proposed abolition of the regional assemblies, a new mechanism is required that redresses the democratic deficit and ensures buy-in to the new SRS by all stakeholders.

25. If the RDAs are to be taken seriously at local level, there have to be stronger democratic links between local and regional levels. There is a clear lack of understanding from the general public as to what the RDAs are, what they stand for or their aims and objectives are. A further disenfranchisement of stakeholders from the process of producing the SRS could lead to resentment, a lack of commitment and ultimately a failure to deliver by the RDA.

26. The CLA has serious concerns over the accountability and scrutiny arrangements for RDAs. Unbelievably, the proposals in the SNR suggest an actual reduction in democratic accountability, totally at odds with the Government’s stated desire to allow the public more say in the development of policies for their local areas and regions.

27. Following abolition of the Regional Assemblies, the SNR proposes that local authorities develop new scrutiny arrangements at regional level through the setting up of regional Local Authority leaders’ fora which will be responsible for signing off the SRS. We believe there are considerable problems which we identify below.

28. The suggestion in the SNR consultation paper that the Local Authority Leader Forum (LALF) will sign off an SRS is fundamentally flawed in the event where the LALF refuses to sign off the SRS? The RDA, under the proposals in the SNR document, actually circumvent the LALF and request the SRS signed off by the Secretary of State.

29. The CLA is also concerned that the decision to establish each regional local authority leaders’ forum rests only with local authorities. There is every possibility that, for example, some rural-based local authorities might not be represented at all on the regional Local Authority Leaders’ Forum (LALF) leading to perceptions of disenfranchisement by rural communities.

30. We fully accept that regional differences require less Government prescription as to the precise nature of the proposed LALF and that flexibility is required to
accommodate these differences. However, common criteria or principles which can assist RDAs and local authorities in setting up some form of local fora are required which are not only simple and transparent but remove the democratic deficit that will inevitably exist, once regional assemblies are abolished, and which will encourage stakeholder involvement and buy-in.

31. It is difficult to assess the impact on rural businesses without having a clearer idea of how any criteria would be met. It remains unclear how the forum would reflect the differences between county councils and local authorities. We believe that the following questions need to be addressed:
   - Where will the balance of power lie?
   - Will all local authorities have a seat?
   - What happens to those who do not have a seat?
   - Will all ‘votes’ be equal?
   - Will rural business have a seat on the forum?
   - If not who will speak for rural businesses?

**Monitoring and scrutiny of RDAs**

32. The CLA believes it would be a serious error for the Government to think that the only scrutiny of RDAs should be through the LALF and dBERR. The suggestion that this role will be adequately performed by a LA Leader Forum is naïve and unlikely to succeed since the level of power to be given to the proposed forum appears to be practically non-existent. Furthermore the scrutiny proposals appear to ignore the key role of regionally-based businesses, both urban and rural-based, as well as all other stakeholders in the scrutiny process.

33. If the Government is committed to its devolution proposals, then there is little point in expecting businesses and other stakeholders to feel any sense of ownership of their own destinies and empowerment in decision-taking at regional level, if they cannot be involved at a regional level in a wider scrutiny/stakeholder body of their respective RDA.

34. The CLA suggests that regional stakeholder scrutiny bodies should be set up which should comprise urban and rural based business representation as well as rural and urban community representation, environmental representation and relevant statutory agencies e.g. Highways Agency, Environment Agency, all of whose roles will be essential to an RDA’s success in delivering the SRS aims and objectives.

35. At a national level, the CLA supports the proposals set out in the Governance of Britain White Paper to set up Parliamentary Regional Select Committees, to be made up of members of both Houses, to scrutinize and hold the RDAs accountable. However, we are now 12 months on from publication of the SNR (July 2007), some regions are already on their second Minister for the Region, there is no sign of
regional parliamentary committees being established and there is doubt whether these would be Select Committees or less powerful Grand Committees.

**Measurement of RDA performance in the past and in the future**

36. The CLA has no evidence as to how RDA performance has been measured in the past except for the publication of Annual Reports as requested under the Regional Development Agencies Act 1998.

37. We do believe that in the future, however, RDAs have to be given a wider range of Key Performance Indicators (KPIs). The performance indicators listed under the SNR proposals as covering productivity, employment, skills, R&D and business start up rates are simply too limited particularly given the far broader range of responsibilities now envisaged for the RDAs.

19 September 2008
Memorandum submitted by Cornwall County Council (RDA 45)

Cornwall County Council is pleased to provide evidence to the Select Committee Inquiry into the Role of Regional Development Agencies. Cornwall has a population of 529,600 and is the only EU ‘Convergence Region’ in England. This reflects Cornwall’s difficult economic challenges and although progress has been made in recent year’s economic development and community regeneration is very much a priority for Cornwall County Council and Cornwall’s communities.

In June 2008, Cornwall County Council (through the Cornwall and Isles of Scilly Economic Forum) submitted a response to the Government’s consultation “Prosperous Places: taking forward the review of Sub National Economic Development and Regeneration (SNR)” and we would like to draw the Committees attention to this document. In summary, Cornwall County Council is supportive of the devolutionary policy direction set by the SNR but feel that it does not go far enough in its proposals for a statutory duty for economic development, or the scale of responsibility and funding which is proposed to be devolved from Regional Development Agencies to Local Authorities.

Our response to the SNR is comprehensive but we have addressed your individual questions below.

1. The need for a level of economic development/ business/ regeneration policy delivery between central and local government;

Cornwall County Council believes that, wherever possible, resources and responsibilities should be devolved, not delegated, to elected local authority level.

Whilst there is a need for the South West to take a joined up approach to economic strategy, RDA’s should delegate programme management and delivery to upper tier local authorities as standard practice. This is essential if the governments aim of increasing regional economic performance and sustainable growth is to be realised. We support the principle, expressed in the SNR, that decision making needs to be delegated to competitive, dynamic localities and that strengthening the connection between citizens and the decisions being made to achieve prosperity is key to implementing sustainable solutions. Cornwall has the will and capacity to take on new and enhanced responsibilities for both policy and strategy development and the delivery of economic development and regeneration. It is not believed that business support, inward investment, support for innovation and responding to economic shocks are best delivered at a regional level and would encourage CLG and BERR to consider delegating these functions to sub regions in addition to those being proposed in the SNR. Where a co-ordinated approach between local areas is needed this can be delivered through Multi Area Agreements, joint ventures / vehicles and collaborative working.
We welcome the proposals in the SNR Consultation that local authorities will play an increasing role in delivering economic development. However, the wording in the consultation paper is ambiguous with regard to the local authority role and does not provide a firm statement that local authorities will be responsible for the delivery of programmes.

There should be a clear presumption of subsidiarity, with a duty on the RDA to devolve activity.

2. The effectiveness of RDA’s and their role in adding value;

It is difficult to assess the effectiveness of RDA’s. Certainly they have added value to ensuring that activity across the South West is more joined up. However, it is impossible to demonstrate whether local agencies, given the same resource and responsibilities, could have added greater value. It is our view that local organisations and agencies are better placed to add value in the future by joining up economic development activity with existing local authority service delivery and by providing a better knowledge of local economic conditions and community aspirations.

3. RDA expertise;

The skills sets required to develop the integrated regional strategies currently reside within local government and regional assemblies, and not with the RDA. Considerable additional resource is expended by local authorities (including county councils) to support the existing process. There should be flexibility for regions to agree the arrangements for ensuring effective specialist capacity under any new arrangements.

Given the regional scale of the geography involved it is inevitable that local authorities have greater expertise in developing and delivering strategies for economic development and meeting local communities aspirations.

4. The extent of, and need for, their overseas activities;

We have seen little evidence of the success of this activity and provide Cornwall’s own inward investment project which seeks to assist businesses, in our priority sectors, to locate in Cornwall.

5. The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding;

We believe as a point of principle that powers and functions should transfer to elected local government, not unelected RDA’s.
We strongly believe that the consequence of transferring powers and functions to RDA’s will be a democratic deficit, leaving elected politicians marginalised and weakening citizens’ connection to decision-making.

6. The accountability of RDA’s

Concentrating additional powers and influence over regional affairs in an agency without a democratic basis requires balancing with strong democratically based representation. The forum of council leaders’ concept as outlined in the SNR consultation document is supported in principle. However, the forum must be given responsibilities which will attract busy senior politicians to participate actively. The Forum of Leaders should have the following responsibilities:

- Regional prioritisation of expenditure through the Regional Funding Allocation process alongside the RDA Board;
- Development of a 'Regional Agreement' with government to help direct other government expenditure to deliver regional priorities;
- Attachment of Regional Planning Body and Regional Housing Body designations to the Forum of Leaders, ensuring the current coordination of roles continues;
- Oversight of the activities of other government agencies in the region including the Highways Agency, Environment Agency and Strategic Health Authority, extending a duty to cooperate with the Forum of Leaders to these and other bodies;
- Influence over the appointment of local government members to the RDA Board involving the Forum of Leaders selecting a short list for consideration.

The proposals, as written in the SNR, give little reassurance that there will be sufficient opportunity or robust mechanisms for ensuring accountability to local democratic scrutiny and there is a danger that decisions will be seen as being ‘top down’. There needs to be recognition of the tensions between a top down strategy and the bottom up approach from entrepreneurs.

7. How RDA performance has been measured in the past and will be measured in future;

The scrutiny arrangements set out in the SNR consultation document are inappropriate. They reflect a lack of awareness of the principles underpinning scrutiny in local government, and of the considerable expertise that has been built up in this area. Arrangements for scrutiny of regional level activity should be separate from the executive function (the Leaders’ forum cannot be involved both in decision making and in scrutiny of those decisions). Arrangements should allow for scrutiny of the role of local authorities as well as the RDA in agreeing and implementing the regional strategy.
Effective scrutiny requires time and resource in support. Regional scrutiny is currently funded through the Regional Assemblies. However, it is not clear how the government intends to fund such effective scrutiny of the regional level by local government. The funding issue must be fully addressed.

The future performance framework for RDA’s, as set out briefly in the SNR Consultation, does not appear to provide sufficient balance between economic, social & environmental objectives to enable comprehensive scrutiny of the work.

17 September 2008
Memorandum submitted by Wets Midlands Higher Education Association (RDA 46)

Our view is that the existence of a regional agency helps to co-ordinate responses to local issues and maximises local capacity. However, such an agency cannot act alone and the quality of partnership is key. Such agencies should act as facilitating bodies, looking for areas of synergy between and with business, public sector, third sector, communities and individuals. A ‘top down’ approach often does not foster the creative solutions that can be engendered through true partnership activity.

- Overall Advantage West Midlands (AWM) does a good and necessary job in an area where there is substantial market failure.

- There is appropriate engagement with the Higher Education sector in strategy formulation and project delivery.

- Decision making in AWM could be more clear cut and decisive. Particularly with major projects there is the impression that proposals are kept “hanging on” or “more information is required” when there is, in fact, little chance of approval. A clear rejection would waste less time and resources and improve the willingness and ability of organisations to engage with AWM.

- AWM policies and approaches within the approval process make it increasingly difficult for organisations, even non-profit seeking public sector organisations to deliver projects. For example the requirement to remit any surpluses each year to AWM if a surplus is generated is acceptable if AWM will cover any losses in poor years. AWM will not agree to this. Therefore the lead body on the project takes all the risk and cannot rely on breaking even over time. This is not the way to encourage an organisation to engage with the regional development agency.

- The WMHEA has concerns that responsibilities for programme management and delivery will be conferred from RDAs onto local authorities that currently operate across a wide spectrum of effectiveness (from the highly efficient to the dysfunctional) in the West Midlands. There are complex issues to deal with in terms of capacity and the influence and impact of local politics.

- Even those local authorities with capacity are unlike RDAs in that they are organisations set up to consider in the main local issues. It is anticipated that the HEI sector in the West Midlands will find it more difficult to forge meaningful partnerships with local authorities because of a lack of understanding of the importance of HE institutions at national and international, as well as regional, level. It is feared that at the very least, the local authority influence will fragment and limit how Universities can benefit.
their local areas through their work as national and international organisations.

- These concerns do not denote an attempt to distance HEIs from their local context, or from partnership working with local authorities. All HEIs in the region are committed to this, and indeed have successful track records of working with partner local authorities and within related partnerships such as the Regeneration Zones and High Technology Corridors which have had some success in working across delivery boundaries. However the SNR envisages a substantially changed context for existing partnerships and this could put relationships at risk if HEIs are forced into a context where their capacities are limited by the ambitions and experience of local authorities who, quite properly, have other priorities.

- The SNR needs to take into account the fact that functioning economic areas exist across regions as well as across local authority boundaries if the sub-regional approach is to be of real benefit. In the West Midlands, linkages are numerous across areas such as Staffordshire and the North-West; Coventry, Warwickshire and the South-East, as well as across the East and West Midlands’ RDAs and in existing collaborations between HEIs across RDA and local authority boundaries.

However, overall our relationship with AWM is good and we believe that they make an essential contribution to economic development in the West Midlands.

19 September 2008
EMEL (East Midlands Environment Link) is the collective voice of non governmental environment organisation working together in the East Midlands. We are working for the conservation and enhancement of the natural and historic environment - vital to the East Midlands for the long term benefit of people and places. As a group we provide a single contact point to access the combined strength and unrivalled expertise of environmental NGO’s in the East Midlands. Our member organisations are The National Trust, the East Midlands Transport Activists Roundtable, CPRE, The Woodlands Trust, The Wildlife Trusts (Notts,Derbys, Northants, Lincs,Leics & Rutland), Friends of the Earth, BTCV and the RSPB. We work in association with English Heritage, The Environment Agency, the Forestry Commission and Natural England.

29. The consequences of expanding the RDA remit to include new functions, as proposed by the Sub-National Review

The Regional Development Act 1998 set out five purposes for the organisations it created. They are as follows:

(a) to further the economic development and the regeneration of its area,
(b) to promote business efficiency, investment and competitiveness in its area,
(c) to promote employment in its area,
(d) to enhance the development and application of skills relevant to employment in its area, and
(e) to contribute to the achievement of sustainable development in the United Kingdom where it is relevant to its area to do so.

These functions are too narrow to allow the RDAs to fulfil a new, wider role in sustainable development with the necessary competence. PPS 1 specifies that the main purpose of Regional Spatial Strategies is to further sustainable development. As planning is one of the additional functions proposed by the SNR for the RDAs, this remit should also carry over to the new Single Integrated Regional Strategies. Among the implications of the altered remit is the need to refocus the specific RDA purposes. Current purpose (d) above, if it is to be retained, would need to be rephrased to include an emphasis on countryside management skills and skills which protect and enhance environmental capacity. Current purpose (e) above is too weak and would need to be strengthened to make sustainable development an overarching duty for the RDAs.

Concerning particular skills and expertise, the skills base the RDAs currently have at their disposal is too narrow for their new remit. Environmental expertise is not a requirement for RDA board appointments, and where RDAs have appointed staff
with a sustainable development remit, the appointments tend to be to junior posts. Although RDAs have consulted environmental stakeholders in the development of their latest RES and have acknowledged the importance of continued involved of all stakeholders, they have in practice mostly consulted business stakeholders. There has not been a commitment on the part of the RDAs to the continuous and early involvement of the voluntary environmental sector in the policy formation process for the new SIRSs. In addition, our experience in the East Midlands at least indicates that the RDAs’ conception of what counts as credible evidence is confined to what can be quantified, and their conception of credible sources of such evidence is confined to academia and statutory agencies. And while the latter have been approached by the East Midlands RDA to contribute to the environmental evidence base, they do not appear to have had much access to RDA policy processes.

The narrowness of the RDAs’ current remit and internal skills base may explain why their interpretation of environmental sustainability equates environmental issues with addressing climate change mitigation and increasing resource productivity, overlooking many key environmental capacity issues (including water, soil integrity, the contribution of the right kind of rural economy to the quality of the natural environment, capacity for climate change adaptation) and the need to reduce overall energy use rather than merely the amount of energy used per unit of production.

The voluntary environmental sector has expertise and experience in the areas the RDAs have so far overlooked. Environmental organisations manage projects on the ground such as nature reserves, local community projects and landscape-scale projects so that they are in a position to make an assessment of the contribution of the natural environment to social and economic sustainable development objectives as well as of the actual quality of that environment. They monitor, for example, the number of visitors to nature reserves, count species, evaluate the characteristics of landscapes, or the impact of proposed developments on local communities. Environmental organisations have also carried out or commissioned research in these areas. For example, in 2006 CPRE commissioned research into what contributes to or detracts from, people’s sense of tranquillity. The results showed that subjective, qualitative evaluation produces results consistent across a large sample and diverse areas of the country.

As the examples above indicate, the voluntary environmental sector can offer expertise suitable for enhancing the RDAs’ capacity to fulfil a wider sustainable development role. This expertise should be utilised by including this sector in the key stakeholders to be involved in the formation of the new SIRSs, defining what kind of evidence is needed and supplying some of this evidence.

2. How RDA performance has been measured in the past and will be measured in the future
The performance measurements for RDAs proposed in *Prosperous Places* only specify housing, economic development and CO2 reduction targets. While we welcome the inclusion of CO2 targets, it is our view that the RDAs will need to be measured against a wider set of indicators of environmental sustainability if they are to fulfil their new sustainable development role. We understand that it is BERR’s intention to maintain increasing GVA as a key performance indicator for RDAs. GVA is not a suitable indicator for sustainable development as it aggregates incomes, rents and profits regardless of their source or impact on communities or natural environment. The East Midlands RDA has therefore proposed their Index of Sustainable Economic Development as the key economic performance indicator. We propose this is further developed to capture the economic benefits supported by environmental enhancement and adopted for all RDAs, alongside environmental and social sustainability indicators.

To ensure performance measurement equal to a wider SD remit, DEFRA will need to be given a key role. We understand they are developing national sustainability indicators for use in post-SNR institutional arrangements. While we welcome this development in principle, we would need to have sight of what is proposed to make a judgement on how suited the indicators are to the task. But it will in any case be important that any SD indicators are included in the core RDAs performance measurements. One way of operationalising DEFRA oversight of the RDAs would be to give the regional Government Office representation of DEFRA a role in this. The independent regional SD Champion Bodies should also have a role in monitoring performance, and both the statutory and the voluntary environmental sectors should have a key role in interpreting national core indicators for environmental sustainability in ways most relevant for their region. The East Midlands, for example, has the lowest biodiversity and the highest road traffic growth of all the English regions. Enhancing biodiversity and reducing road traffic should therefore be two performance indicators for the East Midlands.

19 September 2008
Memorandum submitted by the British Association of Shooting and Conservation (RDA 48)

Please find BASC’s response to the Business and Enterprise Committee’s inquiry into the role of Regional Development Agencies, and the implications the review of subnational economic development and regeneration may have on their role.

- BASC was founded in 1908 as WAGBI – The Wildfowlers Association for Great Britain and Ireland. It is the UK’s largest shooting organisation. BASC is constituted as an Industrial and Provident Society with a membership in excess 127,000. BASC is a representative body for sporting shooting.

- BASC actively promotes good firearms’ licensing practice, training and high standards, education, research, practical habitat conservation, diversification, sustainability and wise use.

- BASC’s expertise in shooting and conservation matters is widely recognised and we are regularly consulted by a variety of government departments including the Home Office, Defra, Countryside Council for Wales, Environment & Heritage Service (NI), Scottish Natural Heritage, the Health & Safety Executive, and many other statutory and non-statutory agencies.

- In 2005 BASC restructured the boundaries of its English regions to mirror those of the Regional Development Agencies, and over the past few years has built positive relationships with all the Regional Development Agencies.

The economics of shooting

In 2004, in order to determine the economic and environmental impact of shooting, BASC commissioned consultants PACEC to undertake an independent assessment of the economic and environmental impact of sporting shooting to the UK economy.

The main findings were:

- 500,000 people shoot live quarry
- Shooting supports the equivalent of 70,000 Full Time Equivalent jobs (FTE’s)
- Shooters spend £2 billion plus each year on goods and services
- Shooting is worth £1.6 billion to the UK economy in terms of GVA (Gross Value Added)
- Shooting is involved with the management of two thirds of rural land area.
- 2 million hectares of land are managed for conservation as the result of sporting shooting
- Shoot providers spend £250 million a year on conservation activities as a result of sporting shooting
• Shooters spend 2.7 million work days on conservation, the equivalent of 12,000 FTE’s

Shooting is a major component of the rural economy contributing a £1.6 billion of GVA to national GDP. In a rapidly changing rural economy, shooting continues to create new businesses and brings new money into the rural areas.

Over the past 2 years BASC has made a detailed presentation on the PACEC report (a copy of which is available to download at www.shootingfacts.co.uk) to each one of the Regional Development Agencies.

Response comments

1. There is a lack of consistency in the implementation of the RDP across the Regional Development Agencies. This leads to inefficiencies within RDAs, and a lack of clarity and precision in the way in which they appear to deliver funding.

2. There is obviously a need for a link between Central and Local Government in terms of regeneration and economic development, but often the internal struggles between these two bodies deflects the effectiveness of RDAs, and specifically their role in adding value at a local level.

3. There is no apparent mechanism by which RDA performance is measured. There also appears to be a lack of published accountability for RDA performance.

4. There is a lack of expertise and knowledge within RDAs, particularly regarding the benefits both economically and environmentally that sporting shooting contributes to regional economies.

5. In many territories there are few clear, understandable and consistent guidelines for organisations to understand how best to access funding streams which will help develop the economic and environmental benefits that shooting already brings to the economy.

6. There is an inconsistency in the outputs required by each RDA to support funding applications. For example, in some RDAs funding applications need to create new jobs, whilst in other RDAs it needs to retain existing jobs or increase regional overnight accommodation.

BASC made a response to the RDP Consultation on 22nd May 2006 and would remind the Business and Enterprise Committee of the following points:-

i) Funding should be easily accessed and it must be clear from the very start precisely what can be funded. There must be a very strong emphasis on sustainability and support for procurement of local food products, including game. Few RDAs appear to recognise the important contribution, as a local and nutritious food source, that game meat can provide to regional economies.
ii) There have been instances where BASC’s approach to some RDAs for funding consideration has been restricted by prejudices against sporting shooting in general. This is unacceptable, as shooting and conservation, as evidenced by the PACEC report, are substantial contributors to regional economic growth and stability.

iii) It is not apparent from the work that BASC has undertaken with RDAs how effective they are in their role, specifically in adding value. There appears to be no way of mapping the interests of a variety of stakeholders who may have joint interests in project funding and therefore submissions for funding may be made in isolation and could be rejected. We would suggest the creation of an on-line community among RDAs where interested stakeholders, keen to access funding could share experiences and knowledge in a way that may enhance bids for funding and in turn assist RDAs become more effective.

iv) BASC believes that RDAs do not inherently have the capability of developing relationships with stakeholders such as BASC, because the perception is that RDA focus, on the whole, is on large scale projects, which means that in many cases, smaller businesses, such as BASC, are overlooked in their search for local project investment.

19 September 2008
Memorandum submitted by the County Councils Network (RDA 49)

The County Councils Network is pleased to provide evidence to the Select Committee Inquiry into the Role of Regional Development Agencies. The County Councils Network represents all 37 English Shire Counties, which in turn represent 48% of the population and provide services over 87% of the land mass of England.

In June 2008, the CCN submitted a response to the Government’s consultation “Prosperous Places: taking forward the review of Sub National Economic Development and Regeneration”. In this, the CCN welcomed the intention to:

- strengthen the role of local authorities in leading and shaping economic development and regeneration in their areas and at sub regional and regional level
- streamline regional governance arrangements
- integrate regional strategies to derive efficiencies and a more effective and joined up policy approach.

However, the CCN also expressed concern that the proposals in the consultation document would not help achieve these outcomes. We set out a number of points of principle that underpinned our response. Several of these related to the proposals for RDAs:

- The consultation document refers to “strengthening the connection between citizens and the decisions being made to help achieve prosperity and quality of life in the areas where they live and work”. However, the proposals would weaken this connection by transferring key powers and functions to unelected RDAs, marginalising locally elected politicians.
- The proposals to transfer key powers and functions to RDAs (principally but not exclusively planning functions) would lead to an unacceptable democratic deficit. Moreover, the functions in question are not ones in which RDAs have any experience. The skills to produce regional strategies currently lie with local government and regional assemblies, and RDAs have no experience of the legal implications of the Examination in Public.
- If one of the aims of the SNR is to streamline regional governance arrangements, the proposals would not achieve that. Each region would have an enhanced RDA, Leader’s Forum, local authority scrutiny arrangements, separate arrangements for stakeholders, a regional select committee, and new, potentially statutory, sub regional arrangements. Such arrangements would not result in any degree of streamlining or reduction in cost from the current regional landscape.
- The SNR should recognise that all regions are different. There should be no “one size fits all” solution either to local government structures in the region, or to the wider strategic economic development issues. The options proposed
for regional flexibility appear to be almost entirely confined to the organisation of local government representation within fixed structures. There was no discussion of the potential for flexibility in responsibilities.

- Despite the stated intentions around devolution to local government, the proposals would not lead to any significant increase in local government functions and responsibilities. It could conversely lead to a decrease in those functions and responsibility. In practice it is difficult to discern what is being devolved to the local level.
- The language of devolution in previous documents has been replaced by the language of delegation in the latest consultation. These terms are not synonymous and CCN considers that there should be devolution to local government, not simply delegation.

These principles also form the basis of this submission. Below we address the areas of the inquiry’s focus to which these principles apply.

**The Need for a Level of Economic Development/ Business/ Regeneration Policy Delivery Between Central and Local Government**

CCN believes that, wherever possible, resources and responsibilities should be devolved – not delegated – to elected local authority level. We welcome the proposals in the SNR Consultation that local authorities will play an increasing role in delivering economic development. However, the wording in the consultation paper is ambiguous with regard to the local authority role and does not provide a firm statement that local authorities will be responsible for the delivery of programmes.

In our response to the SNR Consultation, we argued strongly that there should be a clear presumption of subsidiarity, with a duty on the RDA to devolve (not simply to delegate) with non-devolvement only in very exceptional cases where an authority or area has been judged to be performing weakly through the existing Comprehensive Performance Assessment and future Comprehensive Area Assessment process. Feedback from one region indicates that the RDA is spending time setting out ways in which it will judge the competency and capacity of councils. In our view, it should not be part of the RDAs’ role to assess local authorities – there are plenty of existing process and bodies to do this; RDAs should instead be putting their efforts into achieving genuine devolution.

We also believe that funding devolved to local government should be devolved to upper tier authorities, as these authorities retain the strategic overview for economic development in their area and would provide one rather than multiple layers of programme management. Programmes would be more easily commissioned and co-ordinated at this strategic level.

When funding is devolved to local government, it should be done with minimum bureaucracy. One of our member authorities, for instance, has found that the delegation of the Investing in Communities funding has generated levels of legal
documentation disproportionate to the amount being spent. Such bureaucracy can cause resentment and detract from service provision, and is unnecessary when there are already processes in place to ensure local authority compliance.

We are disappointed that the earlier proposal to create a statutory economic development duty for upper tier authorities appears in the latest consultation paper to be limited to an economic assessment duty. The economic assessment duty appears to be simply to “inform” the integrated regional strategy; we believe it would be considerably strengthened by being set within the context of a duty for upper tier authorities to lead, promote and deliver economic development and regeneration more generally in their areas, in partnership with other authorities and partners.

RDA Expertise

CCN believes that, at this time, not all RDAs have the expertise or the capacity to take on the new functions proposed in the SNR Consultation.

- The skills sets required to develop the integrated regional strategies currently reside within local government and regional assemblies, and not with the RDAs. Considerable additional resource is expended by local authorities (including county councils) to support the existing process. RDAs do not have experience, for instance, in the Examination in Public process. This will entail having regard to legal processes, including human rights legislation, to a much greater degree than in the preparation of the regional economic strategies.

- There should be flexibility for regions to agree the arrangements for ensuring effective specialist capacity under any new arrangements (for example one possibility could be the establishment of a regional technical secretariat drawn from existing sources to achieve a genuinely integrated single strategy, integrating environmental, social and economic aspects).

- We are also concerned about RDAs’ lack of experience in democratic engagement. Under the proposed arrangements, RDAs would have to work closely with elected national and local politicians, including the new leaders’ forums. This is a new role for them – in the past they have been accountable through their sponsoring ministers to parliament – and is an area where they would need to build capacity.

The Consequences of Expanding RDA Remit to Include New Functions, as Proposed by the Sub National Review, Including the Delivery of EU Funding

We believe as a point of principle that powers and functions should transfer to elected local government, not unelected RDAs.

We strongly believe that the consequence of transferring powers and functions to RDAs will be a democratic deficit, leaving elected politicians marginalised and
weakening citizens’ connection to decision-making. This is in addition to our concerns about the RDAs’ lack of capacity and expertise to take on the new functions (see above).

**The Accountability of RDAs and the Proposals for Future Measurement of RDA Performance**

Should the powers and functions transfer from regional assemblies to RDAs – a move the CCN does not support - then the accountability arrangements must be at least as good as under the current system. In particular:

- Preparation of the regional strategy is not an end in itself and local government will play a key role in implementation. Local councils, with their partners, already determine economic development priorities for their areas through Sustainable Community Strategies and Local and Multi Area Agreements. It is important that these priorities inform both the RDAs’ support activity and the development of the regional strategy. The strategy must therefore be owned by local government; the current proposals are not sufficient to guarantee this ownership.

- Democratic involvement in the exercise of planning functions is vital. Planning needs to be anchored in democratic processes.

- We reject the suggestion that RDAs should be allowed to submit a draft strategy for Ministerial agreement even where this has not been agreed with local authorities in the region. This would undermine the incentive on the RDA to reach full agreement and would undermine effective implementation.

- The duty to prepare and agree the integrated regional strategy should be placed equally on the RDA and Local Government in the region, and strategies should be submitted to Ministers only when they are jointly agreed.

- The RDAs should be accountable to Local Government in the region. This accountability to local government should be at least as important as the accountability to the Secretary of State for Business, Enterprise and Regulatory Reform which the consultation paper suggests is the principal way that RDAs will be held to account. Given the wider role envisaged for RDAs they also need to be accountable to the Secretary of State for Communities and Local Government.

- The skills sets required to develop the integrated regional strategies currently reside within local government and regional assemblies, and not with the RDA. Considerable additional resource is expended by local authorities (including county councils) to support the existing process. There should be flexibility for regions to agree the arrangements for ensuring effective specialist capacity under any new arrangements (for example one possibility could be the establishment of a regional technical secretariat drawn from existing sources to achieve a genuinely integrated single strategy, integrating environmental, social and economic aspects).

- The arrangements set out in the SNR Consultation for the involvement of Social, Economic and Environmental stakeholders (including the third sector)
are undeveloped, and are far from equivalent to the role which they currently play in the regional assembly arrangements. The consultation effectively leaves the issue of how to engage the sub regional economic partnerships to the RDAs, which do not have a history of engagement of this nature.

- The scrutiny arrangements set out in the consultation document are inappropriate. They reflect a lack of awareness of the principles underpinning scrutiny in local government, and of the considerable expertise that has been built up in this area. A great deal of expertise already exists both within local authorities and regional assemblies. Arrangements for scrutiny of regional level activity should be separate from the executive function (the Leaders’ forum cannot be involved both in decision making and in scrutiny of those decisions). Arrangements should allow for scrutiny of the role of local authorities as well as the RDA in agreeing and implementing the regional strategy.

- Effective scrutiny requires time and resource in support. Regional scrutiny is currently funded through the Regional Assemblies. However, it is not clear how the government intends to fund such effective scrutiny of the regional level by local government. The funding issue must be fully addressed.

- The future performance framework for RDAs, as set out briefly in the SNR Consultation, does not appear to provide sufficient balance between economic, social & environmental objectives to enable comprehensive scrutiny of the work.

19 September 2008
Memorandum submitted by Barnsley Metropolitan Borough Council (RDA 50)

We are pleased to have the opportunity to respond to the Committee enquiry into Regional Development Agencies and have framed our responses in accordance to the questions set out in the terms of reference to the enquiry.

Before setting out our detailed responses, we should like to make the following general observation.

We see the role of the RDAs as becoming much more strategic than they currently are. They should be high-level outcome focused. Commissioning and devolving to partners to enable them to get on with delivering the programmes that will raise the overall economic prosperity of the region.

Q1. The need for a level of economic development/business/regeneration policy delivery between central and local government.

Yes, there is a need for strategic matters such as spatial planning, major transport schemes and the like. We do not see a role for the RDAs as delivery agents. This is more the remit of local partners as this is where their expertise lies as we have been delivering complex multi-funded programmes for many years.

2. The effectiveness of RDAs and their role in adding value.

Assessing the effectiveness of RDAs is complicated by the fact that their remit has evolved since they came into operation. While performance of individual RDAs may be mixed, the overall effectiveness will be judged against whether they are able to close the gap with the more prosperous areas of the country.

The RDAs can add value at a strategic level. However, serious concerns exist about their capacity when compared to local partners such as local authorities.

3. RDA expertise.

The RDA level of expertise will have to increase to take on new areas of activity including planning, housing and community empowerment. Our response to the SNR consultation covered this issue and it is worth repeating here what we said then concerning the proposed role of the RDAs in the development of the new Integrated Strategy:

“We would expect the RDAs to ensure they have sufficient capacity to allow them to discharge their new responsibilities. However, the sheer scale and complexity of what is covered here should not be underestimated. By way of illustration the reference to
Environmental infrastructure – to mention just one – includes flood control along with a host of other elements”.

Local authorities are well placed to deal with these types of arrangements through their expertise built up over many years and can provide valuable support and guidance to RDAs while they are building up their level of knowledge and expertise. We would not expect to be micro-managed in performing these and other roles.

Q.4 The extent of, and need for, RDAs overseas activities;

We are not convinced there is much need for independent permanent trade offices, which might be better within UKTI and/or Northern Way. An alternative approach may be to have trade missions to specific places at specific times for specific purposes. Regional offices in Brussels are important to build partnerships with other regions, to build reputation across Europe, and to influence Commission thinking and policy. But some of their work on policy analysis / identification of funding streams duplicates what is already taking place and would be better merged with other organisations functions such as for example the Local Government Association.

Q.5 The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding.

The RDAs will have to ensure they have sufficient capacity to manage their regional planning and community engagement role. They will have to support the development of sub and city region working.

There are some concerns about the dual role as manager of the EU funds and recipient of them (or indirect recipient as commissioner), leading to potential favouritism for RDA proposed schemes. Key to the issue of the remit of the RDAs therefore, will be the transparency in dealings between RDAs, local authorities and other partners.

Q.6 The accountability of RDAs

Is clearly inadequate in light of the proposals under SNR, especially around the remit to produce the Integrated Single Regional Strategy, or for drawing up a “deprivation map” (as per Transforming Places: Changing Lives Green Paper). The composition of the RDA boards need to reflect the additional responsibilities and hence accountabilities with perhaps some measure of input / nomination from within the region (accepting that Sec of State retains ultimate right to appoint).

SNR proposes a Leaders’ Forum for scrutiny purposes and we have said in our response to SNR that we would expect to be consulted fully on any new scrutiny arrangements because of our level of expertise in this area and that any system of
scrutiny should have real powers otherwise it would be seen to be tokenistic, add little value and work against the principle of collaboration which SNR is proposing.

Whatever arrangements are in place, they must be capable of holding RDAs properly to account. In relation to the Integrated Single Regional Strategy have a mechanism to ensure that in the event of the Leader’s Forum fundamentally disagreeing, a delay can be built into the process till differences have been resolved.

Q.7 How RDA performance has been measured in the past and will be measured in future.

Performance of RDAs should be against high level and medium to long term outcomes. There should be full consultation with those partners who will deliver against the targets and outcomes.

Appendix

Response to SNR Consultation


Barnsley MBC is pleased to respond to the consultation document which will inform the Review of Sub National Economic Development and Regeneration.

Our response is framed under the 4 broad areas set out below, covering the 15 questions, but inevitably there will be overlap because of the nature of the document.

1. Arrangements for decision making at the regional level

2 Strengthening sub regional economies and the role of local authorities

3. Integrated Regional Strategy

4. Collaboration across sub-regions

Before discussing our comments in detail, we would like to make a general point about the level of experience within the council of economic development and regeneration and cross boundary working with partners. The SNR consultation appears to play down this expertise and expresses concern about the apparent “lack of capacity”. We refute this concern for the reasons set out below in the body of our response.

1. Arrangements for decision making at the regional level.
We support the proposals to strengthen the role of local authorities at the regional level. The key principle that needs to be adhered to is transparency in dealings between the RDAs and local authorities, particularly around the areas for functional devolution of responsibility. In particular we need to emphasise that in relation to powers and funding being delegated to local authorities, and the debate that is taking place over delegation or devolution, we firmly believe that it is the latter that should prevail. Delegation implies that RDA funds would be passed down to local partners to be spent within tightly defined frameworks set at the regional level. In contrast, devolution of funding would mean that local partners had much more discretion for decision making at the local level, albeit within a regional framework.

The SNR requires both RDAs and local authorities to ensure they have the necessary capacity and for local authorities to work to ensure that this is in place. While accepting that economic development and regeneration is an ongoing developing and learning process, we have experience of managing multi-million pound programmes and projects through for example Objective 1 and Single Regeneration Budget which puts us in a good position to take advantage of and manage the additional opportunities arising from SNR.

We support the proposal for local authorities to set up a Leaders’ forum for the region as this strengthens the principle of subsidiarity and greater devolution of powers and resources to local, sub regional and regional bodies. This will, particularly at the local level, establish clear lines of accountability to the communities being served. We, and more widely the south and west Yorkshire local authorities, have considerable experience of very effective working through Leaders’ forums in this way.

While the accountability and scrutiny proposals seem appropriate at this stage, they will need more clarity as the process unfolds. We would expect to be consulted fully on any new scrutiny arrangements as we have considerable experience built up through our own scrutiny arrangements. We would expect any system of scrutiny to have real powers otherwise it would be seen to be tokenistic, add little value and work against the principle of collaboration which SNR is proposing.

There should be a clear distinction in the national and regional/local accountabilities. Nationally, accountability should be around audit, propriety and performance; locally, it should be about policy, equity, and delivery of outputs and outcomes in relation to the IRS. While the RDAs accountability is set out clearly in relation to Parliament, local authorities are expected to develop new arrangements for exercising their scrutiny powers at regional level through the Leader’s forum. This is welcome, but as previously stated, the arrangements must be capable of holding RDAs to account and, in relation to the strategies, have a mechanism to ensure that in the event of the Leader’s forum fundamentally disagreeing, a delay can be built into the process till differences have been resolved.
The new regional strategies will place a premium on stakeholder engagement and the RDAs will be tasked with setting up effective arrangements. This will be a major piece of work given the range of functional areas listed at 3.23 (housing, transport, skills, business support) which have to form part of the arrangements. There is also the matter of fully engaging communities who are the recipients of the benefits flowing from the strategy.

2 Strengthening sub regional economies and the role of local authorities

We welcome the intention to engage local authorities more fully in the development and approval of regional strategies and plans. Our concerns are around how this will be done. There is little point in introducing any system of development and approval unless it is has powers behind it to effect change. There needs to be a developed structure of local authority input.

We have considerable experience of carrying out economic assessments of our area, either ourselves or by commissioning external agents. We support option A and the proposal to have clearly written standard guidelines in terms of standardised data sets. This will provide consistency and allow benchmarking and comparisons to be made.

The relationship between the economic assessments and the statutory Development Plans need to be clarified, since the assessments, which are also statutory, under Options One and Two cover areas such as transport, employment and land and property markets which are also covered both by the (new style) Regional Strategy and the individual authorities’ Local Development Frameworks (LDF).

We support the proposal to provide finance to support the production of economic assessments as they require in-house support as well as external expertise. This is important in order to provide a good quality and robust evidence base, since the information will also be relevant to the LDF.

3. Integrated Regional Strategy

We support the proposal for an integrated regional strategy and would expect the RDAs to ensure they have sufficient capacity to allow them to discharge their new responsibilities. However, the sheer scale and complexity of what is covered here should not be underestimated. By way of illustration the reference to Environmental infrastructure – to mention just one – includes flood control along with a host of other elements.

We fully support the proposal to simplify the preparation of the regional strategy but previous commitments to streamlining the planning processes have largely not been met. Other than the much shorter timescales assigned to the various phases of preparation, the process itself is actually much the same as for the current Regional Spatial Strategy.
Given that, and the fact that the new integrated Regional Strategy goes much wider than RSS, the lack of any detail as to how the timescales can be seriously shortened should be seen as essentially aspirational.

As an example, the two Secretaries of State are expected to achieve in two months what it currently takes one between 6 and 12 months to do.

Having said that, a much shorter timescale would enable the regional strategy to respond to change much more quickly (though not if it is only revised every 5 years as suggested in 4.28) which has to be good, and consume less resources, both human and financial at all levels. The concerns are

- That in practice the complexity (and statutory status) of the content and subject matter may mean that in reality the shorter timescales are not actually achieved,
- That justice is not done to the complexity of the subject matter and/or
- Corners are cut on political, community and stakeholder accountability, or
- The process falls between stools, takes longer, is done badly, and satisfies nobody.

4. Collaboration across sub-regions

We are pleased that government are encouraging sub-regional collaboration to strengthen leadership and effective working which we fully support in principle, but only where it adds value to what we want to do. We have substantial experience of successfully collaborating across the sub-region and already have sufficient powers to do what we want - therefore we do not need any additional powers. What is important in all this, and the SNR is not clear, is the commitment from government departments to fully collaborate, both at the national level with each other, as well as sub-regionally, to allow us to deliver the priorities for Barnsley. The resulting collaboration should produce flexibility across the sub region, not inflexibility.

It is important that government departments recognise the need to change in order to function within the SNR framework. Reference to the Homes and Communities Agency is weak, and while we appreciate that it is still in its formative stage, it is disappointing that more thought has not been given to the role it can play within the SNR.

With regards MAAs we are successfully working with partners across South Yorkshire in housing, across Leeds City Region on transport and skills, and are considering skills and transport as other possible areas for collaboration at Sheffield City Region level. Whatever arrangements are finally put in place we would want to see the status of MAAs maintained and continue to be the recognised route for sub regional collaboration for those areas of work best delivered at the sub regional/regional level.

Comprehensive Area Assessments should be the vehicle for assessing the benefits to any area of sub-regional collaboration. There should not be additional monitoring of
MAAs. The CAA could be used as the basis for deciding whether local authorities for example have “sufficient capacity” in relation to delegated funding from RDAs. However, in order to determine what sufficient capacity means we need criteria developing.

19 September 2008
1. Introduction

1.1 In addition to addressing the specific areas for inquiry outlined by the Select Committee, the South East England Regional Assembly (hereafter ‘the Assembly’) reiterates our fundamental concerns regarding the Government’s Review of Sub-National Economic Development and Regeneration (SNR) proposals:

i. Democratic accountability: We continue to oppose the transfer of strategic planning to unelected Government quangos and the dramatic reduction in local accountability this entails. We press instead for principal local authorities (counties, unitaries and districts) collectively to be given primary responsibility for preparing the new integrated regional strategy. Failing that, the South East’s new Regional Development Agency (RDA) board should comprise nominees from local government alongside central Government appointees, in a ‘shared agency’. In either instance the skills and experience of stakeholders, such as those currently engaged with the Assembly, should be drawn upon in developing the strategy.

ii. Sustainable development: We are concerned by the SNR’s overriding emphasis on economic targets for the new integrated regional strategy. There is an urgent need to strengthen RDAs’ sustainable development duty and to ensure that their responsibilities for economic, environmental and social wellbeing are given equal priority.

iii. Delegation of delivery: We are concerned that the SNR’s promise to empower local authorities in delivering economic development will come to little. Councils need the resources as well as the freedom to shape and lead economic development in their areas.

iv. Stakeholder involvement: We have made the current system of stakeholder participation work well and the outcomes have been substantially stronger as a result. The SNR reveals very little appreciation of the positive contribution stakeholder participation has made to regional policy making.

153 Our full response to the ‘Prosperous Places’ consultation can be found at: http://www.southeast-ra.gov.uk/subnational_review.html
v. **Resources:** Whoever ultimately undertakes Regional Planning Body functions in future, adequate Government funding must continue. We estimate it costs around £3.1 million per year to undertake this role effectively at present. The costs associated with the wider scope of a single integrated strategy, as proposed by SNR, would be even greater. If RDAs are expected to take on new responsibilities without transfer of resources, either the new job will not be done properly or their existing work will suffer, or both.

1.2 The Assembly has worked closely with SEEDA and, through our scrutiny process, developed a good understanding of its performance. Our submission is therefore based on our experience of working with SEEDA. I would be very happy to give oral evidence to the Committee and discuss these issues further.

2. **The need for a level of economic development/business/regeneration policy delivery between central and local government**

2.1 We believe there is a clear need for a level of policy delivery between the national and the local to address regional issues. The mandates of central Government, whose concerns can be characterised as predominantly strategic and economic, and local government, which tends to focus more on place and quality of life, interface at the regional level. Effective regional policy balances national imperatives for growth and global competitiveness with local priorities for improved services, infrastructure and environmental quality. It is therefore essential that local authorities and other partners are central to policy development, including economic development.

2.2 The significance of a regionally-specific approach is demonstrated by the different approaches adopted in each region. In the South East we have benefitted from a joint, collaborative approach, in particular in working towards a single delivery plan, which has ensured strategic priorities are aligned. Our work can be seen as a precursor to the development of a single integrated strategy. Likewise, the success in the South East of the Regional Transport and Housing Boards – both of which are partnership boards involving Assembly members, RDA board members and other key interests – has shown that there is significant added-value to be gained from working together at the regional level.

3. **The effectiveness of RDAs and their role in adding value**

3.1 From our scrutiny of SEEDA’s interventions, they seem to be valued most where they support and enable local level delivery. We have found that SEEDA is often able to add real value to local projects by providing leadership, catalysing action, delivering match funding or leveraging investment into particular sectors and localities. For example, the Manufacturing Advisory Service is seen as a successful programme delivering tangible benefits to industry and meeting the needs of the
companies it works with\textsuperscript{154}. Similarly, SEEDA is frequently commended for its work in regeneration priority areas such as Hastings.

3.2 However, there appears to be a range of operational challenges which continue to limit the effectiveness of SEEDA. We consistently find concerns about the quality of SEEDA’s communications, a perceived lack of transparency in decision-making and concern that SEEDA’s cross-department working needs to be improved, with an oft-cited concern that area and functional teams operate in silos. We appreciate SEEDA is undertaking considerable internal changes to address these types of concerns.

3.3 We are also concerned that central Government funding for SEEDA is inadequate for it to tackle the challenges in the South East, the second most populous of the English regions. Addressing this, and wider issues of funding for infrastructure, is critical if we are to maintain our position along with London as the economic powerhouse of the county. Per capita, SEEDA has the smallest budget of any RDA, yet the task it faces in sustaining the critical contribution of the South East to the national economy (and the largest net contribution of any region to the Exchequer) is arguably the greatest of any region.

4. RDA expertise

4.1 The RDAs are executive agencies, with skill-sets predominantly focused on delivering interventions on the ground. SEEDA has developed expertise around particular sectors and localities, in line with its current remit. SEEDA’s teams have been commended for their specific expertise; our recent select committee into SEEDA’s activities in the coastal South East, for example, found that area teams’ understanding of local issues was welcomed\textsuperscript{155}. Equally, when examining SEEDA’s response to the challenge of globalisation, partners were generally happy with the service provided by relevant SEEDA programmes\textsuperscript{156}.

4.2 Whilst this skill-set may be appropriate to the current RDA remit, it will prove inadequate if Regional Planning Body functions are to transfer to RDAs. In particular, SEEDA’s current focus on project delivery means there is limited capacity to deliver strategic policy development and to navigate the difficult political decision-making inherent in such processes.

5. The extent of, and need for, RDAs’ overseas activities

\textsuperscript{154} See our select committee’s report at \url{www.southeast-ra.gov.uk/committees_select_9.html}
\textsuperscript{155} See our select committee’s report which will be available on our website (\url{www.southeast-ra.gov.uk/committees_select_2008-02.html}) once agreed in September 2008.
\textsuperscript{156} See our select committee’s report at \url{http://www.southeast-ra.gov.uk/committees_select_3.html}
5.1 The South East is an international economy and therefore the global economy is an important dimension of SEEDA’s work. We have first hand experience of the value of SEEDA’s efforts to influence the European agenda, having shared a small team in Brussels. This shared approach was a constructive use of limited resources. However, we have limited direct knowledge of SEEDA’s other overseas operations and seek clarity on their added-value and how decisions are made regarding where and when overseas interventions are appropriate.

5.2 In our select committee examining SEEDA’s response to the global challenge, partners suggested it was difficult to isolate SEEDA (or any other partner) as being solely responsible for attracting foreign investment. Many felt that the businesses drawn to the region would have chosen the South East with or without SEEDA interventions. This view was compounded by the fact that new businesses tend to be drawn to strong areas of the region\(^ {157} \), rather than areas performing less well, which arguably have a greater need for new businesses. SEEDA apparently has little ability to influence these decisions.

5.3 Our select committee found clear support for SEEDA’s joint work with the RDAs in the East of England and London on the ‘Greater South East’. We support such joint inter-regional approaches where they are able to make best use of resources and avoid duplication. Joint working could also be utilised more effectively within the region. A more coordinated approach with local and sub-regional partners conducting overseas activities could lead to better resource utilisation and minimise duplication.

6. The consequences of expanding RDA remit to include new functions, as proposed by the sub-national review, including the delivery of EU funding

6.1 We fundamentally oppose the transfer of Regional Planning Body functions to the RDAs. The SNR proposals could have significant consequences:

i. **Democratic deficit:** The transfer of Regional Planning Body functions to RDAs marginalises democratically elected councillors from key planning decisions. Local authorities may be unwilling to provide democratic ownership for a regional strategy they had limited involvement in developing, thus risking its legitimacy and threatening delivery.

ii. **Sustainable development:** A single strategy prepared in a context of primacy for economic objectives may fail to meet the principles of sustainable development. An unsustainable regional strategy could have significant impacts for communities and the environment in the South East and threatens long-term economic growth.

\(^ {157} \) See SEEDA’s ‘South East Foreign Direct Investment Report, 2006-2007’, available from SEEDA
iii. Delegation of delivery: We are concerned that the SNR’s promise to empower local authorities in delivering economic development will come to little. Councils need the resources as well as the freedom to shape and lead economic development in their areas. RDAs have an important supportive role to play but regenerating and sustaining the prosperity of local economies demands above all communities that are active and empowered through their locally elected representatives. Delegation must be real; RDAs must let go.

iv. Stakeholder involvement: Stakeholder participation ‘within the tent’ of regional decision-making has enhanced wider community engagement with, and ownership of, the South East Plan. In limiting stakeholders’ formal role in single strategy development, the SNR threatens these benefits.

v. Resources: There is a risk that if current Regional Planning Body funding does not transfer with the functions either the new job will not be done properly or existing work will suffer, or both. We estimate it costs around £3.1 million per year to undertake this role effectively at present. The costs associated with the wider scope of a single integrated strategy, as proposed by SNR, would be even greater. SEEDA may have to divert funds from economic development duties to deliver the new functions, which is particularly concerning given the Assembly’s planning budget as a percentage of the RDA’s budget is probably the greatest of any region (given the relatively small size of SEEDA’s budget in comparison to most other RDAs).

6.2 As an organisation SEEDA does not currently possess staff with the skills and/or capacity to prepare and deliver regional planning, housing and transport policies or the range of related Regional Planning Body functions, such as monitoring and conformity. We have a significant and parallel concern that the expertise within the Assembly, highly valued in the region, may be lost as a result of the uncertainty arising from SNR. We also recommend that this Select Committee consider the findings of the Communities and Select Committee which has recently reported on its inquiry “Planning Matters – Labour Shortages and Skills Gaps” 158.

6.3 The SNR under-estimates the complexity of achieving regional democratic ownership of a regional strategy, as indicated by the wholly unrealistic timescale proposed in ‘Prosperous Places’. SEEDA does not currently have sufficient skill and experience in brokering agreement on strategic policy and delivery priorities across different political groups, geographical locations and constituencies of interest. Neither does SEEDA have sufficient experience of wide-spread engagement and consultation with the public. The significance accorded to public engagement in the development of regional planning policy is demonstrated by the different levels of input received throughout the South East Plan and RES development: for the main

158 http://www.publications.parliament.uk/pa/cm/cmcomloc.htm
South East Plan consultation in 2005 we received 95,200 responses, whilst SEEDA received 500 written responses to the RES consultation\textsuperscript{159}.

7. The accountability of RDAs

7.1 The current arrangement for our scrutiny of SEEDA has contributed to strong and close working relationships between the two organisations. It has also gone some way to address the lack of democratic accountability inherent to all RDAs. However, scrutiny and accountability should not be considered one and the same. Regional scrutiny is one element (albeit a vital one) which could help to ensure accountability in post-SNR arrangements. However, accountability is also dependent on good governance; accountability should be built in to all elements of the new arrangements and not bolted on as scrutiny at the end of the process. Accountability must be more than a tick box exercise.

7.2 Similarly, future arrangements for regional local authority-led scrutiny of the RDA must be properly resourced. Without the resources of the current assemblies, the ability of the local government forum to scrutinise effectively will be constrained. There will be little interest amongst busy local authority leaders in participating in weak and poorly resourced scrutiny arrangements. Stakeholder representatives have played an extremely active role in RDA scrutiny in the South East, yet their experience and interest risk being lost as a result of SNR.

7.3 The proposals for future accountability ‘down’ to the region and its communities are far too weak. They are seriously insufficient given the significance of regional planning, which demands far stronger transparency, scrutiny and accountability in future. In a recent survey commissioned through Ipsos MORI\textsuperscript{160}, South East residents were asked who they thought should be involved in setting regional priorities and taking regional decisions on large scale planning, housing and transport developments. Results show that residents have a clear and strong preference for priority setting and decision making to be led by accountable local councillors.

7.4 While local authority representatives were clearly residents’ first choice to be involved in setting regional priorities – chosen by 73% – there was also support for other groups. Some 60% wanted to see community representatives involved, while 38% mentioned local business representatives, 34% mentioned environmental groups and 24% mentioned the voluntary sector. This emphasises the need for formal arrangements for stakeholder involvement in the future.

7.5 However, residents’ views hardened when asked who should be involved in decision making – 75% chose local councillors as their first or second choice to be involved.

\textsuperscript{159} South East Plan figures provided by the Regional Assembly. RES figures as quoted in the RES 2006-16.
\textsuperscript{160} The findings of this survey are available on our website: [www.southeast-ra.gov.uk/polls.html](http://www.southeast-ra.gov.uk/polls.html)
involved in regional decisions on planning, housing and transport. Around a third of people (34%) chose voluntary/community sector representatives as their first or second choice. Further down the scale, 22% put regional business representatives in first or second place – the same number that chose civil servants working for a Government appointed regional organisation. The desire for accountability is clarified further by residents’ responses on ultimate responsibility for regional decision making. Again, local councillors were first choice with 41% support, followed by central Government with 35% support. Much further down the scale were civil servants working for a Government appointed regional organisation (9% support).

7.6 We believe that stronger accountability could be provided through stronger governance, such as that suggested in our proposal to make SEEDA a ‘shared agency’, with a board comprising 50% local authority leaders and 50% ministerial appointees, and a more open approach to decision-making. A joint venture will increase accountability to the region and enhance confidence in the regional policy-making process. This proposal could help allay public concerns implied by our Ipsos MORI polling outlined above. Residents also showed a clear willingness for the wider community to be involved in, at least, setting priorities. We would therefore like to see SEEDA create formal mechanisms that ensure regular stakeholder input into its work at all levels, which will also strengthen its accountability to the region.

7.7 The proposal for Parliamentary regional select committees may help strengthen RDAs’ accountability to central Government. However, it does nothing to resolve the need to improve accountability to the regions. Further, we are concerned that the proposals fail to provide the means for examining the impact of Government policies on the region. There seems to have been an assumption that Parliamentary scrutiny would look at the region and regional institutions. We suggest strongly that the Parliamentary telescope should turn through 180 degrees and look at the impact of central Government policies and investment on each region. This would seem a more sensible and less duplicative approach given RDAs are already subject to inquiry by the Business and Enterprise Committee.

8. How RDA performance has been measured in the past and will be measured in future

8.1 Performance measurement should be one element of accountability, but it is important that the two are not considered one and the same. We are therefore disappointed that Government believes RDAs in future should primarily be held to account through a central Government performance framework. This does not equate to true accountability (see comments in section 7).

8.2 The performance management framework only provides accountability upwards to Government, rather than dealing with the important dimension of how accountability to the region is secured. We are also concerned that the RDA
monitoring framework is dominated by central Government targets, with insufficient scope for regionally-specific targets agreed with regional input and therefore owned by the region as a whole.

8.3 We also believe that performance measurement must measure the RDAs’ delivery of all three elements of sustainable development – environmental, social and economic – and not simply the economic performance of their region. This is already a significant concern, and one recognised by SEEDA, but becomes increasingly important if Regional Planning Body functions are to pass to RDAs.

16 September 2008

Memorandum submitted by CBI (RDA 52)

Introduction

1. The CBI welcomes the opportunity to submit evidence to the Business and Enterprise Select Committee’s inquiry into Regional Development Agencies (RDAs). The Confederation of British Industry (CBI) is the national body representing the UK business community. It is an independent, non-party political organisation funded entirely by its members in industry and commerce and speaks for some 240,000 businesses that together employ around a third of the UK private sector workforce. The CBI’s membership includes 80 of the FTSE 100, some 200,000 small and medium-sized firms, more than 20,000 manufacturers and over 150 sectoral associations.

2. The CBI believes that there are some economic development issues, such as spatial planning and transport that benefit from a regional perspective. The CBI supported the creation of RDAs as a business led organisation to drive economic development in the regions. We believe that RDAs can provide a valuable service in linking regional development policy to private sector. However, we have at times called for the RDAs to demonstrate their effectiveness.

3. Following the initial years of RDA operation the CBI set out its recommendations for improvement in its 2001 report, “RDAs: Getting down to business”. Since that report was published there have been improvements in the operation of RDAs. However, it is still not clear that enhanced inputs have led to demonstrable improvements in outputs and some businesses remain sceptical about the extent to which RDAs add value. Remaining concerns about RDAs include: regional variation in the quality and services they provide; limited impact as other bodies have responsibility for many of the key influences on regional economic development, such as transport; a lack of strategic focus; patchy engagement with business and a consequent lack of skills and expertise; and some scepticism about RDA overseas activities in their current form.
4. Therefore this submission argues that:
   - RDAs do play a useful role in regional policy development
   - RDAs should improve on effectiveness in key delivery areas and focus on adding value
   - RDA leadership should be strengthened to improve engagement with the private sector
   - The impact of the Sub National Review on RDAs must not dilute their focus on economic development

**RDAs do play a useful role in regional policy development**

5. Business considers that there are some issues where a regional context is very important - planning for infrastructure and transport are two good examples. The CBI supports the role of the regional tier in setting the framework for such decisions. However, in order for regional policy to be effective, any delegation of functions needs to be done on a strategic and systematic basis, to place each activity at the appropriate spatial level. It is also important that any devolved responsibility must be a genuine delegation of powers rather than a replication of what is happening at national level. Members have reported some areas where central government retains control over functions which could usefully be delegated to, or implemented at, the regional level. For example there remains a requirement to provide central support and assistance when helping areas develop, evolve, and improve (for instance, in responding to business crime and supporting the development of Business Improvement Districts).

6. CBI members report the useful role that RDAs play as the channel through which the private sector can be linked into regional policy development. Members cite the ability of RDAs to draw together local leaders to establish priorities as a key strength and consider that RDAs have a clear role as a coordinator of regional policy and regional support mechanisms. For example the role of RDAs in crisis management has been highlighted as particularly noteworthy. In responding to issues such as foot and mouth disease and major industrial decisions, members have noted that it is difficult to see how that level of coordination could have been achieved in the absence of RDAs. In addition, RDAs will have a crucial role to play in delivering on the climate change agenda at grass roots level in coming years.

7. So while the CBI does believe that RDAs have a role to play, the key challenge is to make them more effective. RDAs should focus on promoting economic development. This will allow them to target their financial and human resources more effectively and in those areas where business feels they can have the most influence. Members still report that RDAs try to do too much and as a consequence do not fulfil their core functions as effectively as they might. RDAs should act as a coordinator bringing together the capital and the service providers rather than acting as a deliverer in their own right. By becoming too involved in the detailed delivery of services they lose the important strategic perspective which is where
8. The RDA role as a coordinator is crucial and one that should be developed further. If they are to add real value then duplication of activities must be reduced. RDAs should not seek to pre-empt government policy by announcing regional initiatives which cut across national programmes. For example the North West established two skills boards, one as a result of regional policy and one as a result of national policy. Greater coordination, both with other public and private organisations, and between RDAs, across almost all their activities is required to realise the overwhelming business priority - to see RDAs make a real difference on the ground.

9. The government must support RDAs by delivering on its promise to stop micromanaging them. There should be a clear process whereby government establishes a set of outcomes from RDAs but avoids excessive detail in planning and monitoring requirements. The move to the single budget from April 2002 was welcome in allowing RDAs to distribute their resources according to regional priorities. However, there are concerns that RDAs still spend too much time responding to government consultations and initiatives rather than delivering on the ground. RDAs should have the ability to refuse to become involved in more peripheral activities and focus on economic development.

**RDAs should improve on effectiveness in key delivery areas and adding value**

10. Business believes that the primary focus of RDAs should be to encourage economic growth to enable all regions to reach their potential. But a lack of clarity over the key objective of RDAs has in the past made it difficult to measure their performance. It is therefore not clear to what extent RDAs have influenced economic growth. Since they came into operation in 1999, economic growth has averaged 2.7% a year, comprising annual employment growth of 1.0% and annual productivity growth of 1.7%. Over the 1986-1999 period – which was broadly a full economic cycle – growth had averaged 2.5% a year, comprising annual employment growth of 0.7% and annual productivity growth of 1.8%. Overall economic growth can therefore be said to have stepped up marginally, reflecting an increase in the rate of net job creation but not in the underlying productivity growth rate. However, as RDA activities are only one of many factors affecting economic development and job creation, and as we do not know how economic growth would have turned out in the absence of RDAs, it is impossible to come to a definitive conclusion on the agencies’ contribution to growth at this highly aggregated level.

11. There are regional variations with some areas growing more quickly than others at different points in time. However, as with the aggregated national data, it is not possible to draw any definite conclusions about what part the RDAs have played in these regional growth trends.
12. It is important that RDAs have a strong influencing role in those areas that members consider to be the most important drivers of economic development, namely transport, planning, housing and skills. However, it is difficult to measure RDA performance in these areas as it is acknowledged that they are not, at present, the key player for delivery. Central government and/or local authorities make the decisions on individual transport schemes, regional assemblies are currently responsible for spatial planning, and RDAs are one of, not the primary, deliverer of skills outcomes. Notwithstanding this, members do support the role of RDAs as drivers of economic development in influencing decision makers in these areas. For example, business has broadly valued the role of RDAs in making the case for individual transport schemes and in tackling cross-boundary transport issues.

13. It is vital that RDAs maintain and strengthen their role in influencing regional priorities in important areas of economic development, especially as the Sub National Review proposes to give them a much greater influence over strategic planning. But secondly, RDAs must enhance delivery in those areas where they already have more autonomy and can add real value, such as on business support and innovation. This will mean deploying efforts and resources to maximum effect and not simply duplicating the work of other organisations.

Business support

14. The CBI supports RDA funding of business support provided it complements private sector provision by filling gaps and reflects business demand. However, the business perception is that RDAs have in the past placed too much emphasis on addressing market failures by supporting failing and start-up businesses, and that the focus must now shift to supporting business growth. By helping growing businesses, RDAs should expect to see a better return on their support in terms of greater wealth, employment and productivity. Some members have noted a lack of qualitative evaluation of the value for money of business support programmes. There have been some very positive examples of successful RDA support for business growth based around strategic regional businesses. This should be built upon in all English regions.

15. Evidence shows that good quality services to businesses improve their survival and growth prospects. However, the array of similar schemes provided by different public sector organisations, means that businesses of all sizes continue to report fundamental problems of duplication, confusion and inconsistency in the quality of services being delivered. The CBI supports the government’s aim to simplify the business support network and is working closely on this with BERR and the RDAs through the Business Support Simplification Programme (BSSP).

16. A vital part of the BSSP will be improvements to the Business Link service to provide a high quality, consistent service which growing businesses feel confident
to use. A number of problems with Business Link have been identified which RDAs must continue to address through investment and improvement. Some Business Links have already begun to reform with good progress made. Ultimately, business should be able to access support at any point through a “no wrong door” approach and be confident of being sign-posted correctly regardless of the final provider of the service. RDAs must also better coordinate the business support provided by different public sector bodies to reduce confusion and ensure a more efficient use of limited resources.

17. CBI members have noted that one area of business support where RDAs have really added value is through Access to Finance Initiatives for SME’s. These have levered in a substantial amount of private sector investment, and helped businesses to grow and prosper. In addition the latest mezzanine fund established in the North East should generate a substantial legacy for further initiatives of this nature.

18. The CBI would not prescribe the best spatial level for the procurement and delivery of publicly-funded business support, however there should be evidence that funders have considered these issues strategically. Contracts for business support should be done at the most appropriate spatial level, defined by the value for money and the ability of the contract to be flexible for local/regional needs. The full CBI position on business support was set out in our response to the consultation on simplifying business support in September 2007.161

Innovation

19. There are a number of benefits of RDAs providing innovation support to companies: programmes can be tailored to local needs, and knowledge of how each regional economy works can help in targeting support. Some RDAs are very active in innovation support and have a fruitful relationship with CBI at regional and national level. Regions also have a potential part to play in promoting innovation through procurement. However, regions sometimes overlap in the cluster targets they set for themselves, companies face different conditions in different regions and there are problems in effectively coordinating effort when innovation zones cut across agency boundaries (the London-Oxford-Cambridge triangle and its immediate neighbourhood fall under EEDA, SEEDA, EMDA and the LDA).

20. Businesses do not recognise regional boundaries when innovating and so need RDAs to present a consistent and coherent approach across the UK. Some CBI members have spoken of the need for a more joined-up and systematic approach to cluster development and technology funding, regulations, planning, infrastructure and other ‘ecosystem’ factors affecting business investment and growth. RDAs often have market awareness, but sometimes lack full appreciation of the needs of business. Regions also sometimes lack appropriate financial policies for managing

161 http://www.cbi.org.uk/ndbs/positiondoc.nsf/1f08ec61711f29768025672a0055f7a8/6722aad8c737ad23e8025740900598d11?OpenDocument
risk and failure in their support for R&D, for example a lack of sophistication in how different options (e.g. loans, grants, equity stake investment) could be used.

21. RDAs should focus on creating critical mass, building on regional strengths and reducing duplicated effort. It must be accepted that not every region can support leading centres in every discipline – but businesses (and other stakeholders) must be able to access these centres no matter where they are located in the UK.

22. When inputting into the Sainsbury Review of Science and Innovation, published in October 2007, the CBI suggested two measures to enhance the effectiveness of RDA innovation support:

- **Portable funds**: Make a portion of support funds given to a company in a region portable, e.g. 30% of a grant could be spent by the company in other regions where it may have operations or suppliers. (If a company has multiple sites, it should not be penalised for trying to make their whole enterprise work more efficiently.)

- **Shared Public Sector Agreement (PSA) targets for RDAs, either bilaterally or as a whole group.** Concerns about coordination have led to the establishment of cross-RDA working groups including one on science and innovation. However, without shared core targets there are few incentives for RDAs actively to engage in one another’s strategies and investments.

23. The Sainsbury Review had major implications for RDAs, by recommending an increased focus on their science and innovation work. RDAs have collectively agreed to align £180m of their funding with the Technology Strategy Board (TSB), and the RDAs need to work together to achieve maximum value. An effective TSB-RDA working relationship will be very important for innovation support at a regional level. The TSB is responsible for a pilot re-launched version of the Small Business Research Initiative and there is much scope for RDAs to identify ways to amplify its impact by coordinating procurement at regional level with the national pilot. The RDA should facilitate demand side pull, supporting public sector customers to commission and procure innovation, linking them up with businesses involved in TSB supported work. This should be a major pillar in RDA work to support regional economic growth. Good practice is already being developed with RDAs being encouraged to team up with a Strategic Health Authority to create a bigger pot of money with which to procure R&D.

**Overseas activities**

24. One area of current RDA activity where business questions the added value is in their overseas activities. Each individual RDA undertaking activities abroad has the potential to create overlap and lead to an inefficient use of resources. The Committee’s 2003 report recognised the value in greater coordination of inward
investment activities. The CBI believes that greater coherence of overseas activities could be provided by UKTI which already has a network of regional offices.

25. UKTI should take lead responsibility for both inward investment and export support. This is an issue we understand UKTI is addressing following its review of regional trade operations which reported in March 2008. While there are some positive signs of rationalisation and coordination, there is clearly scope to explore this further.

26. Greater coordination through UKTI would also help ensure that RDAs avoid an over emphasis on encouraging foreign investment in comparison to the effort put into creating the climate for locally based businesses to grow. If the goal is sustainable business development then the value of regionally headquartered businesses needs to be recognised. Fostering domestic businesses and attracting inward investment are both vital to maintain healthy regional economies, the relative focus given to each will largely be dictated by regional circumstances.

Measuring performance

27. To focus RDAs on real delivery they must be measured by results. Establishing one clear objective will allow RDA performance to be measured more accurately. When setting any performance framework, a target culture which distorts genuine delivery must be avoided. Previous assessment methods were too focused on RDA inputs and the shift away from this is welcome. However, current assessment models focus too heavily on outputs, such as amount of brown-field land developed, rather than what those outputs achieve in terms of contributing to economic development. Consistent and overall impact evaluation that demonstrates the contribution to regional economic development, such as that being spearheaded by EMDA, would fulfil this objective.

28. It is critical that RDA priorities are substantially business driven and that the setting of priorities is business led. The number of stakeholders that RDAs consult with has lead to a growth in the number of targets. These targets must be streamlined to provide greater focus on economic development. The agreed targets should be clearly identified in the Regional Economic Strategy, and the objectives of RDAs and other responsible agencies should be aligned to deliver them. The streamlining exercise currently underway at the LDA to make it a strategic organisation with a clear focus on growth could provide a useful blueprint.

RDA leadership should be strengthened to improve engagement with the private sector

29. The perception of RDA effectiveness is hindered by a lack of business engagement in some areas. The experience varies across the country, for example in the North East businesses cite generally positive experiences, but elsewhere
business sometimes struggles to describe any meaningful engagement. Members remain confused and frustrated by the seemingly endless consultation cycle, structural reorganisations, and complicated committee structures surrounding RDAs which stand in the way of actual delivery. This leads to frustration, but more often disengagement and scepticism about the value RDAs add.

30. RDAs have a challenging role and it is essential that they have the appropriate expertise and skills. Successful economic development is led by the private sector so RDAs need strong private sector knowledge and input. To demonstrate real regional leadership RDA boards need to be strengthened to secure a better mix of expertise. All RDA Chairs and 60% of RDA Board members must be drawn from the private sector with business people represented on selection panels. It has been noted that in the past there have been some creative interpretations of what constitutes private sector representation. Many of the appointed “business” representatives on RDA boards have limited private sector experience. The requirement for business representatives to have a real understanding and experience of the private sector must take precedence over all other selection criteria.

31. It is also important to improve communication between RDAs and the wider business community. CBI regional offices have noted that businesses that are not represented on RDA boards receive little feedback and engagement at present. For example some large members have reported a lack of opportunities to communicate either individually or collectively with the RDAs. The private sector has a role to play in improving engagement and there are arrangements in certain regions for business representative bodies to engage with RDA boards to provide a link back to their members. However, whilst this is valuable, it must not be a substitute for direct engagement with the private sector. RDAs must show a greater focus on developing closer business partnerships and dialogue. Changes underway at the LDA and the establishment of the Business Advisory Group which has greatly improved business engagement, could provide a useful model.

32. Within RDA staff, strong commercial skills, particularly in negotiating, influencing, partnering, project management, risk management and appraisal are necessary. The lack of these skills has been a concern over the last nine years. Too many RDA staff appear to be ‘administrators’ rather than dynamic drivers of economic regeneration. Improved brokerage and influencing skills are vital to enable RDAs to make best use of the resources that they have. The budgets are relatively small in comparison to the size of the regional economies that they are trying to influence. The CBI does not advocate an increase in RDA budgets but instead wants to see RDAs focus clearly on the goal of economic development and gear up their influence and brokerage skills to maximise the work that is already ongoing at regional level and use their expenditure smartly to lever in other funding.
33. In the past the lack of appropriate skills has lead to numerous internal reorganisations in a drive to improve performance, rather than nurturing and recruiting suitably skilled individuals. Greater cross fertilisation between RDAs and the private sector at all levels, both through secondments and by making careers in RDAs attractive to those in the private sector, would be a positive development. RDAs can also improve skills by collaborating across boundaries to share best practice.

The impact of the Sub National Review on RDAs must not dilute their focus on economic development

34. The CBI supports the concept of a single regional strategy. The current multitude of strategies and bodies that seek to promote development across regional areas is overly complex. In order to create additional coherence at the regional level it makes sense for that strategy to be “owned” by a single organisation. There is considerable merit in the RDA fulfilling that role.

35. However, in taking on any new functions, CBI believes it is essential that the RDAs continue to be business-led and that the processes for drawing-up, scrutinising and delivering the strategy include strong business engagement/representation. This must go beyond treating business as one of a number of stakeholders who are to be “consulted” to recognising that a strategy for future sustainable economic growth will not be achieved without successful businesses.

36. If the SNR proposals are implemented, Government should not underestimate the challenge it will pose to RDAs: they are being asked to assume a raft of new roles and responsibilities that they were not originally designed to fulfil. It they are to perform these new tasks efficiently and effectively it will be essential that they are provided with the necessary funding and skills. We are pleased that the Government has recognised this and in light of the new, and important planning responsibilities that RDAs are likely to assume as a consequence of the SNR, has brought forward amendments to the Planning Bill to enable Regional Planning Bodies to delegate their planning powers to RDAs where appropriate. The CBI considers these provisions to be a sensible step that will provide flexibility for handling the transfer of responsibilities and resource between Regional Assemblies and RDAs to ensure that essential regional planning skills are retained.

37. The main business concern with all aspects of regional policy is to see some real delivery on the ground. CBI members therefore expect tangible results from this reorganisation in terms of a genuinely more streamlined structure, more efficient processes and a real focus on economic development.

38. CBI accepts that the planned abolition of regional assemblies will require a new mechanism to ensure that local authorities within a region “co-own” the
39. The proposal to grant a wide range of powers to the leaders’ forum for: drawing up and “signing off” the single strategy; scrutinising/holding to account the RDA; and delivering elements of the strategy, would be a significant transfer of power/influence away from the business community (and therefore the focus on economic development) towards local authorities. By essentially giving local authorities a veto, the Government runs the risk that regional strategies will follow the ‘course of least political resistance’ instead of identifying and focusing upon the key areas of development and regeneration that have the greatest potential to improve sustainable regional economic performance. We remain to be convinced that this would result in the increased efficiency that Government seeks. More importantly, we are concerned that it could jeopardise the ability of RDAs to promote a balanced regional agenda that facilitates future economic growth. Similarly, allowing overly bureaucratic and onerous scrutiny of RDAs by local authorities with little opportunity for business participation, would also hinder economic growth.

40. The CBI believes that in order for regional strategies to promote a shared and balanced agenda it is necessary for all core stakeholders to be engaged equally, and from the outset of a strategy’s development. One way of achieving this could be the establishment of a board of stakeholders that is collectively responsible for directing the development of a regional strategy and providing the final ‘sign-off’. Such a board could comprise all stakeholder interests (business, unions, local government, utilities, environmental agencies) providing one focal point of engagement and consultation, thus helping to reduce both the scope for confrontation between key interests and ensuring a balanced consideration of policies. It is critical that adequate representation from the private sector is secured if such a board is to be meaningful. As with selection to RDA boards, private sector experience must be the overriding criteria determining selection. Within this overarching framework there should be flexibility for regions to adapt the governance arrangements to suit local circumstances.

41. **Conclusion**

- There is support in principle for RDAs as business led drivers of economic growth at the regional level.
- However, RDAs need to demonstrate their effectiveness by focusing more clearly on the objective of economic growth to allow all regions to reach their potential.
- To achieve this, RDAs must enhance their influencing role over transport, planning and skills, where their input can at present only be of a limited nature, and when their influence is strengthened through the SNR proposals. Secondly they must improve performance on business support and innovation, where they already have more autonomy, to ensure that they deliver real results on the ground.
• Business places little value on RDA overseas activities in their current form.
• RDAs must work harder to improve business engagement both through effective private sector representation on RDA boards and greater consultation and engagement with the wider business community.

The aims of the Sub National Review to give greater responsibilities to RDAs are supported, but the CBI has serious concerns about the proposals to give leaders’ forums sign-off of the single regional strategies as this could seriously weaken the business voice

19 September 2008
Summary

1. We welcome the opportunity to respond to this call for evidence on the role and responsibilities of the Regional Development Agencies (RDAs) in the future. We believe that the changes to regional structures and leadership, as proposed in the Government’s original paper (*Review of sub national economic development and regeneration*) and subsequent consultation (*Prosperous Places: Taking forward the review of sub national economic development and regeneration*) have the potential to help to address England’s housing crisis, taking forward strategies for housing growth and renewal, whilst supporting sustainable economic development. This includes the strengthened role of local authorities in economic assessment and partnership with RDAs, as well as the proposed new leadership role of RDAs in the wider remit of the Single Integrated Regional Strategy (SIRS).

2. There needs to be a greater formal recognition of the interaction between housing and sustainable economic development. Good quality, affordable housing is crucial for economic growth. Inward investment requires attractive homes, neighbourhoods and environments in which people want to live and work, and labour mobility requires choice and a range of housing opportunities. Economic growth and prosperity in turn support investment in homes and communities, and increased well being.

3. Closer strategic integration and planning for housing and economic growth and regeneration, following markets which cross administrative boundaries, combined with a strong lead on partnership working to bring together national, regional and local investment to achieve that is important to take forward the ambitions for increasing economic prosperity and housing choice in attractive environments.

4. The complex nature of planning for and delivering housing will require the RDAs to build strong relationships with and draw on the expertise of local authorities and housing stakeholders, and maintain these over the long term to ensure that housing in an area facilitates sustainable economic development.

5. The RDAs should explicitly recognise and articulate in the SIRS an overarching policy priority of meeting the needs and choices of the whole of the regional community. We strongly recommend that the RDA’s future performance management framework explicitly recognises their strategic importance in establishing regional housing objectives and providing strategic leadership in meeting them, including building strong partnerships with stakeholders.

Background to submission

6. This submission to the Business and Enterprise Committee on the future role and responsibilities of RDAs is the contribution of the major representative and campaigning organisations across the social and not-for-profit housing sector, namely the Chartered Institute of Housing, the National Housing Federation and Shelter.

7. The Chartered Institute of Housing (CIH) is the professional organisation for people who work in housing. Its purpose is to maximise the contribution that housing professionals make to the well being of communities. CIH has over 21,
000 members across the UK and Asian Pacific working in a range of organisations – including housing associations, local authorities, arms length management organisations, the private sector and educational institutions.

8. The National Housing Federation is the trade body for housing associations and represents 1300 members, who between them provide 2.4 million homes for over 5 million people. Housing associations work in some of the most deprived neighbourhoods in the country and are often the strongest and most experienced third sector organisation working locally.

9. Shelter is the national housing and homelessness charity that provides practical advice, support and innovative services to over 17,000 homeless or badly housed people every year. Shelter is a leading expert on housing in Britain, and informs public opinion on housing issues. Within each English region, shelter works with regional institutions and regional decision makers to help shape and deliver policy that addresses housing need. At national level, Shelter works with Government and other agencies to develop long-term changes in policy.

10. We are committed to working with RDAs, local authorities and stakeholders in identifying the most appropriate structures and processes for each region and to raise awareness of the links between the different policy areas brought together in the SIRS. Individually and in partnership, all of the responding organisations have been involved in facilitating events to broker discussions between RDAs, local authorities and other key regional partners in the regions, to begin the process of working out effective engagement in the future.

**Integrating strategic approaches**

11. A greater formal recognition of the interaction between housing and sustainable economic development would enhance work to achieve Government’s economic objectives. Good quality, affordable housing is a pre-requisite for economic growth; inward investment requires attractive homes, neighbourhoods and environments in which people want to live and work.

12. Hence there is a need for clear leadership on closer integration of strategic approaches and planning for housing and economic development, together with other key areas such as transport and infrastructure. This will maximise the impacts for local and regional communities. The economic consequences of not recognising the economy’s reliance on housing are clear – areas of high housing demand face increased employment costs and lack of labour mobility, and areas of economic disinvestment face low demand that further drives economic decline. The impact of housing on the economy is not limited to new supply. Bad housing prevents individuals from realising their economic and social potential, limiting social mobility and reinforcing economic dependence and inequality.

13. In terms of the RDAs’ performance management framework, the regional economic indicator sets must recognise both the complex interplay between housing and economic development and tackling economic disparity, and the complexity of achieving decent housing supply, covering both new and existing stock.

14. The single regional economic growth objective should be complemented by an overarching housing objective, to drive forward an integrated approach and to
ensure that regions address the full range of housing need and housing aspirations for communities. It would act to ensure that the acute housing need in some geographical areas or for members of communities who are not seen as contributing to economic growth are still addressed, to deliver the achievement of mixed, inclusive, sustainable communities. An overarching housing objective would act to ensure sufficient investment in housing and economic renewal outside the main urban conurbations driving economic growth.

**Strong partnerships arrangements**

15. The proposals mean a shift in focus and extension of the responsibilities of the RDAs to achieve better strategic integration. The new arrangements therefore require RDAs to build long term and effective stakeholder engagement, and to establish strong partnership frameworks to complement the working partnership they will be developing with the local authorities leaders’ forum and the Homes and Communities Agency.

16. Regional and sub regional housing stakeholders have a role to play supporting the RDAs by:

- Identifying and scoping emerging issues
- Contributing to the evidence base
- Developing policy responses to identified issues
- Contributing policy expertise and good practice
- Delivering on housing outcomes in the regions
- Contributing to monitoring and evaluation.

17. RDAs will, through regional housing stakeholders, be able to access region-wide viewpoints and intelligence to support the leaders’ forum in identifying regional priorities. They also provide another network for wider community engagement and a route for accountability for delivery. This is in addition to the leaders’ forum which, in developing and agreeing the SIRS with the RDA will provide a direct connection back to their local communities.

18. Government already recognised the importance of fully involving communities and independent stakeholders in Local Strategic Partnerships, and has created a new duty for local authorities to consult with and involve members of the community and independent groups. We therefore propose the creation of a duty of similar strength for RDAs to inform, consult with, and have due regard to the views expressed by independent stakeholders at all stages of SIRS development. Stakeholder engagement should be fully integrated in the RDAs performance framework.

**Local economic assessments**

19. RDAs will have a key role in sharing expertise and supporting local authorities in developing their proposed new duty of local economic assessment. They should be able to provide advice and tools for this process, to ensure that the assessments are robust and of a consistent approach to be able to inform and shape the regional strategic approach in the SIRS.

**Regional accountability and scrutiny proposals**
20. The consultation paper set out proposals to ensure regional accountability and scrutiny of the process. We called for further clarity on this and guidance for the respective partners. We believe this will help the understanding of the process of accountability. The role of the leaders’ forum in developing and agreeing the strategy is an important route of accountability to local communities, but the process for reconciling disagreements or divergent views needs further development, and should incorporate the role of the Regional Minister.

19 September 2008
Memorandum submitted by IPPR north (RDA 54)

ippr north is part of the Institute for Public Policy Research think-tank. Based in Newcastle-upon-Tyne, ippr north has a strong track record exploring the impact of national policymaking in the UK’s regions and communities. This research work has covered varied policy areas, including economic policy, devolution and decentralisation, rural issues and democratic engagement. ippr north is pleased to submit evidence to this opportune Inquiry. The structure of ippr north’s submission follows the questions upon which the Committee has expressed an interest.

Summary of Headlines

- ippr north supports the underlying rationale for policy interventions being developed and delivered at a level between central and local government. The primary focus for these interventions should be functional economic geographies.
- The rationale behind the RDAs was ambitious and praiseworthy. Difficulties in attempting to accurately measure their impact should have been foreseen, as modelling a counterfactual scenario was inevitably going to be difficult.
- The implications of the Review of sub-national economic development and regeneration (SNR) on the expertise required by RDAs will be significant. Expectations of the RDAs have evolved significantly over the years and this needs to be recognised in this debate.
- RDAs’ overseas activities are the subject of increased scrutiny. ippr north outlines the nature of potential disadvantages that may arise through these activities, but concludes that there is insufficient evidence available to determine whether or not this represents the reality.
- ippr north welcomes the Government’s attempts to address the ‘democratic deficit’ at the regional level, but expresses concerns over the efficacy of the Leaders Forums proposed in the SNR. The role of the RDAs’ Boards is also brought into focus as a result of these developments.
- Creating a series of effective performance management structures for the RDAs is challenging. Headline economic indicators are important, but it is quite possible that an RDA could perform very well and find that prevailing economic trends reduce or negate its impact. Internal performance management structures, however, can sometimes appear cosy.

The need for a level of policy delivery between central and local government

1. The answer to this question in its literal translation is yes, there is a need for some aspects of public policy to be delivered at a geographic scale that sits between national and local government. A centrist approach, while appropriate for some policy areas such as national security, can lead to the imposition of inflexible policies that do not reflect local realities. Refuse collection provides an obvious example, the notion that a central agency might seek to coordinate this for the whole of England is impractical; this task is best dealt with by local government.

2. However, some policy areas fall between central and local. Transport and welfare to work are principal among these and this is because they are intertwined with ‘functional economic geography’. Open and flexible labour markets determine
peoples’ decisions on where to live and work and transport infrastructure needs to be responsive to this. Travel-to-Work Areas (TTWAs) best define the geography of local labour markets, and they clearly extend beyond local authority boundaries (but not to national boundaries). Welfare-to-work programmes that seek to increase economic activity are increasingly focussing on improving the connectivity between areas of high inactivity and buoyant employment hubs. These regularly require collaboration across local authority boundaries. Procuring goods and services on a regional or sub-regional basis also allows public agencies to take advantage of economies of scale not available to individual local authorities without encountering the diseconomies of scale that can affect central government.

3. But that endorsement requires further clarification. First, caution should be shown over agreeing the terminology; policy delivery is one-dimensional and a perception of RDAs solely as delivery organisations would be unwise. While this may sound like unnecessary semantics, for regional agencies whose remits are changeable (as the RDAs’ are) it is important that they understand – and furthermore determine – the policy context under which they operate. Enhancing regional agencies’ analytical capacity and freedom to determine policy increases the likelihood that responses will effectively identify local circumstances. Centrally imposed systems will not enhance their performance.

4. Second, an endorsement of the need for a policy presence between central and local government does not constitute an endorsement of the RDAs per se. We would strongly argue the case for a regional policy presence, for the reasons outlined above, but whether or not the status quo is the optimum arrangement will be discussed through this submission.

The effectiveness of RDAs and their role in adding value

5. The overarching ambition for RDAs was that the public investment that they received would directly catalyse the regional economies. This was consistent with the Government’s commitment to the “hand up, not hand out” ethos. It was, however, divergent from some of the other mainstream policy aims; the direct impact of increased investment in healthcare and childcare facilities, for example, was designed to deliver direct positive social outcomes and any economic benefits that were subsequently derived should be considered incidental. Other, incumbent institutions (such as schools and hospitals) were in a better position to deliver enhanced social outcomes should they have received additional investment. The decision to allocate resources to organisations whose ambitions deviated from this and towards a more abstract idea of economic development that brought with it improved social outcomes (there is wealth of evidence linking steady employment with positive health outcomes, for example) was a brave move and, as this question suggests, one that requires the RDAs to evidence the value which they have added.

6. This is not a one-way street. Improved economic circumstances typically lead to improved social outcomes, but it would be injudicious to conclude that improved social outcomes cannot lead to improved economic circumstances. Continued public investment in RDAs seeking to add value to regional economies should not
be taken for granted. When it comes to public investment, there is always an opportunity cost; the capital could be allocated elsewhere. Therefore RDAs must continue to justify why resources should be allocated to them when they often address public policy challenges – unemployment excepted – that are not central to the concerns of the electorate in England.

7. As far as the RDAs’ effectiveness is concerned, the general perception appears to vary significantly from region to region. It is unrealistic to expect RDAs to operate and perform uniformly. Moreover, it is undesirable for them to – developing the economy of South East England will be very different to North East England. Decentralisation will necessarily involve some degree of policy divergence. Nevertheless, a varying remit should not insulate the RDAs from a thorough assessment of their achievements. The biggest hindrance (revisited later in this submission) is that it is virtually impossible to accurately model what a regional economy would look like in a counterfactual scenario where an RDA hadn’t existed. Because of this key limitation, benchmarking RDAs and evidencing their added value is inherently very difficult.

RDA expertise

8. The work carried out by employees of the RDAs is equivalent to other professional disciplines. The extra responsibilities that they will inherit as the Review of sub-national economic development and regeneration (SNR) reforms come into effect are perhaps more technocratic and require expertise in more established disciplines (such as planning). It is important that the RDAs pro-actively pursue ways of enhancing their capacity in these key areas in advance of them taking on these roles.

9. The role of the RDAs has evolved throughout the decade in which they have been in existence. RDAs were designed with a degree of flexibility to enable them to reflect the economic challenges of their respective region (which vary significantly; between the South East and the North East, for example). This flexibility has led to RDAs being expected to absorb various new policy initiatives, some of which perhaps did not sit perfectly within their remit. This evolution has dictated that RDAs be required to swiftly develop new skills within their workforce. In some circumstances this challenge can be accomplished through drawing on skills from outside the organisation, either through outsourcing to consultants or recruitment, but on others the skills required might not be readily available. Addressing any potential shortages of this kind should involve the RDAs in conjunction with other agencies, such as the Academy for Sustainable Communities (ASC).

10. A more stable programme of work would assist the RDAs, as they would be able to develop a highly-skilled workforce focussed on clearly defined objectives. The disruption caused by demands from central government that are spontaneous and transitory appears to obstruct this development. Additionally, continuing professional development (CPD) is important for a variety of professional disciplines. Organisations often have internal monitoring processes that ensure that their staff are constantly seeking to renew and refresh their skills. It is important that RDAs do this. RDAs should harness the benefits of professional
membership organisations (such as the Institution of Economic Development [IED], Royal Town Planning Institute [RTPI] or Royal Institute of Chartered Surveyors [RICS]) all of whom require their members to evidence CPD on an annual basis, thereby ensuring that their skills are renewed and refreshed.

The extent of, and need for, their overseas activities

11. The RDAs adhere fastidiously to their commitment not to compete with one another inter-regionally. For example, an RDA would not seek to encourage a firm based in an adjacent region to relocate to their region. This cooperation was a clearly stated intention when the RDAs were introduced – failure to adhere to its ethos would undermine the claim that the RDAs work to improve the performance and competitiveness of the UK economy.

12. The central claim against the RDAs’ overseas offices is that this principle is being compromised through the pursuit of Foreign Direct Investment (FDI). For example, let’s say a multinational corporation was seeking to locate a major production facility to serve its growing UK customer base. This corporation might court the attention of the RDAs to see if any financial assistance was available to them should they choose to locate in their region. If this scenario developed to the extent that RDAs were (perhaps unknowingly) competing against one another to offer the most attractive package to the corporation, this would be a serious cause for concern:

- First, any additional financial assistance provided as a result of this bargaining process is a direct drain on the public purse and it only occurs because of government agencies creating a competitive environment.
- Second, in addition to the unnecessarily increased direct subsidy, the UK government is funding this activity. Not only could it find itself losing out financially as a result of the process, it is bankrolling the artificial competition. Instead of a coordinated intervention that the government might pay for once, it is simultaneously funding the activity of different agencies.

13. Most importantly, we have not been presented with any evidence to suggest that the scenario described above is what happens in reality. The purpose of including the scenario is to articulate the potential problems that could arise from RDAs having overseas offices. Further evidence is required to determine whether or not there are unintended consequences arising from the activities of RDAs overseas offices. UK Trade and Investment (UKTI) could coordinate the RDAs’ overseas offices, leading to improved monitoring of their activity and potentially a framework for attracting FDI. Greater transparency in relation to how RDAs’ overseas offices operate more generally would be welcomed.

14. The RDAs’ overseas offices appear to be undertaking functions that are similar to those previously carried by UK Trade and Investment (UKTI). Clarification over how these functions interrelate would also be beneficial.

The accountability of RDAs

15. The accountability of the RDAs has been contentious since the North East’s rejection of elected Regional Assemblies in 2004 derailed the Government’s plans to move to a more federal system of governance in some policy areas. The
ambition of this programme was that regional bodies – primarily the RDAs – would become accountable to the electorate through directly elected regional assemblies that monitored and scrutinised their performance. Ever since 2004 the Government has grappled with how best to address this democratic deficit and, in 2007, the publication of the Review of sub-national economic development and regeneration (SNR) sought to address this.

16. The SNR is a cross-departmental report and its solution to the persistent democratic deficit was for the Integrated Regional Strategy (IRS) to be agreed by a forum of local authority leaders from each region. This attempt to address the regional democratic deficit through the utilisation of locally elected members is welcomed. It will become particularly relevant when the RDAs take on planning policy, which is inherently political. However, while this is well intentioned, it is difficult to see how a region with over seventy (South East England) local authorities will reach consensus; failure to agree will lead to central government imposing its own vision, which is not a position that sub-national agencies would want to return to. It also perhaps underestimates the antipathy some local authorities have for RDAs. This process of negotiation between the two organisations will be further complicated by the SNR’s instruction that RDAs adjudicate over individual local authorities’ capacity to carry out their own programme of economic development activity. This potential volatility could lead to projects being delayed due to organisational friction. It is important that the future relationship between local authorities and RDAs is monitored.

17. It is also unclear why the Government Offices for the Regions have not been more prominent in this debate. While they do not provide a flawless solution to the democratic deficit, it does seem that they have a strong track record of assessing the capabilities of local government across a variety of other policy domains. Their apparent exclusion from the process seems to make little sense.

18. Additionally, RDAs have operated with a Board since their inception. The RDAs Boards are cross-sector and allow the RDAs to retain their claim to be business-led organisations. All Board appointments are subject to the approval of the RDAs’ parent department, Business Enterprise and Regulatory Reform (BERR). Under the post-SNR arrangements the purpose of the Board becomes increasingly ambiguous. If the role of the Board is to change – if Board members were to become less concerned by scrutiny and take on a more ambassadorial role, for example – then the scale of membership might require reassessment.

How RDA performance has been measured in the past and will be measured in future?

19. Overall, performance management appears to be one of the more opaque aspects of the RDAs operation. This is partly due to circumstance; as outlined above, it is difficult to know what RDAs should be comparing their performance against. Assuming that this debate is restricted to headline economic indicators (which it needn’t be) such as economic output (GVA) per capita and rates of economic activity:

- Should these be measured against other regions’ performance?
And should this be regions with similar economic/industrial profiles? Or the best performing regions?

- Should these be measured against the UK average? Or the average across England?

20. A significant hindrance is that the ideal performance management framework for the RDAs would involve headline economic indicators being compared with a counterfactual scenario where the region had not received investment through an RDA or other equivalent body. As described earlier in this submission, the near impossibility of creating such a baseline makes performance management inherently tricky.

21. Under the current system, RDAs agree performance management targets (including a selection of Key Performance Indicators [KPIs]) in their corporate plans. These are based around the ambitions of their RESs and agreed with their Board. Some limitations with this approach:

- It is unclear exactly how the Board decide whether these targets are sufficiently demanding or not.
- It is also unclear whether an RDA has ever failed to meet its targets as agreed within its corporate plan.
  - If it has not, then this might suggest that the targets are not demanding enough.
  - If it has, it is unclear what corrective action the Board has taken (or is entitled to take).

22. The RDAs are periodically subjected to an assessment from the National Audit Office (NAO). Again, the process undertaken by the NAO is slightly obscure. It appears that its ambition was – through a systematic visit to every RDA – to conduct a comparative analysis of the RDAs. In other words, benchmarks were agreed relative to cumulative levels of performance and then individual RDAs were evaluated on how they measured up. This, in principle, is a very commendable approach, but again there is a lack of clarity over exactly how the resultant data were used and what actions were taken as a result.

23. We would endorse a future performance management system that is both more robust and more innovative. Headline economic indicators are too crude a measure; it is quite possible for an RDA to perform very well and yet find that economic activity rates have fallen in its region due to exogenous economic factors. On this basis, a more inventive assessment methodology needs to be developed that takes into consideration a broader set of indicators and moderates these with recognition of the prevailing economic climate. Quality of life is a potential indicator and a potential example, but it creates questions as well as answers – a sense of wellbeing is notoriously personal and the justification for government policies that increase wellbeing are less convincing. Regardless of what this set of measures looks like, it is important that assessments are rigorously carried out and that the corrective action that a Board will can take will be equally clearly understood.

19 September 2008
Introduction

Members of the Northern Business Forum (NBF) welcome the opportunity to submit evidence to the Business and Enterprise Select Committee’s Inquiry into the Regional Development Agencies (RDAs). Our organisation encompasses the key business membership organisations in the North East of England. The NBF members who have signed up to this submission are: the North East Chamber of Commerce, Federation of Small Businesses, EEF Northern, Institute of Directors, Service Network, Northern Defence Industries Ltd, Women into the Network, BT and Northumbrian Water.

It should be noted that this response seeks only to comment on the situation within the North East. We offer no opinion as to how other regional development agencies have performed, nor do we believe that it is necessary for a uniform structure to be put in place across all UK regions. Northern Business Forum members have consulted widely with their constituent members and these views represent their considered collective view.

The NBF supports One NorthEast as being a driver of economic growth

It is crucial, that the North East has resources specifically dedicated to economic development as recent figures show that the region produces just 81% of the UK average GVA per head and we believe that the North East must focus on closing this gap that exists. It is our belief that to increase the GVA per head, that the region should be strategically managed by a regional body which has a specific remit and expertise for economic development. With a population of only 2.5 million and in order to compete with other major cities, it is important that the North East is not sub-divided when it comes to strategy development.

NBF members believe that whilst there are areas of activity that can be strengthened, that One NorthEast has played a strategic role effectively over the past 10 years and its past record justifies the decision for its continued operation as a strategic body. One notable success has been the development of the Regional Economic Strategy (RES) which was endorsed by the business community who welcomed its ambitious targets. Other successes include: the management and delivery of a successful image campaign, leading the way in the business support simplification programme and the prioritisation of “three pillars” for science-led economic growth and creating the infrastructure to support them.

Economic Development must be the primary focus of One NorthEast

NBF members support the proposals in the Sub-National Review which allow regional development agencies to take charge of strategy, while delegating delivery to sub-regional levels, including local authorities and city regions. However, there must be a commitment that no one organisation will receive delegated delivery until it can demonstrate clearly, that it has the capacity to handle it. This is particularly important in key policy areas which require significant expertise and are vital to overall economic development such as skills, in light of the “Raising Expectations” consultation paper.
We believe that Government should not allocate responsibility to One NorthEast for projects which are not directly related to economic development. Furthermore, One NorthEast should refrain from assuming responsibility for work which does not form part of its core remit. This includes taking on management responsibility for programmes which are separately funded such as sports or language networks. It is our view that these types of projects should be managed by organisations with a more appropriate remit such as city regions or local authorities.

NBF members believe that decisions over use of One NorthEast’s budget should be set by its board, with regional accountability. We are supportive of the creation of the ‘single pot’ to support the aims of the regional strategy but it is vital that this should not be undermined when short-term initiatives require finance. We believe that Government should not use RDA budgets to fund short-term measures in response to economic difficulties such as Government measures to support the housing market in September 2008. This threatens the long-term performance of the economy in the North East and the achievement of the core aims outlined in the RES.

**Issues over the current planning system must be addressed**

NBF members support the move towards a single Integrated Regional Strategy (IRS) which integrates the Regional Economic Strategy (RES) with the Regional Spatial Strategy (RSS). This will ensure “joined up” thinking and consistency in setting the region’s targets, for example the expansion of the North East Technology Park (NETPark) at Sedgefield.

In the North East, the RES has been welcomed by businesses due to the effective engagement process, the joint ownership of the document and the endorsement of the region’s ambitious aspirations. However, the RSS has suffered from a lack of engagement which is in part due to the protracted statutory planning process, which included the Examination in Public, the value of which is questionable. In order to create an integrated strategy that engenders confidence within the North East, we believe that the RSS process must aspire to the standards of the RES process.

There are concerns over the effect of the current planning system on strategy development. The two-year timescale envisaged in the “Prosperous People, Prosperous Places” Sub-National Review document appears undeliverable within the current statutory planning process. We believe that the process should be streamlined and Government must be committed to meeting tight deadlines and avoid extended timescales for delivery, in light of the current slowdown of the global economy.

With regard to One NorthEast taking up new planning responsibilities, it has been stated that this will involve recruiting new members of both the board and executive team with appropriate expertise. Moreover, the assumption is that the principal source of this expertise is within local authority planning directorates.

We believe that an organisation which is focused on strategic economic development does not necessarily need an expertise which is largely concerned with planning regulation and control. The private sector is very experienced in driving major developments and overcoming obstacles in the planning system. It is this experience which should be valued at board and
executive level within One NorthEast and increased private sector involvement at both of these levels should be encouraged to enable economic development.

**One NorthEast board members should have better links with the business community**

One NorthEast has regular engagement with the business community on matters of strategic importance through attendance at monthly board meetings, round table discussions and meetings between One NorthEast and North East business organisation at all levels from board and senior executive teams downwards.

However, these links are still limited in their effectiveness due to the absence of clear lines of communication. We believe that there should be a requirement for all board members to demonstrate how they are linked to the wider business community, particularly those businesses which are engaged with public policy issues. This would aid greater understanding of broader issues outside the direct experience of individual board members, and enable more effective scrutiny of One NorthEast’s operation without over-reliance on its executive team for information.

NBF members believe that Government should demonstrate a commitment to regional devolution and accountability by changing the process for approval of board members. These should no longer be signed off by a Minister within the Department for Business, Enterprise and Regulatory Reform. Instead, they should be approved by the Minister for the North East, with scrutiny from Parliament, possibly through the mechanism of a mooted Regional Select Committee. This would aid One NorthEast in feeling free to act independently to boost the economy of the North East.

**Conclusion**

1. One NorthEast should continue to operate as the key driver to economic growth.
2. Responsibility for activities not directly related to economic growth should be delegated to other appropriate organisations providing they have the capacity to manage activities effectively e.g. local authorities or City Regions.
3. The One NorthEast budget should be consolidated into a single pot and should not have interference by Central Government.
4. One NorthEast should be encouraged to commission delivery by the private sector. The North East Productivity Alliance (NEPA) is a good example of this.
5. The RES and the RSS should be combined into a single Integrated Regional Strategy and the IRS should aspire to the ambitious targets in the RES.
6. Aspects of the planning system should be refined to enable streamlined strategy development.
7. Private sector expertise should be utilised on planning and development at board and executive level.
8. One NorthEast board appointments should be approved by the Regional Minister with Parliamentary scrutiny and board members should prove they have close links with the wider business community.
15 September 2008

Memorandum submitted by Yorkshire and Humber Assembly (RDA 56)

Please find attached a submission from the Yorkshire and Humber Assembly’s Scrutiny Board for consideration by the Business and Enterprise Committee in its inquiry into the future role and responsibilities for regional development agencies.

Our response is based on the findings of the 13 scrutiny reviews so far carried out by the Assembly and focuses particularly on the following areas:

1. The Need for Economic Development, Business and Regeneration Policy Delivery Between Central and Local Government
2. The Effectiveness of RDAs and Added Value
3. RDA Expertise
4. The Extent of, and Need for, Overseas Activities
5. Consequences of the Expanding RDA Remit
6. Accountability of RDAs
7. Measurement of RDA Performance in the Past and the Future

The response sets out some broad thoughts from the Assembly’s Scrutiny Board about the way the Sub National Review may impact on economic development and particularly regional development agencies themselves. Hopefully, our submission and that of others will assist the inquiry and help us move forward to help deliver the improvements that Government and our region wish to see.

The Role of Regional Development Agencies (RDAs)

1. The Need for Economic Development, Business and Regeneration Policy Delivery Between Central and Local Government

The Assembly has completed thirteen scrutiny reviews on the Regional Economic Strategy and Yorkshire Forward since 2001. A consistent message from these reviews has been that economic development and regeneration is best delivered at the local level through a combination of public, private and voluntary and community sector expertise. The Scrutiny Board therefore believes it is essential that central policy is linked through to local delivery, and that the Regional Development Agencies (RDAs) are well placed to undertake
this role and bring the various sectors and partners together. This regional working can:

1. Encourage and support collaboration and sub-regional working across functional areas
2. Help prioritise investment between places
3. Provide capacity support
4. Deliver economies of scale
5. Give local areas a strong voice in central government
6. Enable effective responses to local economic shocks
7. Help ensure a consistent approach to delivery where appropriate

2. The Effectiveness of RDAs and Added Value

The Scrutiny Board’s work has highlighted several examples of how Yorkshire Forward has delivered economic development and regeneration in the region effectively. These examples include the Urban and Rural Renaissance programmes and the re-development of large areas of derelict brownfield land into new business parks. Yorkshire Forward have provided real added value in their work has been their responses to economic shocks. In Yorkshire and Humber there have been three specific instances where Yorkshire Forward has swiftly intervened to assist businesses to cope with unforeseen events:

- **Foot and Mouth Disease (2001)** – there were 139 confirmed cases of Foot and Mouth disease in the region, however, it was estimated that the region’s rural economy lost £125 million due to the impact on the tourism industry. Yorkshire Forward generated a support package of £6 million to rurally-based businesses affected by the outbreak, including hardship grants of £2,000 for 500 businesses, individual business grants of up to £15,000 to aid recovery and business support to help land-based industries diversify into other markets.

- **Closure of the Selby Coalfield (2003)** - the closure of the mine complex led to a loss of 4,000 direct and indirect jobs, and impacted on 750 companies within the supply chain. Yorkshire Forward invested £250,000 to immediately provide information, advice and guidance services on career paths, self-employment and training. However, the total amount of funding invested was £35 million, which included re-development of the land and business support services to assist the local community and replace the jobs lost by the closure.

- **Extreme Flooding (Summer 2007)** – the areas most severely affected by the flooding of Summer 2007 were Sheffield, Doncaster and Hull. Yorkshire Forward established a £5 million recovery fund to help those businesses affected, including grants of up to £2,500 for small businesses for immediate recovery needs, and up to £100,000 for
These three examples have demonstrated that the RDAs can administer funds quickly to the areas which are in most need of support. In all three cases, Yorkshire Forward has secured the support of other key agencies to ensure a single co-ordinated response, and this collaborative working has been welcomed.

The scrutiny reviews have also highlighted a number of areas which Yorkshire Forward needs to develop its activities. Multiple scrutiny reviews have consistently identified communication and engagement of the public, private and voluntary sector organisations as two areas in need of improvement. The Independent Performance Assessment (IPA) of Yorkshire Forward in 2006 also highlighted communication and engagement as specific issues which were adversely affecting the effectiveness of Yorkshire Forward. How Yorkshire Forward develops this capacity will be key to how effective they are in their future role of the development of the Single Regional Strategy which will need to ensure the buy-in of all regional partners.

3. **RDA Expertise**

The Scrutiny Board believes that Yorkshire Forward has built a level of expertise in some areas of the agency. Recent scrutiny reviews have identified the Innovation and Sustainable Development Teams at Yorkshire Forward as being highly respected by regional partners for their skills and expertise. However, the Scrutiny Board has detected issues with communication between the different directorates, and expertise within Yorkshire Forward is not always joined-up when dealing with external partners. The requirement for the single regional strategy to be examined in public also presents a challenge and a new way of working for the RDAs, which they will have to adapt to.

4. **The Extent of, and Need for, Overseas Activities**

Yorkshire Forward has three overseas offices in Japan, China and Australia. Through the Northern Way, Yorkshire Forward also part-invests in an overseas office in America with the NWDA and One North East. In 2005 the Scrutiny Board undertook a review of the Northern Way. This review identified that the three Northern RDAs had attracted a higher level of inward investment into the North through the American and Australian offices than the other English regions. The Scrutiny Board concluded that this was because of the collective and collaborative promotion of the North, which meant that a higher level of interest was obtained with a combined and reduced marketing budget.

5. **Consequences of the Expanding RDA Remit**

There is already a spirit of joint working in the region. Public, private and voluntary sector organisations are committed to working in partnership through
new governance structures, and are keen to work with Yorkshire Forward on delivering their new responsibilities. Partners are keen however, to ensure that appropriate mechanisms are put in place to provide democratic accountability.

6. Accountability of RDAs

The current system of accountability means that partners within the region have a number of opportunities to influence the work of Yorkshire Forward, either by shaping the policy through the development of the Regional Economic Strategy or by getting involved with the Assembly-led scrutiny process which gathers evidence on how the region is progressing and recommends ways in which policy can further develop to fit the region’s needs. Both systems are dependent on the success of engaging the appropriate stakeholders into the processes. The current scrutiny process is led by Yorkshire and Humber Assembly members who represent the public, private and voluntary sectors and is heavily focused on gathering and hearing the views of multiple stakeholders who are involved with the work of Yorkshire Forward. The direct involvement of partners at the local level means that the recommendations made by regional scrutiny are relevant and directly address the needs of the region. It is important that in any future arrangements that local people within Yorkshire and Humber have similar access and opportunity to develop and shape policy.

7. Measurement of RDA Performance in the Past and the Future

Since 1999, the performance of the RDAs has been determined by the achievement of the core public Service Agreement targets outlined by the Department for Business Enterprise and Regulatory Reform (BERR). During this time, the RDAs have been expected to produce quarterly written reports for the Government Offices in the regions, and bi-annual written reports to BERR, to summarise their expenditure and output achievements against profile. Whilst the Scrutiny Board acknowledges that the quarterly and bi-annual reports provide a useful account of performance, the Scrutiny Board understands that the statistics in these reports are not externally verified by BERR or rigorously scrutinised. The Scrutiny Board therefore believes that the mechanisms for monitoring and verifying RDA performance could be strengthened, particularly in light of the RDAs increased responsibility for public expenditure in the future.

The Scrutiny Board welcomed the Government’s introduction of the Independent Performance Assessments (IPA) of the RDAs in 2005. The Scrutiny Board worked with the National Audit Office to ensure synergy between the IPA and regional scrutiny processes. Scrutiny Board members considered the IPA process to be a valuable activity, particularly as it investigated those areas which regional scrutiny does not review in depth. With an expanding RDA remit, the Scrutiny Board believes that the continuance of the IPA process would provide increased accountability for the RDAs. The Scrutiny Board is therefore concerned that there
has been no confirmation from BERR or the National Audit Office that the IPA process will continue, particularly as the next round of IPA assessments should have already begun.

Throughout the last year, central Government has been reviewing the Tasking Framework for RDAs, and has subsequently confirmed that RDAs will be measured on a single output target of achieving economic growth. The Scrutiny Board has detected a high level of unease amongst the region’s local authorities, and the region’s Social, Economic and Environmental partners, about measuring the RDAs on a single target. Much of this unrest is because the economic growth target does not address issues of sustainable development, and places pressure on RDAs to achieve economic growth at all costs. Also, in view of the economic downturn in the UK, a measure of economic growth appears inappropriate. The Scrutiny Board therefore believes that the RDAs must still be assessed on their ability to achieve sustainable economic growth, attain social inclusion, and ensure that the environment is enhanced and protected.

19 September 2008

Memorandum submitted by the Confederation of West Midlands Chambers of Commerce (RDA 57)

The Confederation of West Midlands Chambers of Commerce (which will be referred to as ‘the Confederation’ throughout the course of this document) consists of all of the Chambers of Commerce within the West Midlands Region, which include:

- Birmingham Chamber of Commerce and Industry (which incorporates Solihull Chamber of Commerce and Industry)
- Black Country Chamber of Commerce
- Coventry and Warwickshire Chamber of Commerce
- Herefordshire and Worcestershire Chamber of Commerce
- North Staffordshire Chamber of Commerce and Industry
- Shropshire Chamber of Commerce and Enterprise
- South Staffordshire Chamber of Commerce and Industry

The Chambers of Commerce that comprise the Confederation represent over 10,000 businesses in the region as a whole, offering extensive services to industry and commerce, promoting trade and advocating the interests of business locally, nationally and internationally.

The Confederation is supportive of Advantage West Midlands (AWM)

The West Midlands is at the economic heart of the UK, contributing 8 per cent of the UK’s GDP. However, the region’s GVA per head is just 89 per cent of the UK average
equating to a £10 billion output gap. It is crucial to both the region and the UK’s long-term success that the gap is closed and AWM plays an important role working with business and the public sector to achieve this. This will support the wider UK economy, which currently relies to an unsustainable degree on London and the South East. Moreover, it will tackle social exclusion and broaden opportunities for the people and businesses of the region.

The West Midlands possesses a defined regional identity with commonalities in terms of economic interests, geography, issues, problems and solutions. Research has identified that the £10 billion output gap is attributable to a predominance of low productive sectors with poor records on skills, enterprise and innovation region-wide. It is therefore crucial that there is strategic management at a regional level to coordinate resource, prioritisation, collaboration, effort and investment to implement economic development and regeneration throughout the West Midlands. The Confederation believes that AWM is undertaking this role successfully, working with the business community through its business-led Board and Advisory Groups such as the Regional Enterprise Board. We also recognise that AWM is working hard to make its engagement with business more effective.

A particular challenge both business and AWM faces, is the transformation of the Business Link service in the region. Chambers of Commerce (in the main) delivered the Business Link franchise for a number of years with notable success. Whilst the Confederation agreed (and still agrees) with the need to increase efficiencies by creating a single back-office function, we remain convinced that delivery locally through intermediaries such as Chambers is a critical component of providing business support. We are working closely with the new holders of the franchise to ensure local delivery but remain disappointed that the move to a centralised model resulted in Chambers losing the franchise. This was a particularly difficult period and the working relationship between AWM and Chambers was strained. Lessons on effective partnership working have been learned on both sides.
AWM’s region-wide successes include:

- **The West Midlands Regional Economic Strategy (RES)**
The RES has established clear economic goals for the region in terms of job creation, skills development, land reclamation and public investment.

- **The Premium Automotive Research and Development Programme (PARD)**
AWM has invested £35 million in the PARD programme at Warwick University in order to develop world-class technology across the region’s car industry. This investment has attracted an additional £80 million of additional R&D expenditure and generated £118 million annual Gross Regional Product.

- **Dealing with crises**
AWM successfully led the response to the closure of MG Rover and last summer’s floods

- **Securing the Energy Technology Institute and Channel 4’s Digital Media Commissioning hub**
AWM successfully brought the £1 billion Energy Technology Institute to the Midlands and secured Birmingham as the home of Channel 4’s Digital Media Commissioning Hub.

AWM’s sub-regional successes include:

- **Birmingham New Street Gateway Plus project**
AWM is investing £100 million (the largest ever investment by an RDA in a single project) in the Birmingham New Street Gateway Plus project. This will deliver transformational change and new opportunities for enterprise, regeneration and employment in Birmingham and the wider region.

- **Shrewsbury Food Enterprise Centre**
AWM is facilitating the provision of twelve specialist food and drink production units in order to encourage start-ups and growth in this key sector. The development is expected to create over 100 new jobs.
- **Coventry (Ansty)**
AWM has secured Coventry as the home for three nationally significant investments: Ericsson, Tata’s European R&D Centre and the Manufacturing Technology Centre recently announced in the National Manufacturing Strategy.

- **The regeneration of Hereford City Centre**
AWM has supported the Edgar Street Grid regeneration in Hereford City Centre, to expand the retail and employment offer and consolidate Hereford’s status as the principal centre for the southern part of the sub-region. The development is expected to create 1,250 net new jobs.

- **Walsall Waterfront**
AWM has supported the £64million mixed use project at Walsall Waterfront, which will deliver houses, office accommodation and associated retail and leisure facilities. The development is expected to create 960 new jobs.

This contrasts with the mixed ability of local authorities and other sub-regional bodies to deliver the West Midlands’ priorities (as opposed to an individual local authority’s goals). Nonetheless, the Confederation believes that RDAs should play a role in developing local authorities’ delivery and strategic capacity to prepare them for the changes proposed by the Sub-National Review (SNR) and to reflect the wider importance of empowering local and sub regional decision-making. However, any immediate transfer of power and/or funding to local authorities as part of the SNR will almost certainly lead to a period of slow down in delivery and there is considerable risk that regional priorities will be dropped in favour of lower-impact local initiatives which will not collectively make a significant contribution to improving the region’s output. At some stage in the future, it is feasible that local authorities will have the strategic capability to assume these responsibilities. There are, for example, early signs of improved joint working emerging from the Birmingham, Black Country and Coventry City Region initiative though this capability needs to be developed further.

The Sub-National Review

While the Confederation is broadly supportive of the aspirations of the SNR, the Government needs to go further in devolving power from the centre to our regions and localities, providing a meaningful framework for business engagement in decision-making at the regional, local and sub-regional level.
and in joining up this agenda with broader issues of business support simplification, Business Rate Supplements (BRS), transport, skills and planning.

At a regional level, there is a strategic regional economic co-ordination role that RDAs can usefully play. A focused, streamlined, evidence-based Integrated Regional Strategy (IRS) covering economic, housing, planning and transport issues could help to deliver this. AWM is now doing much more to ensure that it is more business focussed. It is important that AWM is allowed to continue to utilise the expertise of non-RDA and Local Authority partners, such as business, to improve regional strategies and decision-making.

The IRS needs to demonstrate that the region has really understood what interventions work when driving systemic economic change. That said, the RES has been the culmination of several years work and represents a high quality vision and strategy. Whilst the creation of an IRS presents an opportunity to raise the bar even further, we should resist the temptation to re-visit the key components of the RES. Put simply, the regions cannot afford the luxury of yet more self-examination and another lengthy and bureaucratic consultation process. The priority now is delivery of successful interventions and legislation must be introduced as a matter of urgency to enable RDAs to take on statutory responsibility and to ensure that the current regional strategies are not left in limbo.

At a local level, more decisions on planning, regeneration and transport could and should be taken by local authorities in partnership with their business community. This does however need to be accompanied by stronger local leadership, a sharper focus on economic development issues (as a result of the new statutory duty), and opportunities for business to be at the heart of the decision-making process. Businesses are concerned about current levels of capability and expertise within local authorities and where this is the case RDAs will need to assist local authorities to develop the necessary capacity before local authorities receive delegated funding or have the powers to make other arrangements.

The importance of business engagement and expertise in RDAs

Business leadership of RDAs is an important principle, which should be retained and developed. AWM has taken steps (and this continues) to ensure genuine and appropriate business engagement, particularly given that business is the only stakeholder with the power to deliver the necessary step change in economic development that the SNR requires. Within the West Midlands, AWM has business representation on its Board and strategic regional partnerships (including the Regional Skills Partnership on which the Confederation has seven places) as well as in the development of the RES and Skills Action Plan. The Confederation is in advanced discussions with AWM to deliver a business engagement programme with regionally significant firms across the West Midlands. We welcome this and believe that such an approach will improve further AWM’s ability to engage with the region’s most important businesses.

It is important that business participation is senior and serious with quality candidates experienced in starting up and running businesses assuming positions on RDA Boards and partnerships. It is critical that these leaders work with the business
constituency they represent to ensure buy in from the wider business community. AWM and business colleagues have made impressive strides in improving the visibility of the business led aspects of the RDA not least through close engagement with Chambers’ elected Council bodies. The Confederation believes that requiring RDA board members to exchange ideas regularly with business and business organisations, to communicate and champion the work of the agency, could enhance this.

It is essential that business engagement in RDA programmes ‘picks up’ the broader business community and does not depend upon relationships with individual businesses. At any one time there are over 3000 businesses actively collaborating in AWM’s cluster groups across the West Midlands leading to tangible increases in innovation and growth. Successful regional programmes include the National Industrial Symbiosis Programme. It is vital that AWM maintains this region-wide reach whilst continuing to enhance it.

The accountability of RDAs

In the light of the SNR’s proposals concerning future scrutiny arrangements (following the abolition of the Regional Assemblies), the Confederation is concerned that the panoply of accountability structures proposed will be counterproductive to the achievement of economic objectives. The Confederation urges government to enhance business involvement in scrutiny and accountability processes.

We support the British Chambers of Commerce’s view that ‘the prime objective of the SNR should be to ensure that RDAs are held accountable for their performance against clear, measurable objectives in terms of economic development’. The Confederation is clear that information relating to RDA performance should be readily available and that there should be mechanisms to replace, restructure or abolish failing agencies.

The importance of efficiency savings

The SNR makes reference to the IRS processes ensuring efficiency savings. It would be very appropriate to invite business to champion the efficiency savings aspect of the region’s strategies, especially if the UK does enter a period of prolonged economic slowdown. Business has learned much in recent years about squeezing costs down
and increasing productivity and there will undoubtedly be learning that is transferable to the public sector.

The autonomy and funding of RDAs

It is important to note that regions do not merely require autonomy to make their own decisions though, of course, this is crucial. Central government must be prepared to invest in the regions: the West Midlands needs funding from central government to enable transformational change. As such, the Confederation is dismayed by the government’s recent decision to remove £300 million from the RDAs’ single pot budget to fund the HomeBuy Direct housing initiative. This will compromise the ability of RDAs to deliver long-term regional priorities, which will stymie recovery from the economic slowdown rather than enable it.

Summary of recommendations

- AWM should continue to be the strategic regional development agency for the West Midlands.
- AWM is uniquely placed to deliver regional priorities within the West Midlands when compared with other local and sub-regional bodies.
- AWM should become more economically centred in its activities and have a sharper strategic economic focus
- There is a role for AWM in developing the long-term strategic capacity of the region’s local authorities.
- The Regional Economic Strategy and Regional Spatial Strategy should be combined into an Integrated Regional Strategy.
- Arising out of the SNR, RDAs will need to assist local authorities to develop the necessary capacity before delegating funding or have the powers to make other arrangements.
- It is also essential that business engagement continues to ‘pick up’ the broader community and does not depend solely upon relationships with individual businesses. AWM does this well through its advisory boards and its positive relationships with business organisations in the region. This needs to continue and strengthen.
- Business representatives should play an enhanced role in RDA scrutiny and accountability arrangements.
- Business should assist RDAs to make efficiency savings as appropriate.
- Central government should avoid interfering with AWM’s budget during the economic downturn as this dilutes the RDA’s effectiveness and undermines their efforts to support the region’s recovery.

19 September 2008

Memorandum submitted by North East Chamber of Commerce (RDA 58)

1. NECC and its members are broadly supportive of One NorthEast.

The North East has been the fastest growing of all English regions in recent years. However, despite this success, most recent figures show the region produces just 81% of the UK average GVA per head. NECC firmly believes the capacity exists for the North East close this gap. Achieving this will become increasingly important for the economy of the UK as a whole. Firstly, it will become increasingly unsustainable, and generate more marginal returns, for UK economic growth to rely on output from the crowded South East. Efforts to enable all parts of the UK to maximise their economic potential are required. Secondly, the North East has the highest level of exports as a proportion of GVA, and in 2007 was the only English region to increase its exports. In a globalised economy, this performance is critical for the country. It is crucial, therefore, for both the North East and the UK, that this region has resources specifically dedicated to economic development, and that these are strategically managed by a body with a specific remit and expertise for economic development.

In the context of the North East, it is critical that this strategic management takes place at regional level. With a population of a little more than 2.5 million, this is comparable to the city regions of Manchester, Leeds or Birmingham. In order to constitute sufficient critical mass to compete, it is important that the North East is not sub-divided when it comes to strategy development. Furthermore, while development of city region working is positive, purely operating at sub-regional level would risk splitting the counties of Durham and Northumberland into areas associated with different city regions and rural areas which do not fall neatly into either. This would negate the anticipated benefits which prompted NECC to strongly back single, unitary councils in each of these counties. It would also risk neglecting important assets for growth within these areas, including the transport infrastructure which connects the North East’s two main city regions.

NECC believes that, while not being perfect, One NorthEast has played this strategic role effectively over the past 10 years. Successes welcomed by the business community include:

- The prioritising of ‘three pillars’ for science-led economic growth and establishment of infrastructure to support them;
- Creation of a regional business support body (Business and Enterprise North East) and moving ahead of other regions on business support simplification;
- Operating an effective regional image campaign;
• Successful oversight of regional tourism operations;
• Devising a Regional Economic Strategy which inspired clear support from the business community and contained ambitious targets One NorthEast is willing to be judged against.

While there may be a case for elements of reform (see below), we believe One NorthEast’s record justifies the decision to establish the agency and its continued operation.

It should be noted that this response seeks only to comment on the situation within the North East. We offer no opinion as to how other regional development agencies have performed, nor do we believe that it is necessary for a uniform structure to be in place across all UK regions.

2. There remains a concern that additional responsibilities for Regional Development Agencies produce a form of “mission creep” that potentially undermines the economic focus of One NorthEast.

One NorthEast should remain a strategic body. In this regard, NECC supports the direction of the Sub-National Review in leaving regional development agencies in overall charge of strategy, while delegating delivery to sub-regional levels, including local authorities and city regions. However, this should be tempered by a commitment that no body will receive delegated delivery until it can demonstrate clearly, including to the private sector, that it has the capacity to handle it. This is particularly important in regard to policy areas which require significant expertise and are vital to overall economic development – most notably skills, in light of the Raising Expectations consultation paper.

Government should resist allocating responsibility to One NorthEast for projects which are not directly related to economic development. Examples could include environmental policy, equality and diversity and social inclusion. In September 2008, senior One NorthEast managers were requested by Government to assist dealing with dead farm animals following floods in the region. Similarly, One NorthEast should refrain from assuming responsibility for work which need not be part of its core remit. This includes taking on management responsibility for programmes which are separately funded. Examples could include urban design, sports or languages. None of these projects or programmes are opposed by NECC, but should be moved to organisations with a more appropriate remit, or to local authorities or city regions with broader remits. In the same way that organisations with core responsibility for health, skills or law and order would not be handed responsibility for issues outside their core remit, the same discipline should be applied to a body responsible for economic development. Consideration could perhaps be given to re-naming regional development agencies as regional economic development agencies to give additional clarity to this specific remit.

One NorthEast should primarily be a commissioning, not a grant-making body. Awarding individual grants can be attractive to bodies which are judged on the basis
of numbers (e.g. jobs created / safeguarded, businesses supported) as it enables a simple flow-through of activity to outputs. However, this can detract from the more important strategic role the regional development agency should play. Where it is considered that grant-funding can play a worthwhile part in economic development, this should not be abandoned, but delegated to another body.

Decisions over use of One NorthEast’s budget should be set by its board, with lines of accountability within the region. NECC supports the creation of the ‘single pot’ for One NorthEast for use to support the aims of regional strategies. This should not be undermined when short-term initiatives require finance. The use of RDA budgets in September 2008 to fund Government measures to support the housing market would fall squarely within this category. If specific economic circumstances which cannot be foreseen within strategy development arise, Government may wish to issue guidance to One NorthEast, and, if necessary, make this public for purposes of democratic scrutiny. However, the final decision on whether to follow this advice should ultimately rest with the One NorthEast board, which is better placed than Government to understand the specific needs of the regional economy and to assess the value of short-term interventions against the continuity of longer-term programmes.

As well as recognising where elements of delivery should be remitted to other organisations within the North East, One NorthEast should also be aware of when it should be remitted to the private sector. NECC believes elements of marketing and public relations, for example, have been retained ‘in-house’ unnecessarily. In public procurement, One NorthEast should be encouraged to lead by example in the region and demonstrate explicitly how its spending and investments provide a sustainable legacy for the North East. This is particularly important where organisations from outside the region are commissioned by One NorthEast. We believe it would be helpful for Government to issue clear guidance to One NorthEast (and other public sector bodies) on flexibilities open to public bodies (such as social or delivery clauses) and the value of using procurement spending as an economic development tool.

In certain cases, NECC believes One NorthEast has established, funded and strategically managed organisations, projects or events which directly compete with existing private sector provision within the region. This must be avoided unless there is a clear case of market failure, and where this does occur, One NorthEast should seek to support and collaborate with the private sector before setting up new organisations.

3. There is serious concern over the crippling effect of the planning system in enabling One NorthEast to continue to have a dynamic economic development focus while conducting its new role as the regional planning body envisaged in the Sub-National Review.

NECC supports the amalgamation of the Regional Economic Strategy (RES) and Regional Spatial Strategy (RSS) into a single Integrated Regional Strategy (IRS). This
should iron out some of the anomalies in the system whereby drafts of the North East RSS directly contradicted the RES, including over the importance of strategic transport infrastructure, support for development of facilities at Teesport, and support for expansion of North East Technology Park (NETPark) at Sedgefield.

However, the method of combining these two strategies into one must be chosen with the correct priorities and objectives in mind. In the North East, the RES has been welcomed by businesses. This can be put down to the relatively swift process of its development, the high-level strategic focus of the document, and the ownership felt within the region due to accountability and scrutiny processes. Conversely, the RSS has at best suffered from a lack of engagement due to the protracted and arcane statutory planning process, and at worst encountered open hostility due to its micro-management (e.g. setting annualised housing numbers at district level) and the unwelcome amendments made outside the region through the Examination in Public or by the Secretary of State. In order to create an integrated strategy that engenders confidence and collaboration within the North East, the RSS process must be raised to the standards of the RES process – and the RES not lowered to the standards of the RSS.

We have deep concerns over the effect of the current planning system on strategy development. The two-year timescale envisaged in the Prosperous People, Prosperous Places Sub-National Review consultation document appears undeliverable within the current statutory planning process. NECC believes that the correct response to this is to streamline the process, not to extend the timescale. There should certainly be no more than one Examination in Public during the process and it is highly questionable as to whether there is any value in holding one at all. The recent experience of the North East RSS demonstrated that the changes inserted after the Examination in Public did not carry any greater level of political or public acceptability. Nor did they carry any greater weight, given the number which were subsequently overturned in later drafting. This hardly seems to justify the expense incurred by the public purse, or by other bodies which took part in this process. Government must also commit to meeting tight deadlines for its own role in the strategy development process. The need to streamline the process has been clearly demonstrated by recent changes in the global economy. The process for developing strategy at present carries nothing even approaching the dynamism needed to adjust for such events.

It has been repeatedly stated that allocating new planning responsibilities to One NorthEast will necessitate appointing new members of both the board and executive team with appropriate expertise. This appears undeniably true, but the apparent assumption that the principal source of this expertise is within local authority planning directorates or similar public sector organisations is erroneous. A body focused on strategic economic development does not need an injection of expertise which is largely concerned with planning regulation and control. Within the private sector, there is considerable experience of promoting major development and overcoming obstacles in the planning system. It is this expertise which will prove
much more valuable both at board and executive level to an organisation which should be focused on enabling development which will bring support economic strategy. The new planning responsibilities should be seen as reason to strengthen rather than weaken the level of private sector experience at both of these levels.

4. There is an opportunity for One NorthEast board members to be better linked to the wider business community.

NECC has enjoyed effective engagement with One NorthEast to date which we believe has brought benefits to both parties. This is formalised through a series of high-level quarterly meetings involving board and senior executive team members from both organisations to discuss issues of strategic importance. However, this is only effective because it is supported by regular day-to-day engagement at a variety of levels, instigated by both organisations. We do not consider that NECC has any permanent right to this type of engagement if we cannot demonstrate that we adds value through our contribution on behalf of our members. Nevertheless, these links are still limited in their effectiveness, chiefly by the absence of clear lines of communication between board members and the wider private sector.

We do not believe the response to this is to create a board containing members with a direct remit to represent specific sectional interests. This would detract from the strategic nature of decision-making required. However, there should be a requirement for all board members to demonstrate how they are linked to the wider business community, particularly those businesses which are engaged with public policy issues. This would aid greater understanding of broader issues outside the direct experience of individual board members, and enable more effective scrutiny of One NorthEast’s operation without over-reliance on its executive team for information.

We believe Government should demonstrate a commitment to regional devolution and accountability by changing the process for approval of board members. These should no longer be signed off by a minister within the Department for Business, Enterprise and Regulatory Reform. Instead, they should be approved by the Minister for the North East, with scrutiny from Parliament, possibly through the mechanism of a mooted Regional Select Committee. This would aid One NorthEast in feeling free to act independently for the economic development of the North East, and to make public comment demonstrating this where necessary.

5. Summary of recommendations

- One NorthEast should continue to operate as the strategic economic development agency for the North East.
- Responsibility for delivery should be transferred from One NorthEast to other organisations, providing they can demonstrate capacity to handle this.
- Responsibilities other than those directly associated with economic development should be removed from One NorthEast and transferred to more appropriate bodies.
• Responsibility for awarding of grants should be transferred from One NorthEast.
• The bulk of One NorthEast’s budget should continue to be consolidated into a single pot, which should not be interfered with by central Government.
• One NorthEast should be more willing to commission delivery by the private sector and should cease creating organisations, projects or events which directly compete with the private sector.
• The Regional Economic Strategy and Regional Spatial Strategy should be combined into a single Integrated Regional Strategy.
• Development of the IRS should be modelled on the RES, not the RSS.
• Aspects of the planning system (particularly use of an Examination in Public) should be reformed to allow streamlined strategy development.
• The need for new expertise in planning and development at board and executive level should be largely met by people with private sector backgrounds.
• One NorthEast board members should be required to demonstrate links to the wider private sector.
• Appointments to One NorthEast’s board should be approved by the Regional Minister with Parliamentary scrutiny.

19 September 2008

Memorandum submitted by the Engineering and Machinery Alliance (RDA 59)

The Engineering and Machinery Alliance represents the views of the 1,300 mechanical engineering firms in nine subsectors represented by the following organisations:

• British Automation and Robot Association
• British Paper Machinery Suppliers Association
• British Plastics Federation
• British Turned Part Manufacturers Association
• Confederation of British Metalforming
• Gauge and Toolmakers Association
• Manufacturing Technologies Association
• Printing, Papermaking and Converting Suppliers Association
• Processing and Packaging Machinery Association

Together they represent mostly SME firms with a total turnover of some £7 billion split pretty evenly between finished capital goods and components for capital goods. Our sector surveys show that these firms are fully representative of the UK’s mechanical engineering sector.

UK mechanical engineering sector turnover in 2006 was some £37 billion, 76 percent of it from exports -- we are one of the few UK manufacturing sectors to regularly run a positive trade balance. Our customers are in other manufacturing sectors,
automotive, aerospace, medical, food and materials handling and processing for example.

Our main markets are USA, Germany, France and, growing quickly, China.

### UK mechanical engineering in 2006

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Sources: Annual Business Inquiry (16 November 2007, reporting 2006 data)
Export data from Monthly Review UK External Trade (November 2007)

### Manufacturing and sustainable social development

In the past manufacturing has had a bad rap. Outmoded perceptions based on Victorian images put people off a career in industry. So did the factory closures that many faced locally over the years. Service jobs had to be introduced to replace those lost in industry.

Now there is a growing realisation that to provide rewarding careers for people of all aptitudes, the UK must provide productive, value adding jobs in manufacturing as well as services.

A well balanced, sustainable economy needs both services and manufacturing. They require different skill sets of the people who work in them. Manufacturing is key in driving technological innovation and development. It is responsible for 75% of private sector R&D and half of all UK exports. With its value enhancing technologies manufacturing provides a wide range of middle income jobs that spread social stability. The challenge for government at all levels is to lock those opportunities in for the UK, rather than let them move offshore to the benefit of citizens in other countries.

### Summary

From a mechanical engineering industry point of view we see that the regions have important positive roles to play in terms of information, co-ordination and delivery. The problems arise where they drive policy differences that cut across manufacturing supply chains, particularly where the end customer is in a market outside the UK.

Over 55% of all UK GDP is trade (import/export) dependent. So every region is affected by UK businesses ability to compete internationally.

As a geographical space the UK isn’t large. (It’s slightly smaller than the US state of Oregon). So putting transport and communications infrastructure problems to one side for the moment, relative proximity should give UK-based supply chains something of an advantage. That is as long as the RDAs don’t add cost or complexity when trying to further their local economies. It also means in many cases that the national interest will be better served by the RDAs doing less rather than more.

Our submission is structured to complement the seven areas referred to in the press notice announcing the Committee’s Inquiry.
1 The need for a level of economic/business/regeneration policy delivery between central and local government

1. This is primarily a social policy question.
2. In as much as the EU is delegating greater responsibility to regional governments at various levels to promote economic growth and development, it clearly makes sense for the UK to ensure that it gets all the assistance to which it is entitled, given its contribution to the overall EU Budget and the fact that a third of the 35 UK regions or ‘localities’ recognised by the EU have GDP per capita below the average for the 27 EU Member States. (See annex 1 for Eurostat data.)
3. Our sector’s perspective tends to be supply chain specific. They usually involve more than one region or EU ‘locality’ with the end product leaving the country.
4. Sector associations don’t have the resources to go round the nine regions let alone the 35 localities to discuss sector supply chain initiatives and other important issues.
5. We can see the RDAs may well have a useful role in co-ordinating local development.
6. However, the lead agency matrix in which certain RDAs act as the conduit to the regional network (e.g. EMDA on manufacturing, SEEDA on construction) doesn’t work at the sub sector level (e.g. on mechanical engineering initiatives), unless the sub sector is an economic development priority for the RDA in question. We don’t see this problem being solved by the proposed changes which seem to devolve more responsibility and some autonomy to the sub regional authorities.
7. EAMA therefore recommends that to strengthen their co-ordination role in the national interest, the RDAs establish an ‘RDA Embassy’ in London where bodies such as ours can go to discuss projects and in one ‘hit’ meet all the relevant target RDAs and ensure a flow of information through them to the ‘localities’ and vice-versa. Maybe such an office could be located within BERR’s London HQ given the Department’s roles vis-à-vis the RDAs and business. That might have the added benefit of reducing the overheads and duplication that would naturally flow from setting up a stand-alone operation.

2 Effectiveness of RDAs and their role in adding value

1. There are clearly vast variations in the effectiveness of the various RDAs and therefore plenty of scope for the ‘normalisation of RDA services’ across the country backed by greater accountability in terms of ‘what gets measured gets done’.
2. Because it focused on grants, EAMA’s 2006 survey of 100 firms asked respondents to rate the organisations they had applied to. The results are therefore an indicator of SME manufacturers’ perceptions of RDAs, Business Link, the Manufacturing Advisory Service and others. (See the Grassroots Grants Survey www.eama.info under publications)
2.1. The report compared perceptions of the six organisations against a notional best/worst possible score (+100/–100). Business Link scored well, ahead of MAS and the RDAs. However, the ‘Other’ group outperformed them all. This group comprised the devolved administrations, trade associations and DTI for their marketing support.
2.2. The score breakdown for each organization pointed to some erratic delivery - Business Link, RDAs and MAS all had good ‘very positive’ scores. They also have high ‘fairly positive’ scores or even high ‘negative’ ones in the case of the RDAs (see table below).

2.3. With Business Link mentioned by twice as many firms as any other organization, it scored a larger proportion of all the positive votes and only very slightly more negative votes than the others.

2.4. RDAs scored a larger proportion of negative votes than positive, whereas MAS and the ‘Other’ group both recorded more positive than negative.

<table>
<thead>
<tr>
<th>Individual scores (% those dealing with the organisation)</th>
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<tbody>
<tr>
<td><strong>RDA (%)</strong></td>
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<tr>
<td>-------------</td>
</tr>
<tr>
<td>44</td>
</tr>
<tr>
<td><strong>EU Facility (%)</strong></td>
</tr>
<tr>
<td>13</td>
</tr>
<tr>
<td><strong>MAS (%)</strong></td>
</tr>
<tr>
<td>22</td>
</tr>
<tr>
<td><strong>Business Link (%)</strong></td>
</tr>
<tr>
<td>42</td>
</tr>
<tr>
<td><strong>UKTI (%)</strong></td>
</tr>
<tr>
<td>25</td>
</tr>
<tr>
<td><strong>Other (%)</strong></td>
</tr>
<tr>
<td>53</td>
</tr>
</tbody>
</table>

3 Applying for grants is complex, so many companies use consultants to save management time. While over a third of firms said that they paid their consultants less than 4% of their grant in fees, which seems reasonable, over a quarter paid a fifth or more of the grant to their consultant, which is surely indicative of the scale of inefficiencies and complexity in the system.

3 RDA expertise
We have no particular points to make here other than to observe that the Government’s Manufacturing Strategy launched 8.9.08 recognises how important ‘value chains’ are in developing globally relevant skills and competitive sales. Our member firms would strongly agree with this and therefore would prefer the RDAs to focus on their core remits where there is a clear regional fit, e.g. in developing regional infrastructure (road, broadband, energy distribution and storage, transport and communication hubs) and helping to plan for and handle emergencies, rather than expanding their activities where they have little or no ability to add value.

4 The extent of and need for RDAs overseas activities
We limit our comments here to exporting.

1) We would like to see some significant simplification of the current matrix structure, ideally separating trade from inward investment, the national sector export strategy from regional inward development.

2) A study carried out last year comparing UK participation at international exhibitions with six other competitor countries found that there is a European trend towards national branding at international exhibitions. Even countries with strong regional entities such as Italy and Spain are going down this route.
3) It would be a more efficient and less confusing approach if the UK adopted a similar strategy in export markets, reducing the regional presence to a lower profile. (An American buyer at a recent show in the UK on seeing references to ‘The North West’ said he was surprised to see Washington State and Oregon promoting themselves in the UK!)

4) Providing information locally is important. But regionalisation can make things more complicated and result in extra costs. As an example here is how the current system worked for one of our members, the British Turned Parts Manufacturers Association (BTMA) when they arranged an SME outward mission to China 9-13 October 2006.

a) The association took care of the travel agent, the visa applications, produced a brochure and visiting cards in Chinese. They arranged for an Engineering Sector Specialist in China to be the group leader and he and a colleague arranged visits to eight factories in Shanghai and Guangzhou.

b) Initially 17 companies committed to go based on an estimate of about £2000 total costs less an anticipated grant of £750. The grant had to be claimed individually from each company’s Regional International Trade Team.

c) In June 2006 just three months into the fiscal year the South East and the Scottish regions were apparently ‘spent out’ resulting in no grants to the companies in those regions and therefore some disparity in support for export amongst the companies.

5 The consequences of expanding RDA remits to include new functions as proposed by the sub national review, including the delivery of EU funding

1) The consultation document says that the private sector will find that there is less of direct relevance in this but that the consequences of the changes will be positive for business, perhaps based on the fact that the RDAs are business-led.

2) However, the SME manufacturers that typify the mechanical engineering sector don’t have the time to be deeply involved in RDA matters which is another reason why we favour the idea of some central conduit for sector views and interaction with the RDAs (as under 1.7 above).

3) In essence we support the plans for greater co-ordination and a single brokerage for support and skills if they improve provision so that it meets the best of the competition abroad and the firms find the system consistent, clear and easy to negotiate – in summary that it does away with the worst elements of the postcode lottery.

4) Of more concern here is the proposal following the Lyons Inquiry recommendation to give local authorities the ability to raise supplements of up to 2p in the £ on the national business rate, subject to three ‘protections’, including some form of business say in the way the added tax is spent. The Sub National Review document claims that this development has already met with approval from the local business communities where it has been trialled. We don’t have direct feedback on the cases involved and so feel we must reserve judgment. Clearly it will all depend on the way these measures are used and protected over the longer term and across the country.

The accountability of RDAs

1. The proposed changes include:

1.1. Replacing the tasking framework with a simplified outcome and growth focused framework.
1.2. Giving local authority leaders responsibility for the effective scrutiny of RDA performance.

2. Both these changes sound sensible with regard to regional policy’s main social objectives. However, the likely knock-on impact on businesses competing in foreign markets is not clear, except that it is bound to vary from region to region.

7 How RDA performance has been measured in the past and will be measured in the future
1) The methods used focus either on the total number of outputs or activities (BERR’s tasking framework) or organisational performance (the National Audit Office). Neither really assesses actual impact or value for money.
2) These reports are based on feedback from stakeholders and of course they don’t compare the RDAs’ added value compared to results in similar circumstances where there are no RDAs.
3) In their report Improving Performance? A review of the Regional Development Agencies, the EEF found little or no evidence of the agencies making a significant positive difference to regional economic development when comparing two six-year periods of almost identical economic growth (1992-1998 and 1999-2005).
4) They concluded that in part this was due to the fact that the RDAs have several competing objectives, for example out-and-out regional economic development on the one hand and closing the economic discrepancies between regions on the other.
5) In 2005 Uruena Gutierrez at Valladolid University published a study of Spanish RDAs that attempted to make comparisons that would get at the RDAs added value. (See annex 2.)
6) The study compared the performance of RDA intervention across 11 autonomous communities (ACs) or regions to establish what difference they made in closing the performance gap between the regions on three measures (the number of firms in the region, the number of new firms, and the number of large companies. It found that the most powerful combination for improvement was RDAs with access to EU Objective 1 Status funding, which ties in with our view 1.2 above.

Annex 1
EU Regional GDP per Capita 2002-2005 (EU 27 Average = 100)
(Source Eurostat)

<table>
<thead>
<tr>
<th>Region</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
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<td>293</td>
<td>297</td>
<td>302</td>
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<tr>
<td>Berkshire, Bucks and Oxfordshire</td>
<td>164</td>
<td>165</td>
<td>170</td>
<td>174</td>
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<tr>
<td>Bedfordshire, Hertfordshire</td>
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<td>136</td>
<td>133</td>
<td>137</td>
<td>136</td>
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<tr>
<td>Gloucestershire, Wiltshire and Bristol/Bath area</td>
<td>132</td>
<td>137</td>
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<td>140</td>
<td>134</td>
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<tr>
<td>Cheshire</td>
<td>134</td>
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<td>129</td>
<td>131</td>
<td>133</td>
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<tr>
<td>Surrey, East and West Sussex</td>
<td>130</td>
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<tr>
<td>Hampshire and Isle of Wight</td>
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<tr>
<td>Leicestershire, Rutland and Northants</td>
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<td>123</td>
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<tr>
<td>Eastern Scotland</td>
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<td>Herefordshire, Worcestershire and Warks</td>
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<tr>
<td>Region</td>
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<tr>
<td>Outer London</td>
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<td>Northern Ireland</td>
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<tr>
<td>South Yorkshire</td>
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<td>Shropshire and Staffordshire</td>
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<td>Devon</td>
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<td>Tees Valley and Durham</td>
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<td>West Wales and The Valleys</td>
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<tr>
<td>Cornwall and Isles of Scilly</td>
<td>74</td>
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<tr>
<td>North Eastern Scotland</td>
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<td>Highlands and Islands</td>
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Annex 2

**Evolution of entrepreneurial density, enterprise creation and the number of large enterprises, for different Spanish Autonomous Communities (2000-2003)**

<table>
<thead>
<tr>
<th></th>
<th>No of firms per 1,000 inhabitants</th>
<th>No of new firms per 1,000 inhabitants</th>
<th>No of big companies per 100,000 inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Total</td>
<td>64.1</td>
<td>65.9</td>
<td>+2.8</td>
</tr>
<tr>
<td>AC with RDAs</td>
<td>64.8</td>
<td>66.4</td>
<td>+2.5</td>
</tr>
<tr>
<td>AC without RDAs</td>
<td>60.3</td>
<td>63.1</td>
<td>+4.6</td>
</tr>
<tr>
<td>AC with RDAs &amp; Obj 1</td>
<td>58.1</td>
<td>60.2</td>
<td>+3.5</td>
</tr>
<tr>
<td>AC with Objective 1</td>
<td>57.7</td>
<td>59.9</td>
<td>+3.9</td>
</tr>
<tr>
<td>AC without Objective 1</td>
<td>73.0</td>
<td>73.9</td>
<td>+1.2</td>
</tr>
</tbody>
</table>

(Source: Evaluating RDAs’ Assistance on Spanish Regional Economic Growth)

19 September 2008

**Memorandum submitted by The R&D Society (RDA 60)**

The R&D Society is a UK-based membership organisation that aims to promote the better understanding of Research and Development in all its forms. It holds regular afternoon and evening meetings at the Royal Society in London, with high profile speakers from many sectors of the R&D community. The current corporate members are as follows:


The R&D Society has recently started focusing more strongly on the economic and social benefits resulting from research and development. Following consultation with our members, our primary input to this consultation process is to draw attention to the importance of research and development in economic development and business growth.

This is something that central Government understands well and recent policy measures in this respect have been encouraging – examples include the Ten Year Framework for Research and Development, which aims for very substantial growth in both public and private R&D expenditure over the ten years to 2014 and the establishment of the Technology Strategy Board as a self-standing, non-departmental public body with substantial funding to encourage collaborative research and development and take other measures to maximise the economic impact of that research and development. The Energy Technology Institute, which funds research, development and demonstration projects in new energy technologies, is also very welcome.

Each of the Regional Development Agencies has established a Science and Industry Council and these bodies are typically strongly influential in regional economic development policy.
linked to research and development. As far as we are aware, Regional Development Agencies have used the Science and Industry Councils to good effect.

We believe it is important to maintain a level of understanding of the importance of research and development in economic development and business growth between central and local Government as knowledge and expertise could be spread very thinly if such responsibility is fully devolved to local Government.

We are aware, through our members, of some concerns about the administration of R&D grants by RDAs, particularly about the efficiency and fairness of the evaluation process and about whether sufficient grants are being awarded in each region. We question whether it might not be better to administer such grants on a national basis. They should, after all, be specified on a nationally uniform basis and evaluated on a uniform basis from region to region. However, we are concerned that there may be more regional variability than there should be in the administration of these grants.

19 September 2008
Memorandum submitted by the Punjab Link Council (PLC) (RDA 61)

The Punjab Link Council (PLC) is a formally constituted community association functioning as a social enterprise with a management board comprising of local prominent individuals, to provide legitimacy of operation in the area of fostering international links. Its business remit is to promote the East Midlands region, with its diverse demography and its strong economic potential to the global business markets of India, in particular Punjab and Northern India.

The following submission reflects PLC’s experiential interactions with RDA policy and programmes which in some cases, appear to be fragmented and polarised on implementation.

1) **The effectiveness of RDAs and their role in adding value & accountability?**

- The emergence of the RDA’s was initially seen as a break point in institutional structures, attitudes and values specific to enterprise and economic regeneration. However, with the advent of type and composition of appointed boards and a move to a centralist, technocratic agenda has been at the cost of a loss in public accountability.

- To assert democracy and to ensure open and transparent decision making, there has been a collective failure to involve local communities with no consultation or mechanisms employed to elicit community opinions on those policy or programmes.

- The PLC board, as a community enterprise, will state that a lack of plural outlook does not and has not gained wide spread support for RDA work
and in fact, no remedy appears to be forthcoming with the current status quo and ‘business as usual’ ethics.

- In spite of numerous correspondence, the RDA’s hierarchy have yet to invite PLC’s management board for an open discussion on issues of community participation which appear to undermine ‘we also need to overcome the barriers that prevent people from participating in the economy so that we can all be part of a healthy, inclusive community’, statements in RDA policy literature.

- There is no evidence to support any dialogue or interaction with BME communities who in the main, are oblivious of the role and existence of RDA’s.

2) The extent of, and need for, their overseas activities

- There appears to be singular mindset in relation to overseas markets with some useful work in the area of collating overseas intelligence on business environments but weak support mechanisms to consolidate ongoing relationships.

- PLC worked extremely hard to introduce the Northern India trade and business opportunity for inward investment and joint ventures to previously single markets of Gujarat. The apparent barriers to innovation and the levels of entrenchment to open up new Indian opportunities within the East Midlands regions was quite alarming.

- It is however, crucial to be involved in overseas markets and a separate external markets unit should complement the internal business sectors in any future reorganisation of RDA’s.

- PLC would actively support any campaign for a representative discussion and debate on the operations of RDA’s and complement any national review with its contributions to ensure a robust review of future RDA operational objectives, particularly in the overseas markets.

3) How RDA performance has been measured in the past and will be measured in future?

- A national audit office scrutiny would be appropriate to highlight good practice and divergence as well convergence to unanimity of policy and programme as part of implementing a national strategy.

- The involvement of local community groups and agencies would act to oversee the effectiveness and efficiency of RDA agendas. The RDA’s seem to be locked into perpetual contractual agreements with Government and hence the dictates on performance when, in fact,
performance factors should be linked to local as well as national priorities.

- The RDA’s influence appears to be greatly exaggerated as it clearly suffers from an identity crisis! PLC defies the notion that an individual member of Leicester, Leicestershire public would be able to mention all the geographical areas of East Midlands under RDA jurisdictions (What hope of International recognition!).

4) Expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding?

- PLC would support a move which has an organizational priority to deliver an integrated and comprehensive package of measures to enable and support business activity with the provision of loans / grants to foster economic regeneration, operate Compacts with respect to certain applications for EU funding.

In conclusion, PLC will state that markets which are strategically managed, through infrastructure investment in partnerships, collaborations and joint coordinated approach will significantly add value to sustained business growth, particularly in the international global markets.

19 September 2008

Memorandum submitted by the Royal Society for the Protection of Birds (RSPB)
(RDA 62)

Summary

The Royal Society for the Protection of Birds (RSPB) wants the best institutional arrangements to ensure the protection and enhancement of biodiversity in the English regions.

We believe that there are deficiencies in most, if not all, in most aspects of the current regional and sub-regional arrangements to deliver ‘sustainable growth’, which is defined in the government’s regional economic performance public service agreement (PSA) as ‘economic growth that (…) is within environmental limits, but also enhances the environment and delivers social welfare’.

As presently framed, we do not believe the Sub-National Review reforms will lead to improved outcomes for wildlife, habitats, landscapes and the practical delivery of sustainable development.

We therefore propose that:
• Regional Sustainable Development Agencies are created with a new, stronger sustainable development duty.
• Sustainable development is the explicit, overarching goal and context for the new Single Integrated Regional Strategies, and underpinned by a new sustainable development metric.
• Single Integrated Regional Strategies should be robustly assessed and scrutinized by independent champions of sustainable development.
• Formal arrangements be introduced to enable civil society to participate in decision-making.
• The value of natural assets is recognized in decision-making.

Introduction

1. The RSPB is the charity that takes action for wild birds and the environment. We are the largest wildlife conservation organisation in Europe with over one million members.

2. We have a significant experience of English regionalism over the last decade, including: taking places on the boards of Regional Development Agencies and their advisory groups; as members of Regional Assemblies, their executives, and in their scrutiny function of Regional Development Agencies (RDAs); as members and associates of regional sustainable development champion bodies; as members of regional groupings such as Regional Rural Affairs Forums; as members and leading advocates of regional environmental fora; via substantial inputs into Regional Spatial Strategies (including Examinations in Public), and finally via the many contacts and experiences we have at the local level including with local government, Local Strategic Partnerships and delivery structures of many kinds.

Creating Regional Sustainable Development Agencies with a new stronger sustainable development duty

Statutory duty to deliver regional sustainable development

3. Under existing legislation (RDA Act 1998), Regional Development Agencies (RDAs) have a statutory purpose 'to contribute to the achievement of sustainable development in the United Kingdom where it is relevant to its area to do so'. This purpose is too weak to ensure sustainable development is embedded and delivered under the proposed regional arrangements. To ensure it is not an 'add on' option for Regional Development Agencies, in our view it is imperative they are given a statutory duty to deliver sustainable development. In practice, this should mean that they are tied to delivering the twin goals of sustainable development as set out in the Government’s own document ‘Securing the Future’, namely to deliver a strong and healthy society which lives within environmental limits.
Create Regional Sustainable Development Agencies

4. We suggest that Regional Development Agencies (RDAs) should be organised to become Regional Sustainable Development Agencies (RSDAs) and become accountable to CLG and DEFRA as well as BERR, thus reflecting their new sustainable development purpose and contribution to associated Public Service Agreements (PSAs).

Gap in capacity and skills

5. In our experience, RDAs do not have sufficient in-house capacity, experience or expertise to deliver economic development within environmental limits, or develop spatial planning within the wider context of sustainable development.

6. It will be important to ensure that there are environmental skills to sit alongside economic and social expertise, especially within the RDAs. RDA Boards should include environmental expertise to ensure that the environmental considerations are integrated into policy and delivery. To ensure the required balance in expertise, we suggest that the Secretary of State for Environment, Food and Rural Affairs has a role in the appointments to RDAs’ boards.

Role of environmental stakeholders in the new governance arrangements

7. Currently RDAs, regional Government Offices and many non-environment-centred regional institutions lack any, enough, or the right environmental skills, specialists, or advocates to effectively understand and then engage with environmental priorities and delivery.

8. A number of regional sustainable development champions (e.g. sustainable development roundtables) and Social, Economic and Environmental partnerships (SEEPs), many of which are run under the auspices of Regional Assemblies, provide valuable advice and influence to regional policies. Their role has been widely recognised as helping the region develop in an inclusive and dynamic manner. However, this valuable regional expertise risks being weakened and lost with the new governance arrangements.

9. It is essential that environmental, social and economic representatives continue to have an effective voice in decision-making and help ensure genuine improvements in environmental and social wellbeing.

10. As part of ensuring ‘fit for purpose’ engagement in the proposed regional arrangements the Government should develop a set of minimum standards. These would ensure the intent set out in Prosperous Places (page 6) that....’the new arrangements will place a
premium on effective stakeholder engagement and management’.

11. We recommend that each region should have at a minimum a strong and identifiable network of environmental interests, with the right capacities to be effective. The regional network needs to work effectively both at an internal environmental sector level, and provide a one-stop shop for external regional actors. The network should include the statutory environmental sector, but it must be able to be independent and have sufficient funding to perform its role effectively.

12. The network should be the source of environmental representatives in any regional stakeholder groupings that may replace the Regional Assemblies’ current SEEP (social, economic and environmental) representative arrangements.

Regional accountability and scrutiny arrangements to support the delivery of sustainable development

13. The new accountability and scrutiny arrangements should focus on ensuring that sustainable development is delivered at the regional and sub-regional levels.

14. The RSPB proposes that existing regional sustainable development champion bodies (round-tables etc), threatened as they are with the regional arrangements in transition, must be reconfirmed with a formal place in the new post-SNR arrangements. They should be provided with sufficient resources to play their 'challenge' role and ensure that policies and plans are developed and implemented respecting environmental limits. Regional ministers should have an explicit role to ensure sustainable development happens in practice in their regions.

15. The Government must take care to ensure that scrutiny arrangements for sustainable development have sufficient sanctions (e.g. via regional scrutiny arrangements, including the regional ministers) to have effect.

Sustainable Development as the explicit, overarching goal and context for the Single Integrated Regional Strategies (SIRS)

16. We remain concerned that there is too great a focus on promoting economic growth. In Prosperous Places, it is suggested that the Government will only expect Single Integrated Regional Strategies to contribute to Public Service Agreements (PSAs) on economic growth and housing. This is too narrow, particularly if the SIRS are to incorporate the existing Regional Spatial Strategies, which require an integrated approach to achieving economic, social and environmental objectives.

17. In its Sustainable Development Strategy, Securing the Future (2005), the Government’s twin objectives for sustainable development are stated as achieving “a strong, healthy and just society and living within environmental limits by
means of sound science, good governance and a sustainable economy”. This helps to position sustainable economies as means rather than ends objectives; quality of growth matters not just quantity.

18. The overarching context and framework for the Single Integrated Regional Strategies must be the Government’s own approach to sustainable development, as set out in the Sustainable Development Strategy. Furthermore, SIRS should reflect government’s wider commitments to sustainable development, climate change and the natural environment and therefore be aligned to the relevant Public Service Agreements 27 and 28.

Retaining and further developing nature conservation policy in SIRS

19. The Government proposes to bring together spatial and economic planning into one Single Integrated Regional Strategy (SIRS). These strategies would set-out high-level strategic priorities for housing and transport and be developed on the basis of the economic evidence gathered at sub-regional level. We are concerned that we would be losing the details of biodiversity policies in the current regional spatial strategies. In the South West of England, for example, the partnership ‘Biodiversity South West’ produced the South West Nature Map, which identified the best areas in the region to conserve, create and connect wildlife habitats at a landscape scale. Policy in the South West Regional Spatial Strategy requires the local planning authorities to use the Nature Map to identify local opportunities for biodiversity enhancement, and specifically refers to the need to link habitats ‘to create more functional units which are more resilient to climate change’. It is not clear where such policies, which require a strategic approach, will fit in the proposed arrangements.

Include sustainable development metrics in the implementation and monitoring arrangements of SIRS

20. The arrangements for monitoring Single Integrated Regional Strategies should include the need to report on sustainable development outcomes.

21. Gross Value Added (GVA) alone fails as a metric of sustainable growth since it does not integrate the environmental costs of economic growth. It does not track real improvements in quality of life or environmental decline caused by unsustainable economic activity.

22. We are concerned that RDAs will have little incentive to promote sustainable development when their performance is judged on meeting a new single growth target, measured by GVA. The new RDAs (with a strengthened sustainable development duty) are required to report on how they are implementing ‘sustainable growth’. To give sustainable development delivery traction and ensure that the environmental impacts of the economic growth are monitored, we suggest that sustainable development metrics are used alongside GVA. This would allow biodiversity to be recognised as a key indicator of sustainable development and a sustainable economy. We suggest the Sustainable
Development Commission is given the urgent task to appraise and propose such a metric.

**Develop and use robust evidence base to inform SIRSs and future policy**

*Developing the environmental evidence base*

23. We welcome the principle of basing the SIRS on a robust evidence base. This must be far more than an assessment of local economic conditions, and embrace all relevant evidence. The proposed new economic assessment duty for local government should be more fully reflective of the sustainable growth definition in the Regional Economic Performance PSA. Local authorities should assess the state of the environment within their sub-region alongside their economic assessment.

*Address the current lack of robust data on the quality of the natural environment*

24. We believe that, to be sustainable, all policy and decisions must be developed and implemented respecting environmental limits. Environmental limits are not tipping points. A tipping point, in the context of sustainable development, describes a point at which natural systems change states, often irreversibly and with catastrophic consequences. To ensure the effective protection and sustainable management of natural resources, environmental limits must be set at a level before the tipping point. Environmental limits need to be sensitive to the complexity of ecosystem processes, connections at a landscape scale and the resilience of ecosystems in the face of cumulative pressures, such as climate change and over-exploitation. If decision-makers do not fully understand this complexity, we recommend that they adopt a precautionary approach when defining limits and invest in further research.

25. There remain significant gaps in data available on environmental resources across the regions. The current gap in data needs to be addressed, to allow for the definition of environmental limits, in context of which regional economic development can take place.

26. Measuring the quality and condition of the natural environment at a regional scale is a difficult task and some significant gaps exist. Particular gaps include the condition of local wildlife sites and Biodiversity Action Plan habitats.

27. Furthermore, the collection and management of consistent regional data on important habitats, non-statutory local sites and the location of key species remains one of the key challenges to the protection of biodiversity.
28. We already have considerable evidence of the value of the natural environment to the well-being of humans, for example, to our health and through life support systems. However, we would value a more robust assessment of the contribution the environment makes to the regional economic well-being and understanding of the implications (including financial) of any degradation of its assets.

*Develop and promote region-wide facilities for storing environmental, economic and social data*

29. There is a need to invest in the development of online facilities for storing regional environmental, economic and social data, including data on important species, habitats and sites in the regions. Much of this data is currently held by a variety of organisations in a number of different formats and is often difficult to access. Easily accessible baseline data will ultimately facilitate the development of regional strategies and their appraisal, as well as RDAs’ decision-making. Fife Council, for example, recently launched a one-stop access to a range of local and national data about Fife called ‘KnowFife’ in February 2007 (see http://knowfife.fife.gov.uk/).

**Integrating nature conservation into all regional policy and decision-making**

30. A key challenge facing regions is to integrate environmental considerations and policies into all regional policy and decision-making at an early stage, informed by a robust evidence base. In order to integrate the environment as part of the broader suite of regional priorities to be addressed through the Single Integrated Regional Strategies, there is a need to use Sustainability Appraisal, incorporating the requirements of the Strategic Environmental Assessment (SEA) Directive, and Habitat Regulation Assessment (HRA) of the Single Integrated Regional Strategies. This will facilitate and promote the integration of environmental considerations into SIRRs. The effective use of these established assessment tools should also greatly facilitate the collection and use of baseline data.

19 September 2008

**Memorandum submitted by 1st East (RDA 63)**

1st East—the Urban Regeneration Company for Lowestoft & Great Yarmouth

Q1. – What is the need for a level of economic development/business/regeneration policy delivery between central and local government?

Response – The fundamental issue is that over decades there has been a strong centralisation of resources at a national level. The consequences are widespread and largely negative in terms of economic productivity and
particularly for local authorities who have been denuded of the discretionary funding that is required to significantly ‘shape their place.’ A further consequence of the centralisation tendency is that fewer people are investing time, effort and resources in local government which means their capacity to deliver change has been eroded.

RDAs have a key role to play as an intermediate body between central government and local authorities in an incremental approach to decentralisation.

Q2 – What is the effectiveness of RDAs and their role in adding value?
Response – RDAs provide regional leadership on the big strategic issues such as major infrastructure projects which is a necessary function naturally sitting at a supra local authority level. They are also effective and instrumental in developing a coherent economic development strategy for the region and in the allocation of resources at a regional level.

RDAs enable strategic capital investments that otherwise would not have been realised, for example – EastPort UK (the new outer harbour for Great Yarmouth). Their effectiveness in this role is dependant on them retaining capital funding streams from central government.

Q3 – What is the expertise of RDAs?
Response – As well as strong leadership, RDAs also provide a focussed regional voice to central government, often acting as a ‘reality check’ on issues relating to central government’s perception and analysis of a particular area.

The RDAs are able to attract high quality staff often with relevant private sector experience which distinguishes them from many other public bodies.

They are also instrumental in leveraging additional funding from a variety of sources including the European Union. However this funding often requires a
matched contribution so again, the importance of RDA retaining capital funding to achieve this is paramount.

A widespread criticism of RDAs is that they attempt to cover too many areas of responsibility, although of course that is balanced by the fact that economic development relies on a number of complex factors ranging from skills, enterprise and innovation through to making places higher quality to work live and visit through physical regeneration. The importance is a relevant level of funding to achieve these economic focused tasks.

Another criticism is that monitoring and reporting mechanisms are often overly bureaucratic.

Q4 – What is the extent of, and need for, their overseas activities?
Response - RDAs do have a constructive role to play in accessing EU funding.

Economic activity within the EU is often regionally focussed and an argument can be made for the representation by RDAs in Brussels – however they must demonstrate what value they add and must also provide a robust justification for investment activity in wider markets e.g. USA/Far East where national bodies such as UKTI may be more appropriate.

Q5 - What are the consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding?
Response – The case for RDAs to take on the EU funding role from Government Office is strong. Strategic investments within regions can often lever in EU funding and a single body dealing with both aspects intuitively makes sense.

RDAs do have a clear role to play in strategic planning ensuring an alignment with the regional economic strategy.
However, any expansion of the RDA role must also be matched with the necessary resources to enable it to carry out those additional functions effectively.

**Q6 – What about the accountability of RDAs?**

**Response** – A criticism of RDAs is the democratic deficit – they have considerable influence and authority but are not accountable to elected members. Options to address this might be accountability to local elected members through regional scrutiny panels or changes in the constitution of the RDA Boards, or alternatively, for RDAs to be accountable to central government through select committee mechanisms.

**Q7 - How has RDA performance been measured in the past and how will it be measured in future?**

**Response** – the current RDA performance and monitoring framework tends to focus on short term objectives in the form of annual output tabulation. There is the need in areas of deprivation and market failure to take the longer term view and to change the emphasis from outputs to outcomes because investment now will bring quick returns.

19 September 2008

**Memorandum submitted by the Local Government Association (RDA 64)**

**The LGA’s Key messages**

- While it may be administratively convenient for the government to operate through 9 RDAs, the economic evidence is that the sub-regional level is a more appropriate level for delivery of economic development/business/regeneration policy between the national and local level and regional agencies need to recognise this sub-regional dimension.

- So the LGA supports the recommendations of the government’s sub national review of economic development and regeneration (SNR) that RDAs should become much more strategic bodies and move away from delivery at the regional level. We would like to see rapid progress on devolving responsibility for delivery and funding to local councils and sub-regional partnerships wherever possible.

- While RDAs have expertise in economic planning, they have little or no expertise in spatial planning and no regional democratic mandate. These are key areas for
The lack of direct accountability of RDAs to councils and communities in their region is an issue of great concern to the LGA in the context of the new role proposed for them in SNR in taking the lead in drawing up regional strategies. Planning, which affects property rights and the character of communities, needs to be anchored in democratic political processes. So we believe that there should be a joint agreement of the draft strategy by the RDA and councils before it is submitted to government.

In their new role RDAs will need to be accountable to both central and local government for their performance. Effective regional scrutiny will have an important part in measuring RDA performance and each region will need to develop its own arrangements. Scrutiny of delivery of the regional strategy will need to cover not just RDAs, but the performance of all the bodies and agencies in the region involved in its delivery.

The need for a level of economic development/business/regeneration policy delivery between central and local government

As part of the LGA’s contribution to the Sub national review of economic development and regeneration (SNR) we published *Prosperous Communities II*\(^{162}\) in which we mapped local markets for employment, housing and goods and services and produced a picture of England’s local economies. *Prosperous Communities II* provided a wealth of hard economic evidence that economies are sub-regional, and set out a picture of the real economic geography in England of markets for labour, housing and goods and services. It set out the compelling economic case for concentrating economic decision-making at the sub-regional level and called for a radical devolution of powers and funding to sub-regional economic partnerships led by democratically accountable local councils.

It also showed that if the country were to be divided into regions on the basis of patterns of economic activity alone, the regional map would be very different to that of the current Government Office regions, with one large region covering London, the South East and the East; the South West split into three smaller regions; and the North West split into two. The only current Government Office regions that fit the economic data fairly accurately are the North East and the West Midlands, although the latter would need to extend well over the border into the East Midlands, across as far as Leicester.

So while it may be administratively convenient for the government to operate through 9 regional development agencies, the economic evidence is that the most appropriate level for delivery of economic development/business/regeneration policy between the national and local level is the sub-region and RDAs need to take account of this sub-regional dimension.

The SNR concluded that “responsibilities should be allocated in line with economic impacts, based on a bottom-up approach to collaboration between areas” and proposed that RDAs should “play a more strategic role, delegating responsibility for

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\(^{162}\) *Prosperous communities II – vive la devolution!*, published by LGA, February 2007

http://www.lga.gov.uk/lga/aio/21918
funding to local authorities and sub-regions wherever possible, unless there is a clear case for retaining spending at the regional level or there is a lack of capacity at lower levels.” 

We support these recommendations and would like to see the RDAs become much more strategic bodies and move away from delivery at the regional level, devolving responsibility to local councils and sub-regional partnerships.

Early engagement and discussions with RDA and their sponsoring department BERR suggests that the current policy debate has prevented rapid progress on RDAs’ relinquishing their delivery role and delegating funding in advance of the primary legislation implementing SNR. The recent evidence is that the extent of RDA delegation has actually decreased since the publication of SNR, with existing schemes of delegation in some regions being withdrawn (for example, in the North East). This may be as a result of legal advice by BERR lawyers that severely limits the scope for RDA delegation in advance of new primary legislation to give RDAs express powers to delegate funding.

The LGA obtained its own legal advice from Counsel which concluded that there was significant scope for devolution of funding by RDAs under existing legislation. In recent discussions, BERR have shown a much greater willingness to move to establish a workable scheme for devolution of funding under existing powers and to prepare for greater delegation under new powers proposed in the legislation implementing SNR. Devolution of RDA funding has also been a key issue in some of the negotiations on the recently signed Multi-area agreements (MAAs) and the MAA process has been an important factor in encouraging greater delegation of RDA funding to sub-regional partnerships.

**The effectiveness of RDAs and their role in adding value**

We take the view that RDAs can best add value by focussing on issues of genuinely regional significance that cannot be easily dealt with at a sub-regional or local level such as the links between sub-regions and issues that transcend regional boundaries such as major transport connections between cities in different regions.

**RDA expertise/the consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding;**

While RDAs have built up an expertise in economic planning through the process of drawing up Regional Economic Strategies, they have little or no expertise in spatial planning and no regional democratic mandate. These are key areas for development if they are to assume executive responsibility for drawing up regional strategies and gain new powers over regional spatial planning.

RDAs are business-led regional quangos and while they are accountable through their sponsoring ministers to Parliament, this falls far short of the kind of democratic accountability to local communities in a region enjoyed by Regional Assemblies, the bodies currently responsible for regional spatial planning. RDAs have no direct regional democratic mandate and under the SNR proposals they will have to work with Leaders’ Forums to agree the regional strategy. This kind of engagement with local leaders will represent a very significant change in their accountability and RDAs

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will need to build new capacity to deal with this new area of engagement, which will fundamentally change the way in which they work with local partners in their region.

Expertise in spatial planning is another key area in which RDAs will need to build new expertise. Currently capacity for drawing up the Regional Spatial Strategy is dispersed between Regional Assemblies, councils and bought-in capacity. We understand that a range of different models are under consideration for the post-SNR arrangements in different regions and this issue needs to be settled in each region. We would expect that the most likely outcome is a similar mix of council, RDA and bought-in capacity in the new system but RDAs will need to work with Regional Assemblies and local councils to make sure that planning expertise is not lost in the transition to the new arrangements.

In relation to EU funding, RDAs already have responsibility for allocating EU structural funds within the framework of the National Strategic Reference Framework for Structural Funds set by the UK government. However, the government did not make it compulsory within the framework for RDAs to consult local partners on the delivery of EU funding and as a consequence, the level of involvement of local councils by RDAs in the current Operational Programmes varied greatly from region to region. While we would not want to see a reopening of the discussion about the current framework, which runs until 2013, in future we would want to see RDAs working in partnership with local councils and other partners on the allocation of EU funds and we would like to see RDAs move away from delivery of EU programmes and take on a more strategic role, in line with the recommendations of the SNR.

The extent of, and need for, their overseas activities

Attracting inward investment plays an important role in maintaining and improving the competitiveness of local economies and increasing local prosperity. So we take the view that councils, sub-regional partnerships and RDAs have a legitimate interest in promoting their local areas and regions overseas, subject of course to the need to show that their activities represent value for money in the expenditure of public money.

The accountability of RDAs

The lack of direct accountability of RDAs to councils and their communities in the region is an issue of great concern to the LGA in the context of the new role proposed for them in SNR in taking the lead in drawing up regional strategies.

The LGA response to the formal SNR consultation strongly supported the integration of Regional Spatial Strategies and Regional Economic strategies into a single regional strategy. However, we expressed concern at the local democratic accountability gap in the government’s proposals for decision-making on the strategies. We proposed an alternative model to that set out in the consultation paper, saying:

• planning, which affects property rights and the character of communities, needs to be anchored in democratic political processes, with political responsibility taken at the appropriate level for different orders of planning decisions;
• so there should be a joint agreement of the draft strategy by the RDA and councils before it is submitted to government,
• that strategies should only be submitted to Ministers when they are agreed; and
• that local authorities and RDAs should endeavour to agree regional strategies in their regions, seeking ministerial intervention only as a last resort.

We said that we did not think either the LGA - or the government’s eventual legislation – should be prescriptive about what exact form joint agreement should take in each region, and that this should be settled in each region. But we believe the government’s Bill should allow, for example, the statutory decision-making responsibility to rest with a joint body bringing together nominated representatives of local government in the region and members of the RDA’s board; or, equally, the law should allow councils and the RDA in a region to establish a formal process for reaching agreement and resolving disputes between them, in effect setting up a “dual key” for submitting the strategy to government.

How RDA performance has been measured in the past and will be measured in future;

Scrutiny of RDAs by Regional Assemblies has been the main way that councils have been able to measure RDA performance in the past. An effective role for councils in assessing and influencing RDA performance in the future will be increasingly important as they assume the new executive role in drafting the regional strategy proposed by SNR. In this role they will need to be accountable to both central and local government for their performance and effective regional scrutiny will have an important part to play.

However, we think it is important to make a distinction between scrutiny and accountability. Local government’s executive role in agreeing and developing strategies with RDAs through a Leaders’ Forum is a different activity from carrying out scrutiny, which will need to be carried out by a separate group of councillors (and perhaps social, environmental and economic partners) not involved in taking executive action through the Leaders’ Forum.

Each region will need to develop its own arrangements for scrutiny of the regional strategy and its delivery, but developing an effective scrutiny function will be vital to ensuring that RDAs and Leaders’ Forums can be judged on their performance in drawing up the regional strategy. And scrutiny of the delivery of the regional strategy will need to cover not just RDAs, but the performance of all the bodies and agencies in the region involved in delivery.

19 September 2008

Memorandum submitted by Ipswich Borough Council (RDA 65)

Ipswich Borough Council welcomes the opportunity to respond to the Business and Enterprise Committee’s inquiry into the role of Regional Development Agencies. Ipswich is the county town of Suffolk and one of the East of England’s key regional cities. It is part of the Haven Gateway sub-region which is responsible for delivering over 50,000 net additional
houses and just under 50,000 net additional jobs by 2021. In order to deliver this scale of growth the council needs a strong and supportive partnership with the East of England Development Agency – the region’s RDA.

In order to support the major expansion in housing and jobs Ipswich also needs to significantly increase its higher education / further education offer and invest heavily in its infrastructure to accommodate this growth. To this end Ipswich BC and EEDA developed a joint programme of investment (the Ipswich Prospectus) - focusing resources on a limited number of high profile interventions that can achieve a real and lasting change to achieve greater impact and leverage than would otherwise be the case by acting independently.

Certainly EEDA acts as an important regional body that helps links local areas together and assists with providing better access to other regional and national bodies and agencies. Perhaps the best example of this is EEDAs central role in the creation of Regional Cities East and its continued support for that organisation. EEDA have been crucial to the development of Integrated Development Programmes and used their networks and contacts to ensure involvement of other regional agencies such as the Housing Corporation, the Environment Agency and the Highways Agency. In my 10+ years working in Ipswich this is the first opportunity we have had to discuss local issues with all the relevant agencies in a room at the same time.

A key example of this joint working is the combined investment in the Ipswich waterfront area. Three key elements of this joint investment approach are highlighted below:

**The University Campus Suffolk (UCS)**

The UCS project will deliver a dedicated higher education institution (HEI) in Suffolk, with degrees accredited by UEA and Essex. From its ‘hub’ in central Ipswich a UCS Learning Network will be developed across the county widening participation in HE. The UCS project represents EEDA’s single largest project investment (£20.1 million out of a total project cost of £137 million). This is key initiative for Ipswich and Suffolk since the lack of HE provision has been identified as a major barrier to improving economic performance.

**Cranfields Mill**

Cranfields Mill is an iconic, 23 storey mixed use development on the Ipswich Waterfront which represents the cornerstone of the Ipswich waterfront renaissance. The former derelict grain mill is being transformed into 330 new homes with leisure and cultural facilities. Central to this is the new Jerwood DanceHouse for the regional dance company DanceEast. Without EEDA’s £3.5 million investment to secure the land, building and decontaminate the site this £50 million development would have struggled to get off the ground as there was previously very little developer interest.

Crucially from a local perspective I believe that EEDA involvement has ensured this development has a larger and broader mix of uses within it than would otherwise have been the case. This has established a really useful benchmark and precedent for the Council’s subsequent discussions with other developers.

**IP City Centre**

The IP City Centre is a complex of well-equipped office suites and conference facilities that offer growing businesses space to expand in a thriving location near central Ipswich. EEDA provided funding of £7.5 million towards the cost of purchasing and ‘fitting out’ the former warehouse building. The centre largely provides graduation space for small businesses that
have grown out of their original accommodation and addresses a key issue for Ipswich – the lack of ‘grow on’ space for expanding small businesses.

To the best of my knowledge the total investment in Ipswich by EEDA since its creation has been around £32 million. This funding has been targeted to transform the regeneration of Ipswich and has levered in at least £1 billion more into the town from a range of public and private partners.

19 September 2008

Memorandum submitted by Royal Institution of Chartered Surveyors (RICS) (RDA 66)

About RICS
By way of background, RICS is the largest organisation for professionals in property, land, construction and related environmental issues worldwide. We promote best practice, regulation and consumer protection to business and the public. With 140 000 members, RICS is the leading source of property related knowledge, providing independent, impartial advice to governments and global institutions.

RICS is uniquely well placed to offer its perspective as the leading property professional body, required by its Royal Charter to place the public interest at the core of all its activities and ahead of its members’ own interests.

Key points

- RDAs provide an effective delivery mechanism between local and central government and should continue in the future
- There needs to be clear demarcation between the roles of national, regional and local government organisations
- RDAs have added significant value through the programmes they have developed, innovative delivery mechanisms and the skills and coordination they have brought to understanding regional strategies
- There is an essential need for better communication from RDAs so the action they are taking is better understood, in particular by regional partners and stakeholders
- Problems with RDAs have occurred in relation to the Rural Development Plan for England
- The inclusion of spatial strategies and regional planning within the scope of RDAs has highlighted particular issues with shortage of expertise on land use, planning and built environment issues
- RDAs should have a presence in Brussels but should utilise UK Trade and Investment for promotion to the rest of the world
• RDAs must be accountable to a Regional Ministers who should have sole responsibility for each particular region, rather than balancing it with other ministerial responsibilities

The need for a level of economic development/ business/ regeneration policy delivery between central and local government

RICS believes that RDAs are providing an effective delivery mechanism between local and central government. There is a strong case for the coordination of regional and sub-regional policy development and delivery to tackle issues which cross local authority boundaries which RDAs provide a solution to. They are also able to address the significant differences between local economic and spatial issues which central or sub-regional approaches would struggle to deal with.

Any attempts to get rid of them would be unwise, particularly as no other model has been suggested. If the RDAs did not exist then something else would have to take their place as the work they undertake is too important to be decided by sub-regional organisations and too complex to be decided by central government. RDAs are able to deal with large structural and economic issues that are beyond the resources of local authorities.

There does need to be clear demarcation between the roles of national, regional and local government organisations. In particular, national policy and funding needs to be effectively translated into regional and local plans. These plans must then be delivered locally and in particular at the sub-regional level. This is essential for two main reasons:

• Local delivery can focus on local needs. For instance, within the North West the needs of central Manchester are very different from the needs of rural Cumbria
• Barriers and opportunities within regeneration are usually local in nature

The importance of RDAs has been shown by them bringing a much needed focus to regional regeneration that would have been beyond the ability of local authorities. Numerous bodies operate within the field of regeneration and the importance of the RDA is that it is able to coordinate these groups and deliver a regional viewpoint. It is essential that regeneration in particular continues to be driven by regional and local needs rather than policy decided in London alone.

RDAs operating outside London should be focussed on bringing together stakeholders who are essential to the economic prosperity of the region through Single Integrated Regional Strategies (SIRS) if they are introduced as part of the sub-national review process. To support these strategies, RDAs must be more ambitious in devolving responsibilities and delegating functions to local authorities as a way of bringing stakeholders together. However, the process for developing and signing SIRS needs to avoid setting up potential conflicts of interest in delivery.

The effectiveness of RDAs and their role in adding value

RDA performance can vary from agency to agency and from project to project so it is difficult to come to one clear view on their effectiveness. In many cases the RDAs have added significant value through the programmes they have developed,
innovative delivery mechanisms and the skills and coordination they have brought to understanding regional strategies. They also have the capability to pull together resources to provide one pot funding and the associated leverage that would not be available otherwise.

Chatham Maritime and the Portsmouth Heritage Area are good examples of how RDAs have added value through pump priming and providing confidence to private developers. There has been a similar positive experience in the West Midlands where Fort Dunlop and Longbridge are two examples of how the public sector has been able to act as the initial prime mover and catalyst for regeneration. Capital investment through the RDA has also helped the physical regeneration of North Staffordshire to progress at a pace that otherwise would have been unthinkable.

There is an essential need for better communication from RDAs so the action they are taking is better understood, in particular by regional partners and stakeholders. RICS is concerned that community stakeholder interaction may actually start to decline if the regional assemblies are abolished as proposed under the sub-national review. The RDAs must start to consider how they will engage with an effective stakeholder group and must be prepared to fund the administration of such a group.

Specific issues have arisen with the RDAs that have been assigned lead roles covering a particular sector with the aim of giving regional stakeholders the opportunity to influence government policy formulation and delivery. We have particular concerns about the lead role of the East Midlands Development Agency (EMDA) on construction issues. One of their key responsibilities is maintaining strong national relationships with key external partners. RICS believe that EMDA has insufficiently engaged with the industry and has therefore only had a limited impact in raising the profile of the industry.

Other problems with RDAs have occurred around the Rural Development Plan for England (RDPE). Although it has been recognised that the first two years of the programme were taken up with basic formalities such as agreeing monetary allocations and parameters, we are now in the third year and little action has been taken. Severe delays have affected the process and although the European Commission did not approve the programme until December 2007, RDAs should have been ready to go when approval was given.

In rural Lancashire, delivery will finally commence in April 2009 despite the scheme starting in January 2007. Although the blame cannot be laid entirely at the RDA’s door, there have been ongoing discussions between the RDA, Defra and sub-regional government. Throughout this period Lancashire has seen almost no rural intervention.

RDA expertise
There is generally a high level of expertise on the policy side of RDAs but this is not as evident when it comes to practical expertise or delivery. RDAs were originally set up as business led organisations and while the voluntary sector and local government have a role to play, high quality business leaders are essential. There should be increased consultation with the private sector and more representatives of business should be brought in to work with RDAs.
The potential inclusion of spatial strategies and regional planning within the scope of RDAs has highlighted particular issues with shortage of expertise on land use, planning and built environment issues. Chartered Surveyors have expertise in all these areas and work across all aspects of RDA activity in the private and public sectors so would be able to offer skills and expertise.

The sub-national review currently proposes to abolish the regional assemblies and if this happened the vital role for community stakeholders and their expertise will be lost. There must be certainty for stakeholders if these changes are adopted and they must be given a clear role with well funded and managed structures in advance of the possible transfer of powers in 2010.

The RDAs could look quite different by 2010 and they need to carefully plan to ensure that they have the skills and capacity to deliver. With a changing role in terms of becoming more of a commissioning body than a delivery body the RDAs must ensure that they have both the right structure and expertise to do this effectively. Of equal importance to expertise, RDAs need to ensure that their Chairmen, Boards and Executives have a shared ambition for the future and the necessary skills and capabilities to work effectively with partners in the region.

The extent of, and need for, their overseas activities

RDAs are responsible for significant amounts of inward investment and in particular EU funding. As such it seems reasonable that they should each have a presence in Brussels. This is also important to allow them to make effective representation to EU decision makers and lobby on behalf of their regions. There is less of a case for RDAs to have representation beyond the EU. UK Trade and Investment co-ordinates activity of this type of activity across the world and RDAs should use this mechanism to represent their regions. Wherever RDAs are represented abroad they must be aware of the cost of this work and the public perception that it is made up of junkets for minor bureaucrats.

The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding

RICS support measures that bring together economic development with housing, planning and transport issues but are concerned that RDAs are not currently well placed to perform their proposed new functions on regional planning. Bringing spatial strategy into the remit of RDAs would lead to greater cross-border awareness, cooperation and action between regions. It must be recognised that regional borders are artificial and do not necessarily reflect patterns of social and economic activity.

Any potential expansion of powers provides the opportunity for some standardisation of certain elements of the RDAs and in particular the sharing of best practice. Although each RDA will have to have some different approaches based on the specific local environment this should not mean that they automatically do things differently. This would make it easier to build relationships with external stakeholders who often struggle to understand the complex differences from one region to another.

Any additional work for RDAs must be matched with adequate resource allocations and it is currently not clear how this will happen. There will also be greater confusion about controls from national government. RDAs may have to work with
responsibilities to and regulations from different departments including CLG, BERR and Defra. This will create difficulties in policy development and delivery.

**The accountability of RDAs**

RDAs are currently accountable to a series of central government departments and Parliament and it is proposed under the sub-national review that this will transfer to local authority forums, regional select committees and Regional Ministers.

There would be difficulties in transferring accountability to local authorities who receive funding and strategic direction from the RDAs. This would be considered a clear conflict of interest in other areas. The key line of accountability should be to the relevant Regional Minister who should in turn be accountable to Parliament. Regional Ministers should have this as a specific task and should not hold another Ministerial position which could interfere with their regional role.

To improve accountability there must be more openness and transparency around RDA structures, activities and performance. There is a role for stakeholders to play as an independent third party or critical friend. It is essential that mechanisms are put in place to allow this contribution, particularly after the changes suggested in the sub-National Review.

**How RDA performance has been measured in the past and will be measured in the future**

There is a tension between outputs and outcomes for RDAs with outputs being easily recorded but difficulties in recording actual outcomes. This can be shown by schemes in Castleford and Sheffield City Centre where place making has been at the heart of public sector intervention. Although the attractiveness of investment and quality of life have improved it is difficult to record exactly how much improvement there has been. RDAs and local authorities both need to explain their interventions better and what outcomes are being achieved.

There should be greater distance between Government Offices/Regional Assemblies and the RDA, although some scrutiny, particularly from Regional Assembly committees has led to changes in RDA policy and activity. Going forward, RICS would like to see the establishment of an Independent RDA Inspectorate which is accountable to BERR.

In terms of measuring RDA performance, the Government’s 2007 SNR document established 5 outcome focussed performance indicators which should be the basis for future action:

- GVA per hour worked as a measure of productivity
- Employment rate showing proportion of the working age population in work
- Basic, intermediate and high level skills attainment to show skill levels.
- Regional expenditure on R&D as a proportion of GVA as a measure of innovation
- Regional business start-up rate as a measure of enterprise.

These would appear to be very good Performance Indicators to adopt from an economic standpoint however there needs to be something to act as a balance and give focus to the RDA in pursuance of its future spatial planning responsibilities.
Recommendations

- RDAs operating outside London should be focussed on bringing together stakeholders who are essential to the economic prosperity of the region through Single Integrated Regional Strategies (SIRS) if this procedure is introduced.
- The practice of RDAs taking a lead role on a specific sector must be addressed.
- Land use, planning and built environment skills must be boosted ahead of RDAs taking responsibility for these areas.
- There must be a clear structure for the transfer of community stakeholder expertise when regional assemblies are abolished.
- Regional promotion outside the EU should take place through UK Trade and Investment.
- Any additional work for RDAs must be matched with sufficient resources.
- The key line of accountability for RDAs should be the relevant Regional Minister.
- An independent RDA Inspectorate should be established which is accountable to BERR.

19 September 2008

Memorandum submitted by the British Furniture Confederation (RDA 67)

1. The British Furniture Confederation and UK Furniture Industry

1.1 The British Furniture Confederation

The British Furniture Confederation (BFC) is the single voice for the UK furniture and bed making industries. Formed in May 2006 the BFC brings together key trade associations and representative bodies, including the British Contract Furnishers Association/Office Furniture Manufacturers Association (BCFA/OFFMA); the Association of British Furniture Manufacturers (BFM); the Furniture Industry Research Association (FIRA); the National Bed Federation (NBF); the Worshipful Company of Furniture Makers (WCFM); the Association of Master Upholsterers & Soft Furnishers (AMUSF); ProSkills; and the General & Municipal Boilermakers Union (GMB).

1.2 The UK furniture industry

Annual output from UK furniture manufacturing is currently worth nearly £10 billion at factory gate prices. The industry directly employs around 132,000 people within 7,500 enterprises and makes a significant, but often unsung, contribution to the UK economy. In addition the industry supports (and is supported by) a large supply chain, with its associated wealth and employment creation comprising materials suppliers, component manufacturers, designers, distributors, contractors and retailers.

The industry is divided between small companies and relatively large concerns. It is estimated that 67% of all furniture manufacturing concerns employ less than 9 people, but also that the largest 300 companies account for 45% of the total employment.
1.3 Global trends in furniture manufacturing

On a global scale furniture manufacturing is big business: it is estimated to be worth around US$240bn at factory gate prices. At the macro level there are three major trends affecting global production:

A. Consumption is growing in real terms in all major markets and is expected to continue to grow into the future. This is primarily due to improvements in standards of living in emerging countries and increased disposable income in developed. The markets exhibiting the highest growth rates are the new EU members and much of Asia (including China).

B. Globalisation is increasing and an international trade emerging. On a global scale, measuring imports as a percentage of consumption shows a doubling from a fairly low 15% in 1995 to 31% today.

C. Production is shifting from major industrial economies to emerging nations. Even more dramatic is the fall in the proportion of exports that emanate from developed countries, with a consequent rise from emerging countries – particularly Poland and China which have seen significant investment in new plants designed specifically for exports.

2. The British Furniture Confederation and RDAs

2.1 The effectiveness of RDAs and their role in adding value

To help the UK furniture industry adapt to these trends and protect its future viability a certain degree of structural readjustment is required in order to support the adaptation and modernisation of education, professional training and employment. Financial support for this readjustment should be available from EU Structural Funds, but the BFC is concerned about the role that Regional Development Agencies play in the UK when it comes to distributing such monies.

At present the Government believes that the best way to overcome regional disparities is to allow each RDA the autonomy to pursue its own priorities. In order to gain ease of access to Structural Funding however an industry must be designated as a Priority Status Sector by one such body. RDAs tend to select their four priority sectors from the industries that are dominant in their region and so as the furniture industry does not have a geographic heartland, no RDA has so far designated the industry as a Priority Status Sector (see below appendix for breakdown of employment).

2.2 The consequences of expanding RDA remit to include the delivery of EU funding

Without Priority Sector Status the members of the BFC are at a significant disadvantage when applying for EU Structural Fund monies compared to their
competitors in Europe. The effectiveness of RDAs and their role in adding value to UK industry is therefore, in the opinion of the BFC, greatly compromised. This is especially disappointing when one considers that the EU Commission appears to recognise the relevance of the furniture industry and specifically targets it for access to such funding. In 2005 the commission issued Communication 1314/05 which stated:

*It is essential that EU level industrial initiatives are fully integrated with the use of Structural Funds and the policy instruments of individual Member States. The screening process has indentified the following industries for which potential structural adjustment is an issue – textile; leather; furniture; footwear; ceramics ... etc. The Commission intends to ensure that better anticipation and positive management of economic restructuring are included in the new Structural Funds programmes. In line with the Community Strategic Guidelines for Cohesion 2007-13, support for programmes aimed at modernisation of labour markets needs to be included in the new Structural Fund’s work.*

The Commission highlights the furniture industry as a sector that should receive Structural Funds, and yet the role of Regional Development Agencies in distributing such funding is proving a significant obstacle.

2.3 The need for a level of policy delivery between central and local government

The furniture industry is no longer designated by the UK government as a priority sector, meaning that in other EU states the competitors of British companies are tapping into structural funds within the Cohesion for Growth and Employment Directive. Foreign competitors therefore have an advantage over UK firms in terms of improving and developing the skills of employed people.

3. **Summary**

UK furniture manufacturing is a large and often unsung industry that employs a significant amount of people and makes a considerable contribution to the UK economy. It has typically been a traditional and rather static industry, but is now undergoing dramatic change driven by a growth in low cost imports.

Nevertheless, it would be rash to dismiss UK furniture manufacturing as a twilight industry that cannot compete with the products from emerging economies. A UK furniture manufacturing base provides many advantages that simply cannot be replicated in a remote location. However, although UK industry needs to change and develop if it is to compete, there is a persuasive argument that furniture manufacturing can and should be encouraged to rise to the challenge.

The industry needs targeted support and assistance at the macro level in order to bring it up to world class levels of performance. The current regional approach to funding favoured by BERR is simply not working, because not
only is the industry geographically spread, but so is the entire supply chain. The BFC would like to see a re-evaluation of the role that RDAs play and an end the overtly rationalistic funding policy that is failing many small to medium sized businesses and sectors that lack a geographic heartland.
Appendix 1

Breakdown of Furniture and Fabric Industry Presence (FFI)

<table>
<thead>
<tr>
<th></th>
<th>North East</th>
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<td><strong>FFI as % of</strong></td>
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<td>215,130</td>
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Source: Proskills
Employees Data

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<th>North West</th>
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<th>South West</th>
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Source: Proskills

19 September 2008

Memorandum submitted by East Midlands Regional Assembly (RDA 68)

1. Introduction & Executive Summary
1.1 Since EMRA’s formation in 1999 we have worked collaboratively with the East Midlands Regional Development Agency (emda), supporting the development of the Regional Economic Strategy (RES), as well as holding them to account for their performance in the regional. This practical experience of dealing with an RDA places EMRA an ideal position to contribute to this inquiry and we would be pleased to contribute further, with oral evidence, if so invited.

1.2 The key points of our submission are:
   a) Regional policy delivery has brought improved economic and other outcomes.
   b) Regional scrutiny has been robust, held RDAs to account and supported better strategy and delivery
   c) EMRA favours more devolution to regional level accompanied by stronger accountability that builds on the strengths of our current effective approach.
   d) EMRA opposes the democratic deficit in the transfer of planning, housing and transport powers to Regional Development Agencies (RDAs).

2. The need for a level of economic development/ business/ regeneration policy delivery between central and local government

2.1 Regions can develop economic development strategies with a distinctiveness and sensitivity that cannot be achieved at national level. EMRA supports devolving strategy development and policy delivery to the lowest effective spatial level. Regions work best when there is strong partnership working on strategic planning and decision-making underpinned by a system of democratic accountability. Most elements of economic development and regeneration policy should be delivered locally by local authorities in partnership with stakeholders.

3. The effectiveness of RDAs and their role in adding value

3.1 Regional Scrutiny has supported RDAs to become more effective organisations in the delivery of economic development. Some areas remain where effectiveness might be improved and new responsibilities will bring new challenges. Regional scrutiny will monitor and challenge the effectiveness of RDAs in their new roles and support continued improvements.

4. RDA expertise

4.1 The Sub National Review (SNR) puts less emphasis on the RDAs delivery of outputs programmes and a stronger emphasis on making strategic decisions and working in partnership. RDAs will need to strengthen their partnership working, especially with Local Authorities.
Regional scrutiny has been particularly effective in holding RDAs to account for the effectiveness of their partnership working.

4.2 RDA Boards include many high calibre individuals, but they have not been appointed for their expertise and knowledge to make decisions on contentious spatial issues. If planning powers are transferred to RDAs, their Board will need for a new template with stronger democratic accountability to underpin decision-making.

4.3 There is concern from business representatives over how their sector engages with and is represented on RDA boards.

5. The extent of, and need for, their overseas activities

5.1 Promoting economic development in a global economy and working with European funding agreements requires overseas activities and representation. It is legitimate for RDAs to spend a proportionate amount of their budgets on these activities. We would urge RDAs to effectively coordinate their overseas activities with other regional and significant sub-regional partners.

5.2 Through our ‘Destined for Success’ scrutiny review in 2004, EMRA thoroughly examined emda’s performance in attracting and retaining Foreign Direct Investment (FDI). emda subsequently improved its approach to its overseas representation through a review of their FDI strategy and overseas offices.

6. The consequences of expanding RDA remit to include new functions, as proposed by the sub-national review, including the delivery of EU funding

6.1 EMRA opposes the democratic deficit in the transfer of planning, housing and transport powers to Regional Development Agencies (RDAs). Spatial planning must remain a matter for local democratic accountability. Therefore EMRA proposes that a democratically led independent of the RDA board be responsible for development and submission of the single regional strategy.

6.2 A single regional strategy needs buy-in of all partners, especially local authorities, if it is to be credible and effectively delivered. Stakeholders representing environmental, economic and social concerns have made a substantial contribution to community engagement and ownership of regional spatial strategies. However, the SNR reduces their formal role in the development of a single strategy, thus limiting regional buy-in.

6.3 EMRA supports a single regional strategy based upon sustainable development, which is defined in PPS1 as the core principle underpinning
6.4 The transfer of the delivery of EU funding to RDAs from Government Offices is logical but has taken some time to achieve. The transfer of functions does not represent a “quick-fix”. Gaining functions allows RDAs to integrate and co-ordinate, but it needs to be underpinned by rigorous democratic scrutiny.

7. The accountability of RDAs

7.1 Regional Assemblies have held RDAs effectively to account for their performance in the regions through Regional Scrutiny, within the framework of the relatively weak statutory powers provided by the RDA Act. ‘Prosperous Places’, acknowledges the role of Regional Scrutiny in producing more effective regional policies.

7.2 The SNR proposals, including Regional Select Committees introduce additional tiers of scrutiny. This could potentially lead to confusion and weaker scrutiny. Other public bodies within the regions have higher budgets than RDAs, for example health or the new Homes and Communities Agency but will have far less accountability to the regions.

7.3 Through Single Regional Strategies the impact of RDAs activity will be even more directly felt in the Regions. Local Authority led Regional Scrutiny, which is well informed, constructive and ongoing should be the principal way in which RDAs and other relevant bodies are held to account for their development and delivery of the SRS. Effective regional scrutiny should conform to the seven principles detailed in the ERN publication ‘Renewing Regional Accountability’\footnote{http://ern.smartregion.org.uk/Regional_Accountability.aspx}, which states that scrutiny should be;

- Democratically driven
- Informed by specialist expertise
- Strategic
- Evidence-based
- Constructive and focused on clear outcomes
- Clear in its purpose, understood and valued
- Objective, rigorous and honest

8 How RDA performance has been measured in the past and will be measured in future

8.1 Departmental performance monitoring is necessary but, by itself, is not sufficiently rigorous to ensure RDA accountability to the region. While the Strategic Added Value assessments have promised richer information about planning. RDAs single main objective is economic growth rather than an integrated approach to achieving sustainable development.
the outcomes of delivery, such assessments have had limited currency. The main focus of Government monitoring and RDA performance has been achieving the output targets agreed with Government in RDA Corporate Plans. Departmental monitoring has not effectively engaged with Regional Assembly Scrutiny and therefore has not been informed by stakeholder experiences and qualitative assessments of performance.

8.2 In the future we believe that performance measurement should be better co-ordinated with Regional Scrutiny, streamlined and with an emphasis on a more balanced approach focusing on sustainable development outcomes. It will be important that monitoring systems are integrated in Single Regional Strategies and that economic development measures do not take primacy over other elements of sustainable development.

19 September 2008

Memorandum submitted by One NorthEast (RDA 69)

Introduction

One NorthEast (ONE) has made a significant contribution to the economic growth and regeneration of North East England. There has been major progress in the growth of the region’s economy but there remain significant challenges. This submission demonstrates the important strategic, catalytic and enabling role that One NorthEast has played at a regional level, as well as the high quality delivery role, and the impact and added value of the Agency on the ground through the efficient and effective use of its resources.

This submission should be read in conjunction with the RDAs’ joint submission to the committee.

Progress and challenges

In the last few years the North East economy has made positive progress with some encouraging signs;

- Recent growth in GVA has been the highest of all UK regions and significantly above the national average;
- Business stock has grown faster than the national rate for the last 5 years;
- Our employment rate has risen, increasing at above the national average over the past decade; and
- Our economy is more diverse and the region’s image has improved significantly.

However there is still some way to go if we are to meet the ambitions of the region;

- the economy of the region performs at a relatively low level compared to other regions, with GVA 81.5% of the national average;
- the number of VAT registered businesses remains low; in 2007 41% below the national rate; and
- the region still has a lower rate of employment than nationally.

Strategic Framework

One NorthEast, through the development of the Regional Economic Strategy (RES), has set the region ambitious and challenging targets:

- by 2016, to increase the GVA per head to 90% of the national average, from the 80% it was in 2006.

With the following underpinning targets:

- The creation of between 18,500 and 22,000 additional new businesses; and
One NorthEast has a key role to play in supporting the improved competitiveness of the North East economy and our objective is to develop a strong, inclusive and sustainable regional economy based on world-class businesses and sustainable communities.

ONE led the development of the latest RES and its associated Action Plan, which together set out the economic aspirations of the region along with the contributions of regional partners to achieving economic growth. Through working with partners across the private, public and voluntary sectors the Agency has secured significant support for the RES. This support and the clear, prioritised approach to economic development is a key achievement of the Agency and sets the context for this submission.

Business Growth

Within the Agency’s overall approach we have given particular emphasis to creating the conditions for inclusive and competitive business growth. Past initiatives were identified as no longer relevant to the region’s needs, and a new set of policies have been developed to contribute towards long term structural change in the economy based on the growth of indigenous strengths, through innovation and entrepreneurship. These strengths have been identified on the basis of their capacity to be internationally competitive in the medium to long term, and a series of initiatives, some of which are included in this submission, have been developed to meet these growth ambitions.

We engage closely with the private sector in setting overall strategy and investment priorities, as well ensuring we use the market and business expertise to efficiently drive growth. We have placed a particularly strong emphasis on providing high quality investment support to business, through targeted R&D, SFI and inward investment activity as well as developing a suite of financial programmes supporting growth in strategic sectors and locations.

Access to Finance

Access to finance has been identified as a key driver of growth for small and medium-sized enterprises (SMEs). As a result One NorthEast established the Access to Finance programme, which since 2003, has provided a number of new investment funds, in excess of £100 million. These range from micro finance (loans up to £15,000) to larger equity investments up to £1 million, which have been invested in more than 500 SMEs leading to the creation of over 1,200 jobs. By December 2007 over £55 million leverage from the private sector had been secured, demonstrating success in building the North East’s reputation for SME opportunity and the programme’s ability to utilise public funds to lever in private sector monies which would other wise not be achieved.

The proof of concept fund (operating as a convertible loan for early stage investment) was one of the first in the country to invest rather than grant fund. This has been successful in both identifying and supporting entrepreneurial activity but also preparing businesses for the next stage of investment. The continuum of funding has removed barriers to many entrepreneurs and SMEs in the region and the structure has allowed public funds to be delivered in a more private sector approach, helping to reduce grant dependency.

To build on Access to Finance ONE has been developing a £125 million holding fund, with significant levels of external finance, under the European structural funds JEREMIE (Joint European Resources for Micro to Medium Enterprises) model to provide further investment funds from late 2009.

In response to current economic difficulties ONE developed a £10 million package of support for the region’s businesses, which includes additional funding for the Selective Finance for Investment grant, further support for growing firms and the expansion of the Energy Resource Efficiency scheme.

North East Productivity Alliance (NEPA)
Manufacturing is the cornerstone of North East England’s economy, employing 169,000 people and contributing 25% of GDP. In 2001, in response to the region having suffered heavy losses of manufacturing companies, and to boost competitiveness, skills and productivity in the sector, the North East Productivity Alliance (NEPA) project was conceived and driven by One NorthEast, initially based on global best practice at Nissan.

The project has delivered training to manufacturers on global best practice to find solutions to problems which directly improve productivity and market position. Companies of all sizes across the sector have benefited from the NEPA project.

- The project has supported 376 companies;
- delivered 5,644 learning opportunities,
- created 200 jobs and safeguarded 3,042 others; and
- generated £20 million in productivity savings for regional manufacturers.

Other RDAs and Devolved Administrations have used the NEPA programme to develop their own support activity. One NorthEast is now building on NEPA’s success to streamline and improve manufacturing and productivity support for companies by developing an integrated manufacturing and productivity support service. The new service will combine the current NEPA best practice, including Energy Resource Efficiency and Design in Manufacturing, with the national Manufacturing Advisory Service (MAS) and will be delivered as a single service under the name of ‘MAS-NEPA’

**Centre for Process Industries (CPI)**
The Process Industries are important to the North East and national economy, providing an estimated 40,000 jobs and contributing close to 60% of the UK’s petrochemical capacity. Regional exports of chemicals and related products were £3.3 billion in 2007-08. To support the sector and open up future market opportunities, the Agency established the Centre for Process Industries (CPI).

CPI has focused on identifying the innovation needs of process industry businesses, and establishing major facilities and projects to meet these needs. They have identified key interests of major process businesses and developed regional projects to meet these needs. For example the National Industrial Biotechnology Facility is an industrial scale facility which enables businesses to develop new processes, and is now working with over 30 businesses, and CPI is leading the UK’s Nano Industries Association and the national Knowledge Transfer Network (KTN).

The North East’s process industry is now recognised as world class and CPI was recently recognised in the Innovation White Paper “Innovation Nation”. CPI has made a central contribution to the renewed growth with major new investment in Tees Valley leveraging £171m in investment in R&D and related innovation projects over the last three years.

**North East Process Industry Cluster (NEPIC)**
Set up by ONE, NEPIC represents 500 companies from across the region’s Process Industries. These companies and their supply chains are a significant contributor to the region’s economy and the sector itself will invest around £7bn into the region by 2015. NEPIC promotes the capability of the region and acts to help companies, the sector and its supply chain with new investments. The cluster provides advice on how to gain public sector funding for investment and R&D projects. Efficiency improvement programmes brokered through the Cluster have helped the region secure jobs and deliver millions of pounds of bottom line benefits to members. NEPIC was also instrumental in the North East’s success in hosting the National Skills Academy for the Process Industries.

**New and Renewable Energy Centre (NaREC)**
Working with business and universities, ONE is building on the strength of North East oil, gas and energy-related sectors. NaREC has focused on the development of large scale testing facilities as well as working with businesses to design and develop new products and services, and new approaches to energy management. New facilities include the world’s largest Wind Turbine Blade Testing facility, wave and tidal facilities and Low Voltage development facilities. These facilities are unique and have attracted major projects from...
universities and businesses, both from within the region and externally. NaREC’s facilities at Blyth are now regarded as one of the leading renewable energy centres in Europe. They have secured significant international inward investment to a location that still has significant economic difficulties, including large multinationals such as Clipper Windpower, and Yanmar.

**Business Support**

ONE recognises that businesses find it difficult to understand and navigate the support they need and as such has been working with partners to simplify the business support landscape in the region. The Agency is taking a lead role in simplification, leading the development of a regional Transition Management Plan, alongside influencing the design of national business support products. The Agency’s lead has been demonstrated through the establishment of a regional Business Link service, North East England Investment Centre (NEEIC) bringing together a variety of funds, accessed by customers through one straightforward process, and the mainstreaming of rural business support.

**Business & Skills Brokerage**

In partnership with the LSC, ONE has aligned the business and skills brokerage services by, jointly funding and procuring ‘Train to Gain’ skills brokerage. The North East was the first region to integrate its skills and business brokerage and the approach has been recognised as good practice nationally and forms the basis of the new integrated national approach to business and skills brokerage.

**Skills & Business Competitiveness**

The Agency recognises that a dynamic, flexible and skilled workforce is critical to businesses competitiveness and their future growth. To support this the Agency is taking forward a range of initiatives including playing a key role in supporting employers to come together to better articulate their skills needs and attraction and retention issues. Action to develop appropriate solutions is then supported. By embedding the principles of skills brokerage within the higher level skills infrastructure the Agency is ensuring that businesses are also supported to up-skill at these levels.

**Businesses Innovation**

To ensure the region’s businesses are at the forefront of innovation the R&D grant supports SMEs with the development of new technologically innovative products and processes, and last year the Agency supported over 40 SMEs, investing over £2.5 million. The Agency also supports key business networks and partnerships including North East Process Industries Cluster (NEPIC), Northern Offshore Federation (NOF), and Northern Defence Industries (NDI). Last year 1,300 businesses, including many high growth SMEs, were involved in this wide range of collaborative activities.

**Inward Investment**

Inward investment continues to be a strength of the region and the Agency provides a coordinated approach and single point of contact to a network of local knowledge, partners and expertise. In 2007–08, the region was successful in securing 175 investment projects in the North East, 69 of these projects were Foreign Direct Investment. A total of 7,190 jobs were created and safeguarded by these investments, which represented £288 million of capital expenditure into the region. The North East has a strong inward investment record and there are presently 588 foreign investors based in the North East, including Nissan, Clipper Windpower and Fabricom Offshore Services.

**Effective Overseas offices**

The committee has identified RDA overseas offices as a specific area for their inquiry. The North East is a powerful investment opportunity for overseas firms and the over the past three years the One NorthEast overseas office network was responsible for sourcing 43 new investments into North East England, which represents 67% of all new FDI into the region over this time period.

74% of all FDI projects over the last 3 years were sourced by the Agency’s overseas office network meaning that they were the catalyst for 108 of the 146 projects we secured over this
Responding to Economic Shocks
The Agency performs an important role in leading responses to economic shocks and has a strong track record in bringing coherence across public and private sectors to any major redundancies in the region. Recent high profile disinvestments include Orange closing their Peterlee operation with the loss of 860 jobs and Atmel in North Tyneside closing its site with the loss of over 580 jobs. One NorthEast is currently chairing the Rapid Response Group to support the restructuring of Northern Rock. Working alongside the company, the Agency has put together a package of support with the active participation of Jobcentre Plus, Business Link, LSC, Local Authorities and business organisations in the region.

Using this approach, the Agency is coordinating the up-skilling and retraining of affected staff and identifying vacancies to enable them to move quickly back into the workforce. The most recent figures on the results of these type of interventions show an average of between 85% - 90% of the workforce being re-deployed within 6 months of a closure.

Foot and Mouth Recovery
In 2001 the foot and mouth outbreak closed the countryside and shut down the rural economies of most regions. One NorthEast convened and chaired a regional action group to co-ordinate the responses of key organisations in the North East. The Agency also effectively and swiftly delivered a Business Recovery Fund of £8.5m through Business Link, a fifth of which was allocated to Northumbria Tourist Board to support the region’s fragile tourism sector.

One NorthEast has played a key role in leading the response to the recent floods in the region, working with partners, to support those businesses affected.

Growth through regeneration
At a strategic level, ONE has engaged with a range of partners across different business sectors and with local authorities to understand particular needs and opportunities as well as influence and agree key investment priorities. At a delivery level, we have driven arrangements that are ‘fit for purpose’ and effective, ranging from Special Purpose Vehicles to Urban Regeneration Companies to local development initiatives. We have been particularly successful at aligning other public funding streams and private sector leverage with our major initiatives.

Buildings for Business
The Agency developed an innovative approach to the management of its portfolio of industrial property, through the Buildings for Business (B4B) public-private partnership (PPP) with UK Land Estates Ltd. This provided private sector expertise to manage the property portfolio, helping to address market failures at key sites and used property as a tool to drive regeneration, as well as enabled re-investment in the portfolio for refurbishment and redevelopment.

The Agency transferred its property portfolio to the partnership in 2004. It comprised 1,225 properties at 54 estate locations across the North East, with an overall value of £148m. Based on a secured return for the Agency, 50% ownership and future return into the Partnership, it is estimated to produce leverage of around £180m over its lifetime. The Agency has received £73 million from the partnership to date.

Through B4B ONE has secured greater private sector involvement in support of regional priorities. The development of projects which contribute to the aims of the RES, funded from surplus generated from the portfolio, are an additional result which may not have been realised if an alternative, less innovative, approach had been taken. A focus on delivering better design standards through the programme has also been achieved. The Limited Partnership Public-Private Partnership approach, pioneered here, has been adopted by other RDAs.
ONEDIN
ONE is now building on this approach to managing its property portfolio with a new PPP venture, ONEDIN, to operate over the next 15 years, which is expected to gain over £300 million private sector leverage and save the Agency £350,000 a year on estate management responsibilities.

Innovation Connectors
The Agency has also used strategic property investment to support development of high value activities, for example through the investment in land acquisition and physical development of the Innovation Connectors. Connectors are bringing economic development and spatial development together through the development of new world-class facilities and approaches to integrating business and universities. These include:

Newcastle Science City
One NorthEast, together with Newcastle University and Newcastle City Council are developing the former Scottish & Newcastle brewery site now known as “Science Central” to bring science and business together and develop mechanisms to successfully commercialise research, particularly in key sectoral strengths including, stem cells and regenerative medicine, molecular engineering and energy and environment.

Partners have invested £100 million in Science City, which includes the acquisition, demolition and masterplanning of the brewery site. It is anticipated that over the next 15 years, Newcastle Science City will create 500 high-growth science and technology businesses, will generate in excess of 3500 jobs and attract significant investment to the city.

Design Centre for the North
The Design Centre for the North will increase the design capacity and capability of North East businesses by focusing on product development and innovation, and fostering interdisciplinary working between business and the knowledge base. A Knowledge Transfer Network of businesses, Universities and colleges and design professionals will provide a signposting service between these groups and identify innovative design solutions for application in real business challenges. It will also showcase the best of regional design. The network will be supported by a facility at Baltic Business Quarter, Gateshead Quays, which will provide a focal point for design, and an area for the regional design community and interdisciplinary working.

Sunderland Software City
Sunderland Software City is a developing initiative which has already created a strong network across the public, private and voluntary sectors. The project, led by the private sector and financially supported by One NorthEast, brings together the expertise of Sunderland University, the North East Business Innovation Centre and the software industry network in the region. The aim is to establish an innovative and sustainable software industry centred in Sunderland which will be delivered through work streams focused on Enterprise, Innovation, Education and Infrastructure.

NETPark
NETPark is building expertise in the area of biotechnology and novel electronics, representing major opportunities for the development of existing and new businesses in the region, based on the strengths of the Universities of Durham and Newcastle, the process industry and electronics and electrical engineering businesses. A new Research Institute for Durham University and an Incubator building is already fully populated and a number of the companies are looking for grow on space.

Digital City
Digital City comprises two main strands, the Institute of Digital Innovation, managed by Teesside University and DigitalCity Business, managed by the Middlesbrough Council. Through a pipeline of digital activity and associated support the aim is to create a vibrant,
successful and self-sustaining ‘superccluster’ in the Tees Valley based on the digital technologies, digital media and creative sectors. To date DigitalCity has helped the region become a recognised location for digital talent allowing the growing number of digital companies in the region become globally competitive.

**Strategic Regeneration Vehicles**
The Agency has invested in a number of important area based initiatives across the North East. Strategic sites include the redevelopment of Middlesbrough town centre through the Middlehaven scheme; the North Shore transformation of Stockton’s riverside; the development of Gateshead Quays into a unique arts and cultural space; and the redevelopment of the town centre and quayside in Blyth, Northumberland. These schemes, and others, align public sector investment with wider regeneration objectives to stimulate business growth, employment opportunities and private sector leverage. Vehicles developed or supported by the Agency including Urban Regeneration Companies (URCs) in Tees Valley and Sunderland; a City Development Company (CDC) in Newcastle & Gateshead; Durham City Vision; and the South East Northumberland North Tyneside Regeneration Initiative (SENNTRI) will be key in driving these developments across the region.

Across all initiatives, ONE has placed an emphasis on ensuring high levels of private sector engagement and has performed well in ensuring strong private sector buy-in and investment; ensuring we work with the market to deliver sustainable business growth.

**Partnership Working**
Collaboration and partnership working across a range of stakeholders has been central to the One NorthEast’s achievements.

**Joint LSC/ONE Capital Investment Framework**
The North East has been the first region to develop and implement a joint framework for capital investment in skills infrastructure. In addition to the LSC’s £50 million annual investment in new learning infrastructure, One NorthEast has added £5 million. Due to the flexibility of the Agency’s contribution it has enabled support for private sector led developments, as well as wider investment in the surrounding support infrastructure. The Joint Plan for Capital Investment in Learning and Skills sets out a new, more formal way of collaborative working and ensures capital investments are aligned to the RES priorities.

**Regionally Employability Framework (REF)**
The Regional Employability Framework (REF) has been developed in the region, by One NorthEast and partners, in response to the North East’s high levels of worklessness. The framework aims to improve an individual’s journey from initial engagement, through a menu of training and support, into sustained employment and progression.

The REF has resulted in the realignment of regional funding streams including ESF, Single Programme and LSC funds, and influence over JobCentre Plus resources. Following the success of the approach several elements of the REF have been adopted as national policy through the development of the Integrated Employment and Skills service.

**Schools North East**
Through facilitation and support from the Agency a unique collaboration of Head Teachers, schools and public sector bodies, believed to be the only of its kind nationally, has been established. The single, self sustaining body established is providing a platform for regional engagement with all schools at a strategic level and a powerful voice for schools, increasing the opportunity and scope for influencing regional strategy, policy and investment priorities.

**Capacity & Scale**
Operating at a regional level allows the Agency to bring the necessary resources – both in terms of finance and expertise—which enable long-term and ambitious economic development initiatives to become a reality. This has allowed the North East to focus on
fewer, bigger schemes which make a real difference rather than smaller, less-focused projects with limited impact.

**Regional Image Strategy**

The image of the North East was identified as a major barrier to economic growth so since 2005 a high profile marketing campaign has been undertaken both regionally and nationally by ONE to promote the North East as a great place to live, work, do business and visit.

The programme has been successful in improving the confidence and aspirations of people within the region. With many stakeholders citing an increase in self esteem and pride, and nationally over 55% of those who have been exposed to the campaign have a more positive opinion of the region. 2007 saw an increase in the numbers of people visiting the region and visitor spend was up by 20% to £651 million.

Over 1,000 businesses and organisations have adopted the ‘Passionate People Passionate Places’ brand and use it in their own material which has increased the reach of the campaign. And the campaign was seen as critical to the attraction of the region's first long haul flight, the Newcastle to Dubai route, launched by Emirates in 2006. ONE have successfully created a coherent image and campaign for the North East from what was a collection of disparate brands previously. The business-focused second phase of the image campaign is building on these successes, highlighting the industrial and technological strengths to the region to attract businesses, investors and individuals.

**European Regional Development Fund (ERDF)**

From 2007 One North East assumed responsibility for implementation of the North East Competitiveness ERDF Programme (worth £295 million). The Agency led negotiations at an EU level and brokered agreement across sectors with regional and sub-regional partners in both the public and private sector.

One NorthEast led the development of a robust evidence base that established the context for the programme, building on the evidence base and consultation process of the RES. This enabled clear and focused priorities for investment and an Operational Programme agreed by partners, with strong alignment to the RES.

The Agency’s lead has resulted in a simplified, streamlined Operational Programme able to deliver added value, greater coherence, and resource efficiency for the region. ERDF is more closely aligned to The RES and Single Programme investment than ever before leading to increased focus of partner investment in Innovation, Business Support and Enterprise. In addition investment plans at a sub and city regional level are also more closely aligned to the regional priorities.

**Northern Way**

One North East is working closely with Yorkshire Forward and the North West Regional Development Agency, through the Northern Way collaboration, to grow the economy of the North towards the level of more prosperous regions. A forward work programme has been developed focusing on priorities with the strongest rationale for pan-regional collaboration, as well as the greatest opportunity to improve the North’s economy: transport; innovation in industry; and private sector investment. One NorthEast has led the collaboration, driving the work of the Private Investment theme. A Private Investment Commission has been established, chaired by Sir James Crosby, and will work to build the evidence-base before producing a final report and recommendations in March 2009.

**Performance Management**

The Agency has a very strong track record in meeting its financial and output targets every year for the last 10 years. We have set this within a clear performance framework that fully demonstrates the impact and added value of all our activities. It would be difficult to think of an alternative organisation that could be responsible for almost £2 billion of investment over
the last 10 years and delivered such significant achievements as outlined below and which has at the same time such a strong business focus and clear strategic framework.

**One NorthEast's Performance against Government Targets**

As highlighted in the RDA national response to the committee the RDAs have reported against a set of financial and output targets since their inception. One NorthEast has, with the support of its partners, consistently achieved its financial targets and has an impressive record of achievements against its output targets. This excellent performance is summarised in Annex A.

**An Independent View**

In an Independent Performance Assessment (IPA), carried out by the National Audit Office during October 2006, One NorthEast achieved an excellent outcome. The results, published in November 2006, gave the Agency a score of 22 points out of a possible 24 and a grading of 'performing strongly'.

The IPA identified areas for improvement which have been taken forward through the implementation of the Agency’s improvement plan, including a particular focus upon:

- Evidence Base and Evaluation – progressed through the development of a joint and robust evidence base and a comprehensive evaluation programme covering the Agency’s programmes; and
- Sustainable Development – improvement of the Agency's approach to sustainability, including embedding an assessment of sustainability into the development and approval of all projects and investments.

**Conclusion**

The Agency continually strives for improvement and feels this submission demonstrates the important strategic role that One NorthEast has played since its creation, in developing and driving forward the strategic framework for the region's growth, particularly through its prioritisation, high quality delivery, and an emphasis on creating the conditions for inclusive and competitive business growth.
Annex A

One NorthEast’s Performance against Government Targets

Fig 1. Financial Targets

<table>
<thead>
<tr>
<th>Year</th>
<th>Target £m</th>
<th>Actual £m</th>
<th>variance £m</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>92.7</td>
<td>90.3</td>
<td>2.4</td>
<td>2.6</td>
</tr>
<tr>
<td>2000-01</td>
<td>111.5</td>
<td>107.2</td>
<td>4.3</td>
<td>3.9</td>
</tr>
<tr>
<td>2001-02</td>
<td>162.6</td>
<td>158.2</td>
<td>4.4</td>
<td>2.7</td>
</tr>
<tr>
<td>2002-03</td>
<td>196.1</td>
<td>196</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>2003-04</td>
<td>225.9</td>
<td>222.6</td>
<td>3.3</td>
<td>1.5</td>
</tr>
<tr>
<td>2004-05</td>
<td>228.6</td>
<td>225.6</td>
<td>3</td>
<td>1.3</td>
</tr>
<tr>
<td>2005-06</td>
<td>246.8</td>
<td>245.4</td>
<td>1.4</td>
<td>0.6</td>
</tr>
<tr>
<td>2006-07</td>
<td>274.3</td>
<td>273.4</td>
<td>0.9</td>
<td>0.3</td>
</tr>
<tr>
<td>2007-08</td>
<td>277.5</td>
<td>276</td>
<td>1.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Fig 2. Output targets

<table>
<thead>
<tr>
<th>Output</th>
<th>Years</th>
<th>Target</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs created/safeguarded (units)</td>
<td>1999-08</td>
<td>112,416</td>
<td>131,427</td>
<td>17%</td>
</tr>
<tr>
<td>Brownfield Land (ha)</td>
<td>1999-08</td>
<td>1,349</td>
<td>1,511</td>
<td>12%</td>
</tr>
<tr>
<td>New Business start ups (units)</td>
<td>1999-08</td>
<td>15,019</td>
<td>15,836</td>
<td>5%</td>
</tr>
<tr>
<td>Businesses Supported / Advised (units)</td>
<td>1999-02</td>
<td>59,418</td>
<td>92,858</td>
<td>56%</td>
</tr>
<tr>
<td>Private Sector Investment (£m)</td>
<td>1999-02</td>
<td>720</td>
<td>1,110</td>
<td>54%</td>
</tr>
<tr>
<td>New improved housing (units)</td>
<td>1999-02</td>
<td>14,985</td>
<td>15,236</td>
<td>2%</td>
</tr>
<tr>
<td>New / Improved Non-Housing Floorspace (sqm)</td>
<td>1999-05</td>
<td>583,048</td>
<td>533,690</td>
<td>-8%</td>
</tr>
<tr>
<td>Infrastructure Created / Improved (units)</td>
<td>1999-02</td>
<td>71</td>
<td>86</td>
<td>21%</td>
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<tr>
<td>New / Improved Community Facilities (units)</td>
<td>1999-02</td>
<td>281</td>
<td>380</td>
<td>35%</td>
</tr>
<tr>
<td>Learning Opportunities Created (units)</td>
<td>2002-05</td>
<td>60,285</td>
<td>76,414</td>
<td>27%</td>
</tr>
<tr>
<td>Private Investment in Deprived Areas (£m)</td>
<td>2003-05</td>
<td>67</td>
<td>101</td>
<td>51%</td>
</tr>
<tr>
<td>Learning Opportunities &lt;30 hrs (units)</td>
<td>2003-05</td>
<td>52,215</td>
<td>114,062</td>
<td>118%</td>
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<tr>
<td>Employment Support (units)</td>
<td>2005-08</td>
<td>13,310</td>
<td>23,834</td>
<td>79%</td>
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<tr>
<td>Regeneration Leverage (£m)</td>
<td>2005-08</td>
<td>675.01</td>
<td>882.08</td>
<td>31%</td>
</tr>
<tr>
<td>Skills (units)</td>
<td>2005-08</td>
<td>191,000</td>
<td>272,760</td>
<td>43%</td>
</tr>
</tbody>
</table>

19 September 2008
Memorandum submitted by the Solihull Metropolitan Borough Council (RDA 70)

The following submission is made by Solihull MBC to the above inquiry after consideration by the Council’s Cabinet Member for Economic Development & Regeneration. The response is aligned with the response made by Solihull MBC to the Government’s consultation on the Sub-National Review of Economic Development and Regeneration ‘Prosperous Places: Taking Forward the Review of Sub National Economic Development and Regeneration - March 2008’.

The Council wishes to emphasise the importance of democratic accountability and oversight for RDAs, and the need for appropriate and effective scrutiny mechanisms as the Sub-National Review is implemented. It is also essential that the principle of subsidiarity be applied, alongside local discretion and flexibility to respond to particular circumstances and needs, with a focus on lean delivery mechanisms.

In response to the particular lines of inquiry raised, the Council wishes to comments as follows:-

1. The need for a level of economic development/ business/ regeneration policy delivery between central and local government.

   As recognized by the SNR, economic relationships (e.g. travel to work areas and supply chains) do not tend to correspond to local administrative boundaries, and therefore cross-boundary responses are required. Governance at the regional level offers the opportunity to address regional disparities faced by the West Midlands with the national level – a challenge which is clearly expressed in the region’s new Economic Strategy ‘Connecting to Success’. However, as recognized in the West Midlands’ response to the SNR consultation, there is a need for a collective effort by regional, sub-region and local partners in the realizing the region’s ambitions, with partners expecting full engagement in and ownership of a Single Integrated Regional Strategy (SIRS).

2. The effectiveness of RDAs and their role in adding value

   Since its establishment in 1999, the West Midlands’ RDA, Advantage West Midlands, has been developing its strategic role and the new West Midlands Economic Strategy (‘Connecting to Success’) builds and improves on the first WMES to provide a clearer framework for interventions by the region’s partners to address the region’s £10bn output gap. This is supported by prioritisation of the region’s main concentrations of need, opportunity and business clusters with growth potential.

   However, it is recognized that there is a need for more effective engagement of partners, stakeholders and
businesses in taking forward the SNR proposals, including the new SIRS. The Council strongly supports the region’s proposal to establish a Joint Strategy Body or similar comprising representatives of the Regional Development Agency, the RFL and business & other stakeholders to agree the Single Integrated Regional Strategy and oversee policy development and perhaps resource allocation. This would facilitate decision-making and securing the buy-in crucial to successful delivery.

Regional partners believe the AWM Board should continue to be business-led and should develop effective arrangements for engaging other partners and stakeholders engaged in the broader SNR agenda. Partners urge the government to assist the continuity of this capacity by guaranteeing the Assembly’s partnership budget and transferring it to AWM.

Regional partners are committed to the principle of subsidiarity as applied to governance arrangements, public funds, policy making and delivery, and AWM and the Regional Forum of Leaders are working with partners to develop a clear protocol of where activities are best undertaken at regional, sub-regional or local level. Partners will also act to tackle deficits in local and sub-regional delivery capacity.

The Council strongly supports the point highlighted in the region’s response to the SNR consultation as regards the need flexibility as regards devising appropriate working arrangements appropriate to the region’s particular needs and circumstances. This includes as regards delegation processes and sub-regional groupings to ensure value for money, fitness for purpose and relevance to function, rather than necessarily administrative areas, and with provision for different groupings for different functions or programmes.

There is potential for more effective co-ordination of activity at the regional, sub-regional and local levels to avoid duplication and ensure responsiveness to local needs. For example, there is potential for greater co-ordination of inward investment activity at the regional and local level. There also needs to be sufficient flexibility within business support provision to allow for effective engagement of businesses at the local level and responsiveness in delivery to local and sub-regional needs.

3. RDA expertise

Future governance as regards economic development and regeneration needs to achieve greater realization of the added value of a regional level of governance, whilst ensuring the principle of subsidiarity is applied to
4. **The extent of, and need for, their overseas activities**
With increasing competitiveness in global investment markets, an overseas marketing presence for the West Midlands offer significant potential as part of the effort to ensure the region’s continued economic competitiveness and to address its economic underperformance compared to the UK average.

5. **The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding**

The West Midlands’ response to the SNR consultation recognises the opportunity offered by the SNR proposals to take a fresh look at how we tackle the challenges in the region. Regional partners recognise the need to take a holistic approach to tackling the underperformance of the regional economy, and are committed to developing an integrated approach to tackling the region’s output gap encompassing economy, transport, health and housing, through the Single Integrated Regional Strategy.

The response highlights the need to establish effective arrangements for engaging partners, stakeholders and businesses, as essential to the effective development and delivery of the SIRS. Partners believe that the RDA Board should continue to be business-led and should develop effective arrangements for engaging other partners and stakeholders in the SNR agency.

The assumption of responsibility for management and delivery of the ERDF funding by the RDA offers the potential for effective integration of ERDF and Single Budget resources to deliver on the region’s economic development and regeneration priorities.

6. **The accountability of RDAs**

West Midlands partners, including AWM, are committed to firmly established democratic accountability and oversight of the development and delivery of the SIRS, and development of effective scrutiny processes as regards the impact of interventions made by regional partners and Government Departments and Agencies, which engages the wider local
government family and social, business, economic and environmental partners and which is independent of AWM and the Regional Forum of Leaders. This will require, from Government, the flexibility to develop arrangements appropriate for the region and for the region to retain the annual scrutiny budget currently held by the Assembly.

7. How RDA performance has been measured in the past and will be measured in future

RDA performance measurement has been focused on the Tasking Framework and is output focused. We would expect to see appropriate performance measures to the new and more strategic role proposed for RDAs by the SNR.

19 September 2008

Joint memorandum submitted by North East Businesses
And One NorthEast (RDA 71)

This submission represents a joint statement between representatives of the North East business community and the Regional Development Agency, One NorthEast, as a contribution to the above inquiry.

One NorthEast has worked closely with the business community in the North East since its creation in 1998. This includes regular meetings between senior executives and board members of One NorthEast and leading business organisations. Additionally joint involvement in addressing key strategic issues, joint-response groups for particular economic shocks such as the re-structuring of Northern Rock, and regular meetings at all levels to maintain a consistent partnership approach on economic development issues.

As a consequence, a Regional Economic Strategy for the North East has been developed and is being delivered with substantial support for and contributions from businesses.

Businesses have welcomed the stretching targets contained within the RES; and One NorthEast activity to support these ambitious aims, such as:

- innovative access to finance programmes for the region’s SMEs;
- the creation of centres of excellence to support economic growth based on industrial and scientific strengths;
- the commitment to bring together physical regeneration and innovation to create infrastructure needed by growing businesses through a series of ‘innovation connecters’;
- swift progress on business support simplification; and
- the development of a successful Regional Image Strategy.

The North East has been the fastest growing of all English regions in recent years. It also has the highest level of exports as a proportion of GVA, and in 2007 was the only English region to increase its exports. In a globalised economy, this performance is critical for the country. We believe the strategic focus on economic development provided by One NorthEast, working in partnership with the business community, has been a critical factor in this success.
As a result of this success, the most recent figures show the region produces 81.5% of the UK average GVA per head, up from 80% in 2006. We firmly believe the capacity and potential exists within the region to close this gap, and move towards the 90% of national GVA target by 2016, however there is still work to do. We regard it as crucial, therefore, that the North East retains resources specifically dedicated to economic development at a regional level, and that these are strategically managed by a body which has the strategic capacity to do so and specific remit and expertise for this.

We therefore feel that, whilst there may be ways in which the Agency’s role and responsibilities could be strengthened to tackle these critical issues, One NorthEast should continue to take a strong leadership role and operate with the freedoms, including financial, to take important strategic decisions on priorities, particularly important in the current economic climate, to promote and support long term economic development in this region.

19 September 2008

Memorandum submitted by the English Regions Network (RDA 72)

The English Regions Network (ERN) is the umbrella organisation for England's eight partnership Regional Assemblies. Regional Assemblies work closely with RDAs, both in scrutinising and supporting their activities, and have gained a unique insight into their capabilities and limitations.

ERN is supportive of greater economic support at a regional level as this has brought tangible benefits, and believes that the scrutiny work of Regional Assemblies has improved RDA delivery. However ERN opposes the democratic deficit implied in the proposed transfer of planning, housing and transport powers to Regional Development Agencies, which are unelected government agencies.

The English Regions Network

The English Regions Network (ERN) is the umbrella organisation for England’s eight partnership Regional Assemblies as follows:

- East of England Regional Assembly;
- East Midlands Regional Assembly;
- North East Assembly;
- 4NW – Regional Leaders Forum for England’s Northwest;
- South East England Regional Assembly;
- South West Regional Assembly;
- West Midlands Regional Assembly;
- Yorkshire and Humber Assembly.

Regional Assemblies are the regional planning, transport and housing body and are responsible for developing the Regional Spatial Strategy and for undertaking scrutiny of Regional Development Agencies (RDAs).
They are partnership bodies consisting of elected councillors from the local authorities in the region and stakeholder representatives of business, voluntary sector and environmental groups.

Regional Assemblies have considerable experience of working in partnership with a range of public, private and voluntary groups including local authorities and RDAs in particular. The focus of their work has been in developing regional strategies, representing the interests of the region and determining regional priorities.

The overarching aims of the English Regions Network are:

1) To proactively seek and represent the collective views of Regional Assemblies to Government and other key institutions;

2) To encourage new thinking and research in areas of concern to regions;

3) To add value to Regional Assemblies by providing a forum where best practice can be shared and inter-regional networking amongst Assemblies can be facilitated.
1. Introduction and Executive Summary

1.1 The English Regions Network (ERN) welcomes this timely select committee. Since 1999 Regional Assemblies have worked closely with RDAs and have, through a variety of means both supported, and scrutinised their activities. This gives us a unique insight into the role and effectiveness of RDAs.

1.2 The key points of our submission can be summarised as:

   e) Regional policy delivery has brought improved economic and other outcomes.

   f) Regional scrutiny has led to improved development and delivery of regional economic strategy (RES) objectives and RDA programmes.

   g) ERN favours more devolution to regional and local level accompanied by stronger accountability that builds on the strengths of our current effective approach.

   h) ERN opposes the democratic deficit implied in the proposed transfer of planning, housing and transport powers to RDAs which are unelected government agencies.

1.3 ERN would be pleased to contribute further oral evidence to your inquiry if so invited.

2. The need for a level of economic development/ business/ regeneration policy delivery between central and local government

2.1 ERN considers that devolution of economic development, business and regeneration to the regional level has brought significant benefits. Regions provide an effective level to co-ordinate interventions across government and publicly funded bodies.

2.2 ERN favours the devolution of policy responsibility and resources to the most appropriate spatial level. While the delivery of projects and programmes will in many cases be most effectively undertaken at sub-regional and local levels, other activity, particularly strategic planning, will remain most efficiently and effectively addressed at the regional level. Regional delivery is most successful when it is based on strong partnerships between central and local government, business and the social, environmental voluntary and community sectors, overseen by a system of democratic accountability.

2.3 The Regional Funding Advice process has been successful in agreeing strategic priorities and prioritising investment. We welcome the expansion of this process and the opportunity for councils and regional stakeholders to contribute.

3. The effectiveness of RDAs and their role in adding value
3.1 RDAs have become increasingly effective in their role, supported in improvement by Regional Assemblies’ systems of regional scrutiny.

3.2 The focus of RDAs continues to be on delivering targets agreed with BERR as part of their contract with government. However, the added value of RDAs lies in their ability to understand their region and work with relevant stakeholders to plan and deliver effective interventions. Accountability to regions through effective and democratically-led regional scrutiny is a key element in supporting in delivering upon regional priorities.

3.3 The effectiveness of RDAs, the economic issues they face, the budgets they manage and the value they add varies considerably, not only from region to region but also within each region on different issues. Some RDAs favour direct investment and action whilst others rely more on partnership approaches to delivery.

3.4 The variation in issues, performance and approach between regions highlights the importance of regionally-specific accountability arrangements.

4. **RDA expertise**

4.1 RDA Boards and staff have been appointed with the skills and expertise to meet current responsibilities. In particular, there has been a focus of expertise in developing Regional Economic Strategies and delivering projects that provide the outputs to meet the targets in RDAs’ contracts with government.

4.2 The requirement of SNR for RDAs to develop Single Regional Strategies, which include Regional Spatial Strategies, poses significant challenges for RDAs in terms of their technical expertise and relationships with local authorities and other stakeholders. ERN believes that all RDA’s will need to quickly put in place arrangements to build the range and depth of professional strategic spatial planning, housing and transport expertise and resources, necessary to undertake the preparation, monitoring and implementation of a Single Regional Strategy as proposed in the SNR (including engagement with politicians, planners, developers, voluntary sector and the wider public).

4.3 The complexity of achieving democratic regional ownership of a Single Regional Strategy, encompassing regional spatial guidance, will put a stronger focus on the skills of RDAs to:

- Broker solutions across different political groups, geographical locations and constituencies of interest
- Undertake spatial monitoring and conformity
- Fully engage and consult with the public
4.4 The RDA relationship with the Homes and Communities Agency will be crucial for the effective delivery of regeneration in future. Greater clarity on this and the future of the Regional Housing Boards post SNR is required.

5. **The extent of, and need for, their overseas activities**

5.1 The extent of RDA overseas activities varies considerably between the regions. In order to promote trade and investment, RDAs have a legitimate role in undertaking overseas activity. In particular, the ERN supports RDAs in contributing to the operation of the network of regional European offices in Brussels.

5.2 To maximise impact, RDAs should adopt a focused and strategic approach to foreign direct investment and ensure greater alignment of activities with sub-regional partners.

6. **The consequences of expanding RDA remit to include new functions, as proposed by the sub-national review, including the delivery of EU funding**

6.1 ERN opposes the democratic deficit implied in the proposed transfer of planning, housing and transport powers to RDAs. Spatial planning must remain a matter for local democratic accountability and the transfer of regional planning responsibilities to RDAs threatens the democratic ownership of the Single Regional Strategy.

6.2 ERN proposes that the forum of council leaders (or regional equivalent) be responsible for development and submission of the Single Regional Strategy. It is clear that the Single Regional Strategy needs regional buy-in of all partners if it is to be credible and effective.

6.3 Local authorities and stakeholders may be unwilling to take ownership of a regional strategy they had limited involvement in developing, thus risking its legitimacy and threatening delivery. Similarly, in setting out the RDAs’ new remit, there is insufficient consideration in the SNR of their duty to engage stakeholders. As members of Regional Assemblies, stakeholders representing environmental, economic and social concerns have made a substantial contribution to ensuring wider community engagement with, and ownership of, regional strategies. However, the SNR reduces their formal role in the development of a Single Regional Strategy, thus limiting regional buy-in.

6.4 ERN supports a Single Regional Strategy based upon sustainable development, which is defined in PPS1 as the core principle underpinning planning. There is concern that a Single Regional Strategy prepared by an organisation with a statutory objective focused on economic growth will fail to meet the principles of sustainable development.

6.5 It is unclear how RDAs will be resourced to carry out their proposed additional functions. If additional funding is not provided, there is a risk that RDAs will have to
divert funds from their economic development duties (where budgets are already declining) to deliver RPB functions, thus risking their ability to meet economic development challenges in their regions.

6.6 Whilst BERR remains the sponsoring department for RDAs, the role of the Regional Planning Body will require the involvement of Communities and Local Government. We are concerned that there will be different expectations of the Single Regional Strategy from the two governing departments (CLG and BERR) and resultant difficulties in developing and delivering the strategy.

7. The accountability of RDAs

7.1 RDAs must be accountable to the region they serve, not just to central government. Regional Assemblies currently have the responsibility of scrutinising the work of RDAs within the regions. Excellent work has been carried out with different approaches adopted according to the circumstances in each region.

7.2 Whatever the future arrangements, regional scrutiny should build upon the constructive approach already established but should be enhanced through a stronger legislative base. Regional scrutiny should be the primary means by which the RDAs are held to account for delivery on behalf of their region.

7.3 The Regional Assemblies, using their considerable experience in conducting regional scrutiny, have identified a range of principles that are essential to effective regional scrutiny and are detailed in our publication ‘Renewing Regional Accountability’:¹

- Democratically-driven
- Informed by specialist expertise
- Clear in its purpose, understood and valued
- Strategic
- Constructive and focused on clear outcomes
- Evidence-based
- Objective, rigorous and honest

7.4 Strong regional accountability is particularly important given RDAs’ proposed expanded remit; the contested nature of regional planning policy means communities will demand far stronger democratic accountability of RDAs than currently.

7.5 Whilst accountability to localities and the region needs to be strengthened, we recognise that RDAs are subject to numerous strands of audit, performance management and scrutiny, and this is set to increase once Regional Select Committees and Grand Committees are established. The accountability and scrutiny arrangements, while rigorous and effective, must not be so overly onerous that they reduce the ability of RDAs to deliver upon regional priorities.

¹ http://www.ern.gov.uk/documents/Renewing%20Regional%20Accountability.pdf
7.6 The likely focus of the proposed Regional Select Committees on RDAs may mean that the RDA’s spend a disproportionate resource on being held to account, whilst other public bodies within the regions with far higher budgets, for example, health or the new Homes and Communities Agency have far less accountability to the regions.

8. How RDA performance has been measured in the past and will be measured in future

8.1 RDAs are subject to a range of monitoring, performance management and scrutiny processes. Performance management is one element contributing to accountability, but they are not the same. Monitoring outputs, such as jobs created, and monitoring outcome focused performance indicators, such as GVA per hour worked, is valuable. However, monitoring them is not, by itself, a sufficiently rigorous process to ensure RDA accountability to the region.

8.2 It is not yet clear how BERR and CLG will undertake their management and monitoring of RDA performance once they become responsible for the preparation of a Single Regional Strategy. If RDAs are to take responsibility for planning, housing and transport it is inappropriate for economic development to take primacy over the other elements of sustainable development. Therefore to measure RDAs solely on economic performance in the regions would be insufficient and ineffective.

8.3 It is regrettable that the SNR indicates that the government’s performance framework will be ‘the principal way in which the RDA is subject to external scrutiny and held to account’. This continues Government’s focus on top-down performance measurement rather than accountability to regions and localities.

8.4 Clarity is needed on where overall responsibility for RDA performance management lies. An appropriate division of responsibility would be:

- Departmental monitoring – to monitor spend, administration and performance against targets agreed between RDA and Government
- Independent Performance Assessment - a periodic in depth examination of the overall managerial effectiveness of the RDA
- Parliamentary Regional Select Committees - to look at the overall effectiveness of government policy and government funded agencies' delivery in regions
- Business and Enterprise Select Committee – to look at the overall effectiveness of RDAs collectively
- Regional scrutiny – to provide ongoing, robust and constructive scrutiny of the development and delivery of the Single Regional Strategies on behalf of the regions. We reiterate that regional-led scrutiny should be of prime importance.

19 September 2008

Memorandum submitted by NESTA
(RDA 73)
Executive summary

Sub-national governance in England does not presently match the needs of effective innovation policy and economic development. Building on localities’ strengths requires recognition of unique local histories, and administrative structures that fit the shape of innovation and economic activity, which centres upon city-regions.

RDAs have had some successes in bringing together regional stakeholders, providing regionally-tailored business support, and making some targeted development interventions. But they lack the broad geographical spread needed to support upgrading the links between city-regions, and their economic goals remain too confused, despite recent clarifications. NESTA therefore recommends that consideration be given to merging RDAs where appropriate; ensuring they have the analytical capacities needed to deliver effective development policy; and sharpening their focus on economic development through a further simplification of targets.

The new Multi-Area Agreements provide the opportunity for local authorities to promote development across their functional city-regions. NESTA welcomes their introduction, and recommends that the range of functions they cover is extended where appropriate. MAAs should also be drafted to support city-regional innovation narratives, providing a strong central message for regional development.

About NESTA

NESTA is the National Endowment for Science, Technology and the Arts. NESTA’s mission is to transform the UK’s capacity for innovation. We conduct research to build a body of evidence about how best to support, measure and improve UK innovation; we develop innovation programmes to encourage in the UK a culture that helps innovation to flourish; and we invest in early stage high tech companies.

NESTA welcomes the opportunity to submit evidence to the Business and Enterprise Select Committee inquiry into Regional Development Agencies. We have a long-standing research interest the impact of place and place-making on innovation and have published extensively on both.167

Introduction

1. The publication of the Review of Sub-national Economic Development and Regeneration (SNR) last year helped clarify a sub-regional policy environment of growing complexity. It created, however, new challenges for existing regional bodies. The new Multi-Area Agreements (MAAs), in particular, are a valuable new tool for sub-regional policymakers. The refinement of RDA functions was much-needed, providing a greater strategic focus and clearer lines of accountability, as laid out in the 2007 Comprehensive Spending Review Public Service Agreement (PSA) 7.

2. This submission details the relationship between sub-regional innovation systems and existing policy and institutional structures, before making a series of recommendations for the reform of RDAs and the improvement of existing sub-regional governance in the context of the Review of Sub-national Economic Development and Regeneration.

Innovation systems and innovation policy

Innovation is central to economic success

3. Innovation, defined as the successful exploitation of new ideas, is vital to the UK’s continued economic success and well-being.\textsuperscript{168} It is the major source of competitive advantage for advanced economies.\textsuperscript{169} At a national level, variations in levels of innovative activity are closely associated with economic growth and trade performance.\textsuperscript{170}

4. At the level of individual businesses, investments in innovation enable enterprises to outperform their competitors. Innovations in processes, products, services and expansion into new markets are crucial if UK enterprises are to thrive in a globalised economy.

Policy has a vital role to play in securing an environment in which innovation can flourish

5. As the Innovation Nation White Paper recognised, innovation is about more than traditional research and development (R&D) expenditure alone.\textsuperscript{171} NESTA has noted that it can occur in multiple forms; as the result of user innovation; in unexpected locations; and often in apparently ‘non-innovative’ industries.\textsuperscript{172} This multifaceted understanding of innovation implies that context – political, economic, and spatial - is vital: innovation cannot occur in a vacuum.

Innovation systems function at multiple spatial levels

6. Innovation systems exist at international, regional and sub-regional levels, within particular sectors and around particular firms. They emerge wherever firms develop ongoing relationships with universities, governments or other actors in order to access the resources necessary for innovation.

\textsuperscript{168} This definition is used by the Department of Innovation, Universities and Skills (DIUS). See DIUS (2008), ‘Innovation Nation’, London: DIUS.


\textsuperscript{172} NESTA (2007) ‘Hidden innovation.’ London: NESTA.
7. As a result, working only on a national scale could fail to maximise the development and impact of successful innovation policies. Until recently, however, UK innovation policy was mainly national in focus.

City-regions are magnets for innovation

8. Cities, because of their high population density enable these connections to be made (both intentionally and unintentionally) through personal networks and places to gather. This ease of interaction and the high likelihood of chance interactions create the conditions for a flourishing of innovation.

9. But innovation also occurs outside of cities, including in rural areas. Spatially-aware innovation policy is adapted to the needs of different localities and understands the relationships between them.

UK innovation policy has started to recognise this spatial dimension

10. Last year’s Sainsbury Review devoted a whole chapter to regional innovation policy. The Innovation Nation White Paper built on the Sainsbury Review by further recognising the geographical unevenness of innovation, with a series of recommendations for further collaborative work between government departments and sub-national agencies like the RDAs and local authorities. The Technology Strategy Board is works closely with the RDAs. Innovation policy has been subtly rescaled.

11. Policy has also begun recently to identify this shift in focus, with the SNR clearing the way for the creation of sub-regional, functional administrative arrangements between existing local authorities.

Existing sub-national structures are not suited to delivering effective innovation policy

12. England has a complex and multi-tiered sub-national structure of government that is not always well suited to delivering place-sensitive innovation policy.

Local authority boundaries rarely match economic needs

13. The patchwork of local authorities, from parish to county councils, grew up over the centuries, with their borders established by convention, longstanding local identities, piecemeal national reform. They rarely match economic activity.

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175 Mahroum, S., et. al. (2007), ’Rural Innovation’, NESTA: London
And the boundaries of English regions were set arbitrarily

14. The nine English regions, by contrast, were established largely as an administrative convenience, their boundaries established by a Europe-wide system of naming and identification. The current borders were fixed in 1994, with the creation of the Government Offices of the Regions based on Eurostat regional classifications.

15. Unlike local authorities, of whatever stripe, there is often little in the way of common regional history, or shared regional identity, to grant to the English regions the kind of public legitimacy that leadership in a democratic society requires. Attempts to establish elected regional assemblies have floundered without popular support, and it is clear that towns, cities and rural areas retain stronger links to their long-established local identities, than to the administrative regions: Manchester and Liverpool, rather than the north-west; Newcastle and Gateshead, rather than the north-east.

16. Worse yet, there is little evidence to suggest that the borders of the RDAs are congruent with the shape of economic relationships across England. They risk falling into a shadowy existence, possessing neither a common identity, nor meeting an obvious economic need.\textsuperscript{179}


\textsuperscript{180} The London Development Agency (LDA), unlike the other RDAs, reports to a directly-elected regional Mayor and assembly. This provides the possibility for wide-range strategic planning with a unique degree of popular legitimacy, allowing the Mayor, in concert with the LDA, to set long-term and economically significant planning goals.
Uneven innovation across the UK has historical roots

History shapes England’s city-regions more than geography

17. Today’s innovation outcomes reflect unique historical attributes. It is history, not geography, that leads distant cities like Middlesbrough and Swansea to share similar experiences, and near neighbours like Cambridge and Norwich to differ widely.181

18. Notably, these cities’ different levels of innovation owed more to chance than to clear planning. In some areas, the absence of well-established institutions and the lack of an industrial legacy have enabled rapid innovation. Leading innovative British cities, such as Aldershot, Northampton, Reading and Warrington all lack a strong industrial heritage and have had few attempts to create innovation strategies.182

This can be a vicious or a virtuous cycle

19. Some cities have struggled with the burden of their own history. Globalisation has brought distant places closer, and intensified the competition between them. Adaptation to this changed economic environment has pushed British cities along different routes, with the direction taken set by the cities’ prior histories. In some city-regions, traditionally strong industries have become weaknesses, holding city growth back.

20. This need not always apply: modern industries such as pharmaceuticals, fine chemicals, advanced materials and precision engineering have grown up across the North out of older regional specialisation in heavy industries such as steelmaking and bulk chemicals.183 Nor should previous economic decline become an argument for abandonment.184

And policy has sometimes failed to identify true city-regional strengths

21. But building innovation capacity will require recognising the genuine strengths of localities. Too often, prior policy has been ‘spatially blind’: attempting to replicate one region’s successes in every other regions, ignoring specific regional capacities and histories. For instance, eight of England’s nine regional economic strategies prioritise biotechnology or health sciences.185

Policymakers must be sensitive to this historical context

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181 NESTA analysed the innovation outcomes for different forms of innovation shown in the fourth Community Innovation Survey (CIS4) for all 63 cities in Great Britain with core populations bigger than 125,000. The results of this analysis reveal a wide variation in innovation outcomes between British cities. See Simmie J., Carpenter, J., Chadwick A. and Martin, R. (2008), ‘History Matters: path dependence and innovation in British city-regions’, London: NESTA, ch.3.


22. When devising strategies for economic growth, policymakers must be sensitive to this historical context. By recognizing the particular strengths and weaknesses of a city-region, an effective strategy will draw on existing resources to clear new, smoother pathways for growth.

Sub-national borders help shape the possibilities for innovation and growth

Administrative boundaries that fit the shape of economic activity help promote growth

23. Recent empirical research has demonstrated rigorously that greater alignment between administrative boundaries and the location of economic activity has a strong effect on economic growth.186 Many critical local services, such as public transportation, are by their nature best delivered across existing authority boundaries.187

And labour markets function across sub-regional areas

24. It has been widely shown that labour markets across larger areas than those covered by local authority boundaries.188 Functioning labour markets require a robust transport infrastructure, which in turn demands effective sub-national transport governance. The existing local authority boundaries are not well-placed to deliver this.

But fragmentary planning has weakened growth in England

25. Fragmentary English infrastructure planning has damaged economic growth, weakening the vital connections between places and undermining viable economic interactions.189

26. Some moves have been made towards overcoming this fragmentation. The four unitary authorities in Bristol have developed a joint Greater Bristol Transport Plan, while the cities of Leicester, Derby and Nottingham, plus with respective counties, have developed the Greater Nottingham Local Transport Plan.190

27. The Passenger Transport Authorities (PTA) and Executives (PTE), where these exist, have been able to fulfil some of the functions of a fully-fledged strategic planner, but these are not widespread and too often hampered by a lack of effective integration with wider economic goals and limited capacities to intervene across transport modes.191

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28. The White Paper on the Future of Transport recognised some of these difficulties, committing the government to progressively extending the power of local authorities beyond limited strategic road schemes and potentially into railway schemes. The Railways Act 2005 provided PTAs with additional flexibility in delivering rail and other modes of transport into urban areas. And the comprehensive Eddington Transport Study made a series of recommendations to promote better local transport planning.

**Inter-city links are also vital to sustain growth**

29. While transport planning on a city-regional scale is vital, it is the connections between city-regions that will drive economic growth and innovation. England’s transport, however, infrastructure is relatively weak between the city-regions. It takes longer, for example, to travel by rail from Liverpool to Newcastle, a distance of 173 miles, than it does from London to Newcastle – a distance of 289 miles. But the linkages between city-regions are increasingly important to sustaining growth, although many are under growing pressure.

30. The Northern Way coalition of northern RDAs has already provided strong evidence in support of better city-regional public transport links. NESTA believes that all city-regions would be strengthened by more effective city-regional transport links. This, in turn, implies a greater capacity for city-regional transport planning.

**RDA performance has been mixed**

**Official assessments of RDAs have been generally positive**

31. The RDAs have, given their limited aims, been given a clean bill of health by the National Audit Office (NAO). An independent performance assessment of RDAs concluded that the eight RDAs outside of London have been rated to be 'Performing Strongly' or 'Performing Well'. The 2007 Comprehensive Spending Review provided a strategic refocusing of their aims, reducing the complexity of RDA involvement in 29 separate Public Service Agreement (PSA) targets, to just one PSA, closely tied to economic growth outcomes.

32. There are clear examples of successful RDA intervention: for example, in the Birmingham New Street regeneration, the product of a coalition led by Advantage West Midlands, and the Sheffield City Centre regeneration, amongst others, stand out as examples of good practice. On innovation, the

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Sainsbury Review noted many successful examples of RDA work, including the promotion of high-technology business incubators and science parks.\textsuperscript{201} Their role in delivering some regionally-tailored business support, such as the Manufacturing Advisory Service, has been praised.\textsuperscript{202}

**But there are widespread concerns about their abilities**

33. Reforms to RDA governance reflect a sensible assessment of the RDAs’ limited resources and capacities to deliver. But there is a widespread opinion that RDAs are not meeting the ambitious goals they have been set. One report highlighted the potential clash between the RDAs general target of promoting economic growth in each region, and the secondary goal (enshrined in the current PSA 7) of shrinking inter-regional disparities.\textsuperscript{203}

34. NESTA broadly shares this concern. Bad targets produce poor policy,\textsuperscript{204} and it is not clear that establishing an implicit competition between administrative regions is healthy. Economic differences *within* regions can be greater than *between* regions and there other, better, policy levers available to Government to address these.\textsuperscript{205}

35. **NESTA therefore recommends a refocusing of RDA objectives and the removal of the secondary target to reduce disparities in regional growth.**

**Traditional innovation expenditure varies across regions**

36. The table below shows the regional breakdown of real terms business R&D expenditure (BERD) in England, expressed per head of population, along with the percentage of RDA budget’s spent on ‘innovation’.

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<thead>
<tr>
<th>Table 1: RDA innovation spending vs. regional R&amp;D expenditure (per capita)\textsuperscript{206}</th>
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<tr>
<td><strong>2006 figures</strong></td>
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<tr>
<td>RDA innovation spend</td>
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<td>BERD per capita</td>
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37. It can be seen that spending varies substantially, but there is a close correlation between greater RDA innovation spending (as a percentage of budget), and

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\textsuperscript{202} See, for example, National Audit Office (February 2007), Independent Performance Assessment: Advantage West Midlands, National Audit Office: London


\textsuperscript{204} See examples given in NESTA (2008), ‘Measuring Innovation’, London: NESTA.

\textsuperscript{205} For example, researchers have found very high variations in worklessness amongst working-age men between different English sub-regional areas within the same region. See Dickens, R., Gregg, P., Wadsworth, J. (Spring 2001), ‘Non-working Classes: Britain’s Chronic New Unemployed’, Centre Piece, London: Centre for Economic Performance, p.13.

\textsuperscript{206} RDA innovation spending taken from Lord Sainsbury (2007), ‘The Race to the Top: a review of the Government’s science and innovation policies’, HM Treasury: London, Table 9.2; population and BERD from ONS.
greater BERD expenditure per capita.\textsuperscript{207} Despite the formal commitment across all the RDAs to establishing regional centres of innovation and scientific excellence, current RDA funding priorities are not aligned with this.

38. **NESTA believes that RDAs should be given clearer guidelines from central government in the allocation of innovation funding to provide a more consistent framework of support for innovation across the UK.** The allocation of innovation funding by RDAs should match the high aspirations the RDAs have established for themselves, with weaker-performing areas devoting greater resources to innovation.

**RDAs would function more effectively across a larger geographical area**

39. More spatially-aware policy demands the fragmentation and devolution of policy-making and delivery functions. Sub-national administrative bodies are more sensitive to local circumstances and better-placed to deliver effective policy. But sub-national development bodies need to function within intelligent boundaries.

40. The RDAs currently play an important part in the delivery of the Government’s economic development goals. However, if functional city-regions are recognised as the drivers of innovation and economic growth, the current RDAs do not have intelligent boundaries: they are too big to act as effective city-regional planning authorities, but also too small to deliver the supra-regional, long-term infrastructure planning that sustained city-regional growth demands. Local authorities, meanwhile, are generally too small to cover functional city-regions effectively.

41. Historical development has left some regional links too weak. We have already noted the weakness of latitudinal city-regional connections in England. Transport infrastructure forms a spoke-and-hub model, centred on London. Developing more effective city-regional links along the east-west parallel will require sub-national bodies able to deliver the robust planning, broad sub-national coalitions and significant expenditure needed.

42. The Northern Way has established a solid precedent for inter-regional cooperation, and other regions, such as those in the Greater South East, are following this example.\textsuperscript{208} West and East Midlands RDAs operate joint overseas offices, a sensible collaborative initiative.

43. However, collaborations across regions are not robust enough to deliver the long-term, high-impact infrastructure and economic planning that should be the aspiration for sub-national economic. RDA resources, though significant in total, can be spread too thinly, failing to deliver the substantial, high-impact interventions that anchor development. And many RDA functions are duplicated unnecessarily between RDAs.

\textsuperscript{207} There is a correlation coefficient between the two series of 0.54, indicating a reasonably substantial positive correlation.  
44. To maximise the impact of RDA interventions, create broader coalitions for
growth, and deliver cost efficiencies through economies of scale, NESTA
recommends that an ambitious programme of RDA mergers is
considered, on the basis of existing collaborations and demonstrable
economic benefit.

45. Effective planning for transport, in particular, requires a longer time-scale than
currently envisaged by the Regional Strategies. The Eddington Transport
Study suggests a timeframe of 20 to 30 years, but Regional Strategies have
only a 15 year horizon.\textsuperscript{209} The new supra-regional RDAs must be given the
assurances about their future that will enable them to plan at an appropriate
time-frame. \textbf{The horizon of regional strategies should be extended to better}
accommodate the needs of strategic transport planning.}

A geographically broader role will need a stronger analytical base

46. Following the Allsopp Review of government statistics, the Office of National
Statistics (ONS) have worked with RDAs to establish a full regional statistical
presence. The ONS has also provided a firm commitment to deliver regional
economic figures to help judge progress towards meeting PSA7 targets.

47. NESTA believes that merged RDAs should enhance their analytical
capabilities to enable the better delivery of regional economic
development policies.

48. The Manchester Independent Economic Review is a collaborative research
exercise, drawing on numerous regional stakeholders, that aims to provide a
comprehensive picture of economic activity in the Manchester city-region. This
will provide a more robust evidence base for regional and city-regional
policymaking.

49. RDAs should establish their own independent reviews of their key city-
regions, supported by principal stakeholders, in order to provide more
secure evidence bases for regional policymaking.

Multi-Area Agreements

50. There are compelling reasons to promote cross-authority working. NESTA
welcomes the SNR’s support for local authority collaboration to meet
economic development goals in the form of Multi-Area Agreements
(MAAs).

51. Seven MAAs have so far been drafted and approved the Ministers, with more
currently under discussion. The Manchester MAA covers ten local authorities
in the North-West, with agreements to collaborate on skills, business support
and infrastructure planning, with success measured against ten economic
development targets. The Tees Valley MAA, signed between five unitary
authorities, focuses on the development of physical infrastructure, including

\textsuperscript{209} Sir Rod Eddington (2006), ‘The Eddington Transport Study. Main report: transport’s role in sustaining the UK’s economic
town centre regeneration and the provision of reliable public transport.\textsuperscript{210} In both these cases, the new MAA draws on existing history of cross-boundary collaboration.

52. MAAs could, however, be created and drafted more imaginatively. The Innovation Nation White Paper states that the Department for Innovation, Universities and Skills will be working with RDAs and local authorities to develop MAAs that, where appropriate, promote innovation across administrative boundaries.\textsuperscript{211} PSA 7, along with the SNR, suggests that more permanent MAAs could come into being, covering services ‘beyond transport’.\textsuperscript{212}

53. Multi-area agreements should help form the way in which a locality constructs a convincing narrative about itself. Local areas should conduct the policy equivalent of an environmental assessment to establish their own strengths and understand what others are doing. The resultant strategy should overtly complement those efforts rather than compete against them.

54. NESTA believes that local authorities should be encouraged to draft MAAs covering broader types of work, allowing localities to write their own innovation narratives.

55. But delivering more comprehensive MAAs will, in many cases, require that they function over longer periods of time, allowing extended planning by stakeholders and setting expectations appropriately. Developing convincing city-regional innovation narratives will require institutional longevity.

56. NESTA supports the proposal made by the SNR to extend the lifetime of MAAs, where appropriate.

Strategic planning must provide a credible ‘innovation narrative’ for a city-region

57. Planning in a city-region requires a sense of direction if it is to support consistent innovation and growth. A regional innovation journey can be thought of as a means to stitch together a patchwork of economic activity across a locality. By providing a compelling regional narrative, a city-region’s innovation journey can mobilise the resources needed to open new paths of economic development.

58. But even if rooted in specific histories, city-regional innovation policy must face outwards. The most innovative city-regions across the world are linked together in global innovation networks. Businesses in Cambridge, for


\textsuperscript{212} HM Treasury (October 2007), ‘PSA Delivery Agreement 7: Improve the economic performance of all English regions and reduce the gap in economic growth rates between the regions’, London: HM Treasury, para. 3.7.
example, report that their global networks are more important than their local ones.\textsuperscript{213}

19 September 2008

\textbf{Memorandum submitted by the University of Warwick (RDA 74)}

The University of Warwick welcomes the opportunity to submit evidence to The House of Commons Business and Enterprise Committee for their enquiry into “...the role of regional development agencies (RDAs) and implications the Government’s review of sub national economic development and regeneration may have on that role.” Whilst Warwick is an international institution the University is also a committed regional partner in the West Midlands with our Regional Development Agency (RDA) Advantage West Midlands (AWM) and the Coventry and Warwickshire sub-region. Furthering economic prosperity and tackling disadvantage are areas of key importance to the University, both historically and into the future.

The Business and Enterprise Committee may be considering, or wish to consider, further evidence and comment submitted to: the West Midlands Economic Strategy Consultation; the recent consultations on “Prosperous Places: Taking forward the Review of Sub-National Economic Development and Regeneration” (BERR, June 2008) and “Delivering Success in the Regions VFM Study – Survey of Stakeholders & Partners” (National Audit Office, July 2008).

\textbf{Inquiry Responses}

\textbf{The need for a level of economic development/ business/ regeneration policy delivery between central and local government}

The need for strategic economic development and delivery at a regional and sub-regional level has been established with the RDAs filling a historical vacuum in focused strategic development. Responding to identified local needs has historically not received the attention, or resources, required to make tangible and sustainable changes. A strategic view of investments and business support is crucial to future prosperity, investments made by AWM in the Birmingham Science City Collaboration between the Universities of Warwick and Birmingham are far sighted and will produce tangible economic benefit beyond the usual RDA timelines for project output delivery.

At present there are successful sub-regional delivery vehicles in the West Midlands, sponsored and supported by AWM, the three high technology corridors. As organisations the three corridors facilitate the delivery of economic development across administrative boundaries and as partnerships of key stakeholders – delivering focused interventions in response to identified sub-regional need.

There remains a concern (in common with other RDAs and Devolved Administrations) that AWM consistently find it difficult to reconcile the need for continued, or enhanced, investment in “successful” sub-regions of the West Midlands with the need for investment in “lagging” sub-regions. Further, there is an evident risk

of a “silhouette” where RDAs are unable to address opportunities collaboratively which cross regional and indeed sub-regional boundaries.
The effectiveness of RDAs and their role in adding value

The University of Warwick would particularly like to bring the success of the Premium Automotive Research and Development Programme (PARD) to the attention of the committee. PARD, delivered by Warwick Manufacturing Group (WMG) from The University of Warwick, has safeguarded 4000 jobs and contributed to the development of nearly 200 new products and processes. This project, and other exemplars, provide evidence of RDA success and the strategic role required for economic development.

However, AWM, in common with other RDAs, can be too procedurally driven and slow to absorb new ideas and views. On occasion, AWM have been too slow to respond to opportunities. Project initiators can endure lengthy delays in the development of projects which can be frustrating, resource intensive and costly.

The administrative context within which RDAs function can have a negative impact on economic development and regeneration projects. Regulations and procedures imposed centrally or from the EU can engender a short term approach, allied with the limited time horizons for budgets. Successful, indeed critical, projects can be forced to close when programme funding ends and no appropriate funding has been made available. Economic development and regeneration are long term activities which require sustained funding, which will often exceed RDA project timelines and CSR timetables.

RDA expertise

AWM has a large pool of expertise which is accessible for both policy formulation and delivery. This expertise extends from the Board Members through to the staff in the agency. There have however been occasions when capacity problems and recruitment difficulties have impinged on the operation of the agency. For the future there is an extensive pool of expertise and experience within the West Midlands, within HE, FE and the public and private sectors which could add substantial value to the agency and the region. Currently, the mechanisms for unlocking this potential are limited. Under the new accountability arrangements, especially the proposed Regional Select Committee, there could be an opportunity to address this.

The extent of, and need for, their overseas activities

The University of Warwick has worked on several opportunities with AWM and the inward investment team. This has included India, USA and the current Bridge to Growth Programme intended to attract small companies to the West Midlands. Staff at AWM have been helpful in this work and thoroughly professional. It is appropriate for such regionally focused activity, supported by RDAs, to take place. However, there has been some brand confusion over the activities of RDA Inward Investment Teams and UKT&I which requires attention. Further, the level of support available for companies in the region wishing to export and/or explore new markets has been found to be lacking or at best confusing.
The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding:

An enhanced strategic role, especially with the integration of responsibility for planning, for RDAs is welcomed. The link between economic and social development and the planning system and process is one that requires strong coordination and delivery. The way in which funding and delivery is devolved to a local or sub-regional level, through the implementation of the SNR, is of concern. In the West Midlands AWM has been able to undertake projects which are supportive of both Regional and National priorities and opportunities, for example Birmingham Science City. Any new arrangements for economic development and regeneration should not prevent further developments of this initiative or limit future large scale strategic projects.

The SNR quite rightly emphasises functional geographic areas as opposed to extant administrative boundaries. This is to be encouraged both at a local and sub-regional level but also across RDA boundaries, businesses do not see administrative (i.e. local authority) boundaries.

The accountability of RDAs

Whilst there is a current accountability framework for RDAs, which includes Regional Assemblies and Parliament (via Government Departments), the abolition of Assemblies in 2010 will only serve to increase the impression of a democratic deficit. The future role of Regional Select Committees will be crucial to engendering and maintaining public trust and confidence in RDA activities and performance.

How RDA performance has been measured in the past and will be measured in future

Advantage West Midlands already has established measures of activity and success in terms of core outputs. Adding a further level of outputs and measures may at best be a distraction; at worst be just “lip service”. Further issues identified with the use of new performance measures include:

1. “What gets measured gets done” – will these measures really reflect success and a positive trajectory of change or will they just skew activity? For example enterprise is often measured on the basis of the number of start-ups rather than the growth or innovativeness of new firms.

2. How will new measures be integrated with current core outputs for AWM: will these become new core outputs in and of themselves?

3. The recently revised Regional Economic Strategy (RES) will be one step in long term activity; will these measures reflect “improvements” in trajectory during the new WMES period? There is a very real issue of longitudinal measurement in the determination of these success measures which needs to be addressed.
The University of Warwick would also like to bring to the attention of the committee that the West Midlands Observatory is looking for indicators of the effect of Regional Development Agencies on regional performance, with particular emphasis on the West Midlands Observatory. The indicators and performance indicators developed by the regional Observatory to try to measure the performance of the RDA should be watched with interest.

The University of Warwick favours the utilisation of alternative measures of success and improvement within the region, indeed a re-definition of appropriate core outputs is probably required. The University would welcome the opportunity to work with AWM on the identification, development and deployment of new indicators and measures of success in the medium and longer term. Economic metrics are only one indicator, measures need to incorporate other indicators of social change that fulfil the West Midlands (and other RDA) strategic objectives.

19 September 2008

Memorandum submitted by RIBA (RDA 75)

The RIBA in the regions

The Royal Institute of British Architect’s mission is to advance architecture by demonstrating the benefit of good design to society and promoting excellence in the profession.

At a regional level, the RIBA engages in a number of activities and works in partnership with a range of stakeholders from the public, private and voluntary sectors. The built environment has a real and important influence on social and economic factors and as such the RIBA engages with a diverse range of stakeholders including built environment professions, local planning authorities, and other regional, sub-regional and local bodies with a remit for sustainable communities.

Design, spatial planning and the economy

Good design and architecture has a real impact on the economy and society with benefits to health, education, safety, employment and other socio-economic factors.214

As widely recognised, well designed places with high quality housing, accessible transport links, employment opportunities and other sound infrastructure such as educational and health facilities attract and retain people to cities, regions and localities. High quality and design and architecture is fundamental to this, aiding a good lifestyle and instilling a sense of civic pride.

Role of RDAs in design

The RIBA welcome the Businesses and Enterprise inquiry into the role of RDAs and implications the SNR may have on that role. At the regional level, we want to see the RDAs take a proactive role and lead for design quality and further the links between spatial planning and the delivery of sustainable communities through:

214 CABE. The Value of good design: How buildings and spaces create economic and social value. www.cabe.org.uk
RIBA recommendations

1. Design review at all levels. The RDA should explore (with partners) how to further the use of and development of regional and local design reviews. Local Areas Agreements (LAA) and Multi Area Agreement (MAA) initiatives should be subject to design review as are regional economic strategy initiatives. This will help ensure design quality is embedded at all levels and by local authorities.

2. Design champions on the RDA Board (a continuation of this role from the Regional Assemblies).

3. Consult and engage with local and regional built environment, design and other stakeholders/groups of stakeholders to inform policy and delivery.

4. Explore mechanisms to ensure local authorities embed design quality including:
   a) design quality training for planning officers and members;
   b) run local and sub-regional design review panels (as above);
   c) ensure spatial planning and sustainable communities agenda is properly integrated at the local and sub-regional level. Ensure LSPs/Multi-Area Strategic Partnerships work collaboratively with planners (who have an understanding of design quality) through the process of developing LDFs.

5. RDAs to have a duty to consider design quality (similar to that of the new Homes and Communities Agency).

The RIBA will explore the need for architects and other design professionals to work alongside planners in engaging with LSPs and for RIBA staff members to be part of LSPs themselves.

Sub National Review and implications on the RDA: Opportunities
The RIBA believe that there are positive implications for the role of the RDAs in championing and implementing design quality. There are clear opportunities and potentially huge benefits of integrating the remits of the Regional Assemblies (RA) and the Regional Development Agencies (RDA), not only for purposes of efficiency but also due to the interrelationship between economic and social progress and sustainability and the role that spatial planning must play in both these elements. We provide recommendations below for utilising such opportunities.

**Spatial planning and community regeneration**

The RDA should take a lead in encouraging and supporting LSPs to engage with the process of developing Local Development Frameworks. There is a crucial link between the work of the LSPs and the outcomes in the LAAs and the work of planners and the outcome of the LDFs. If these links are successfully made, the strive for social and economic sustainability (as featured in the LAAs) will be properly supported and delivered by spatial planning (sustainable communities being fundamental to spatial planning\(^{216}\)).

Spatial planning is a key mechanism to tackling root causes of social problems. Examples of the links between the LAA outcomes (which should reflect the Sustainable Community Strategy objectives) and planning are\(^{217}\):

- **LAA outcome: Health and Wellbeing.** Planning Contribution: parks, recreation and sports provision, access to good and services, strong economies and access to employment, design.
- **LAA outcome: Safer Communities.** Planning Contribution: landscaping, transport, design.
- **LAA outcome. Vibrant and Sustainable Neighborhoods.** Planning Contribution: housing and design, transport, safe and green environments, school provision and design.
- **LAA outcome. Economic Development.** Planning Contribution: availability of employment sites and access, transport, housing design and location, energy provision, access to goods and services, social and environmental infrastructure.
- **LAA outcome. Social Inclusion.** Planning Contribution: housing quality, design and provision, transport, equal access to good and services.
- **LAA outcome. Combating Climate Change.** Planning Contribution: Transport, recycling, housing design and renewal, access to good and services, transport.

For all LAA outcomes, good quality design of the built environment is crucial to their success.

A collaboration between LSPs and planners will help ensure these issues are integrated and LSPs (and other stakeholders) are more informed by planning
‘evidence’ with a spatial and environmental understanding for setting their objectives. Collaboration will help provide planners with a better understanding of other service-delivery agencies and objectives and reflecting this in local planning\textsuperscript{218}.

RIBA Recommendation

6. RDA (and GOs) to encourage LSPs to engage with the process of developing Local Development Frameworks – spatial planning being a delivery mechanism of LAAs.

7. RDA to support planners (with an understanding of design quality) to engage and work with LSPs/Multi Strategic Partnerships sharing ‘evidence’ on planning issues and community needs.

Sub-regional context

We welcome the recognition in the SNR for sub-regional and intra-regional working. The Multi Area Agreements (MAAs) should form an important delivery mechanism. We believe these should also reflect and integrate spatial planning, a lead taken by the RDA (as discussed above).

Planning at a sub-regional level is crucial if the national and regional strategies are to be effective. The sub-regions have identifiable and distinct spatial dimensions – economic development and the city regions; housing markets and cross boundary supply; transport networks and the nature of travel to work. Aligning policy and implementation is crucial to reflect sub-regional dimensions, such as strengthening policy to ensure the adequate delivery of housing supply. Fundamental in improving the economic performance of sub-regions and city regions is the spatial planning and social dimension to strategies. We note here that successful spatial planning requires good quality architecture and design.

Structures will need to be put in place to support local authorities and LSPs to work collaboratively. We believe that this should be formalised and support proposals to make this a statutory relationship. We would caution against a statutory relationship preventing flexibility and allowing for membership to expand and change.

The consultation documentation \textit{Prosperous Places}\textsuperscript{219}, made no mention of the duty \textit{to consider sub-regional work} (as currently held by the RA). We believe that this duty should be transferred to the RDA.

RIBA Recommendation

\textsuperscript{219} Prosperous Places (BERR & DCLG) March 2008 \url{http://www.berr.gov.uk/files/file45468.pdf}
8. We would like to see the RDA have a duty to consider sub-regional work. As part of this, RDA to support local authorities’ collaboration at a sub-regional level.

Sub National Review and implications on the RDA: Challenges

For these opportunities to be realised (described above) however, the RIBA believes there needs to be certain factors in place that ensures representative, informed and accountable decision making and implementation. We give an outline of our concerns below and provide recommendations to address these.

Decision making and accountability

It is essential that regional stakeholders (including the public) are able to influence the decision-making of the RDA. The integrated regional strategies must be properly informed to accurately reflect the regions – the people’s needs, aspirations and lifestyles.

The RDA, as proposed in the Prosperous Places consultation document, would essentially be able to choose whom to engage and listen to bypassing those it did not, being answerable only to the Secretary of State.

We have concerns that the role of the Local Leaders’ Forum as envisioned would fail to provide scrutiny of the RDA and would not provide that crucial community engagement at that level.

Local Leaders’ Forum

With limited powers, the proposed LA Leaders’ Forum will act only as a consultative group whose comments can easily be discarded. The Forum will have no statutory powers to scrutinise the work of the RDA as does the RA and as such the RDA will have little responsibility to engage with and listen to the Leaders’ Forum.

In addition, the ability to scrutinise is further undermined by local authorities being potential recipients of RDA funding.

We believe that with limited powers and time constraints, the Leaders’ Forum will be poorly attended, or fail to attract the necessary caliber of representative necessary to overcome its shortcomings.

Stakeholder representation

Fundamentally, the proposed Forum also lacks the crucial component of stakeholder representation (the latter making up a third of the RA governance).

Regional stakeholder groups are an important way to ensure a wider range of expertise informs the process of decision-making on a number of important and relevant issues such as housing, architecture and design, environment, engineering, equality, and employment. This will:
• help ensure that regional strategies take account of these issues and the intricate disparities within regions as stakeholder organisations working close to the community are well placed to appreciate.
• aid strategic thinking by Local Authorities by raising understanding and awareness of these cross-cutting issues.

RIBA Recommendation

9. Proposals as described in *Prosperous Places* consultation document should be reviewed to ensure a forum is accountable, representative and influential.

10. The legislation should require the RDA to agree with a representative ‘forum’ of stakeholders based on social, environmental and economic remits for sign-off of the integrated regional strategy alongside the LA Leaders’ Forum.

**Stakeholder engagement**

While the importance of stakeholder engagement is recognised throughout the consultation document, and is to be welcomed, this needs to go beyond consultation and include influence, negotiation and agreement. How the RDA engages stakeholders will need to be determined in agreement with stakeholders themselves.

RIBA Recommendation

11. The RDA will need to undertake a process of understanding the stakeholders in the region and explore with them how best to engage them in meaningful ways.

In addition, there is a need for a collective voice for stakeholders. Regions benefit from the ability of stakeholder representative groups to identify cross-sectoral interests and where possible resolve any apparent differences of view before engaging with regional agencies such as the RDA. Whilst this does not prevent the different sectors from engaging the RDA separately, it increases efficiency in the overall stakeholder engagement process. The RDAs will need to recognise and support the development of existing stakeholder groups (including those currently linked to the RAs).

RIBA Recommendation

12. RDA to understand, utilise and support the development of existing stakeholder networks in the region.

Memorandum submitted by the Wildlife Trusts  (RDA 76)

i. INTRODUCTION

ii. The Wildlife Trusts (TWTs) are pleased to respond to this inquiry into the role of RDAs, in light of the changes proposed in the review of sub national economic development and regeneration.
There are 47 local Wildlife Trusts across the whole of the UK. We are working for an environment rich in wildlife for everyone. With 765,000 members, we are the largest UK voluntary organisation dedicated to conserving the full range of the UK’s habitats and species whether they be in the countryside, in cities or at sea. We manage 2,200 nature reserves covering more than 80,000 hectares; we stand up for wildlife; we inspire people about the natural world and we foster sustainable living.

We are particularly interested and engaged in climate change adaptation, which we believe is critical for people and wildlife in the UK. To this end, we are working in partnership with a wide range of organisations to take forward a large number of landscape-scale nature conservation programmes that will contribute towards our vision of *A Living Landscape for the UK*.

The Wildlife Trusts work actively at the regional level in England. We have been instrumental in helping to shape regional planning policy and its impact on the environment and climate change. We work closely with Government Offices, Regional Assemblies and Regional Development Agencies (RDAs) in order to improve decision-making and project delivery for the benefit of wildlife and local people.

We would be pleased to provide further information in relation to points raised in this response.

**DETAILED COMMENTS**

The following submission is structured around 6 key proposals that The Wildlife Trusts believe should be considered in relation to the future role of RDAs as outlined in the SNR. These proposals are, that:

- The RDA Act should be amended to ensure that furthering sustainable development is a core RDA objective
- RDAs should commit more resources to valuing, protecting and enhancing the natural environment
- RDAs should have sufficient environmental and planning expertise
- RDAs should take more action on climate change adaptation
- RDA Boards should contain the full range of sustainable development skills
- The RDA scrutiny process should be more robust and consistent

**1. THE RDA ACT SHOULD BE AMENDED TO ENSURE THAT FURTHERING SUSTAINABLE DEVELOPMENT IS A CORE RDA OBJECTIVE**

1.1 *The Wildlife Trusts believe that the Regional Development Agencies Act 1998 should be amended* to ensure that sustainable development is a core purpose of the RDA going forward into its potential new role as regional planning body.
1.2 We are seriously concerned about the Government’s intention to use regional planning as a tool to deliver economic growth through the transfer of the regional assemblies’ planning function to the RDAs.

1.3 As stated on page 20, paragraph 3.3 of *Prosperous Places* “The RDAs will lead on the development of regional strategy, ensuring that economic development and spatial planning are closely aligned”. According to the Government’s Planning Policy Statement (PPS) 1 “Sustainable Development is the core principle underpinning planning” i.e. planning should be socially, environmentally and economically sustainable.

1.4 The proposals in *Prosperous Places* contradict this core principle and undermine the Government’s commitments as set out in the UK Sustainable Development Strategy: ‘Securing the Future’ (2005) and ‘Securing the Regions’ Futures’ (2006).

1.5 The Wildlife Trusts strongly believe that sustainable development must remain the core principle underpinning planning. At present the purpose of RDAs only extends to ‘contributing towards SD’, the fifth of five purposes. In light of the SNR proposals we do not think that this purpose is strong enough to ensure that sustainable development is fully integrated into land use planning at the regional level rather than merely being seen as an add on.

1.6 As an absolute minimum, the first purpose should be to promote sustainable development. But we would propose that the objectives of the Regional Sustainable Development Agencies might be:

- To further sustainable development
- To further economic development and regeneration
- To promote business efficiency, investment, competitiveness and employment
- To enhance the development and application of skills relevant to employment

**National Audit Office Assessment**

1.7 During 2006/2007, The National Audit Office Independent Performance Assessment of RDAs identified that in many regions the RDA was using a Sustainable Development Framework, or other sustainable development tools, to assist in the decision making process for projects and initiatives (Case Study 1).

1.8 Some RDAs had a dedicated team to work on sustainability (e.g. EMDA and EEDA) and others had made it a key theme of the Regional Economic Strategy (e.g. Advantage West Midlands).

1.9 However, the NAO assessments also states that the level of sustainable development knowledge within each RDA still varies greatly, and is applied inconsistently across the regions.
In addition, the NAO reports identified that some RDAs could do more to show a tangible commitment to SD, particularly in delivering their own operations (e.g. SWDA) and the priority afforded to monitoring SD (e.g. One North East). This inconsistency means that it is very likely decisions are being taken and policies being developed which could lead to unsustainable outcomes, and so contradict one of the current purposes of RDAs ‘to contribute to sustainable development’, thus providing a powerful reason for amending the underlying legislation.

**Case study 1: Integrating Sustainable Development within regional strategic and corporate planning**

The East of England Development Agency has established an Integrated Sustainability Appraisal (ISA) process for the emerging RES that brings together the Strategic Environmental Assessment, sustainability appraisal, equality and diversity appraisal, rural and urban proofing and health impact assessment into a single methodology. This methodology could be used as an exemplar to other RDA’s.

The benefit of the ISA, which runs alongside the RES development process, has been to ensure that critical evidence, such as the environmental implications of particular policies and the capacity of important natural assets, were fed into the strategy as it evolved. This approach has the potential to avoid lengthy delays and conflicts, if the evidence is taken fully into account. It should result in a strategy that delivers positive benefits for the economy, society and environment of the region.

**Sustainable Development Teams**

We believe that the establishment of Sustainable Development teams in some RDAs has aided and improved policy development. However, we still believe that policies within many Regional Economic Strategies could be made more positive, for example focusing on enhancing the environment rather than simply avoiding and mitigating damage.

It is important to note that the presence of SD teams does not necessarily indicate effective delivery of sustainable development in the region. For example, we have observed that in the East Midlands the SD unit had been sidelined, adding a sustainability gloss onto the economic development case, rather than integrating and embedding SD into the work of the RDA. This situation is starting to change but the influence of the SD unit will always be limited by the organisational context in which they operate. Amending the RDA Act will reinforce the central importance of sustainable development, and ensure that the RDAs resources and influence are channelled to this end.

If the Government is serious about sustainable development, then we believe that it should not undermine the progress that the RDAs have made on SD, by focusing in the SNR on economic development and housing growth. The
Wildlife Trusts believe that the emphasis on the economy will be at the expense of communities and the natural environment, and is therefore a backwards step.

2. **RDAs SHOULD COMMIT MORE RESOURCES TO VALUING, PROTECTING AND ENHANCING THE NATURAL ENVIRONMENT**

2.1 The Wildlife Trusts believe that, despite some progress in terms of understanding their role in delivering sustainable development that the **RDAs could commit more of their resources to understanding how the protection and enhancement of the natural environment benefits the economy, and to securing the future of these assets in the long term** (Case study 2).

**Case study 2: Valuing the natural environment**

The Natural Economy Northwest is a multi-partner initiative led by Natural England, the Northwest Development Agency and the SITA Trust (which supports community and environmental improvement projects).

The initiative seeks to maximise the economic benefit from existing and new investment in the region's natural environment. It draws on the expertise of specialists working in tourism, business development and the environment sector, including the Wildlife Trust.

The initiative provides direction and leadership. It enables delivery on the ground, through new approaches to project planning, training and joined-up funding across the region. The programme also involves mapping the socio-economic benefits that the region's natural environment delivers; creating methodologies for quantifying and reporting economic benefits; supplying training and skills guidance; integrating natural tourism within the wider visitor economy; marketing and communications; and facilitating projects in areas as diverse as biodiversity, wetlands, woodlands and Green Infrastructure.

2.2 The natural environmental assets of each region make a significant contribution to attracting investment, retaining skilled workers and quality of life (Case Study 3). In addition, the natural environment also provides the basic ecosystem services that underpin our way of life.

2.3 DEFRA has undertaken research which makes the case for valuing ecosystem services and outlines a methodology for establishing their Total Economic Value (*Introduction to valuing ecosystem services (2007)*).

2.4 Through their Regional Renaissance activities the RDAs should have a much greater leadership role in the development of a landscape scale approach to investment in the natural environment, using the expertise of conservation partners such as The Wildlife Trusts.

2.5 There is some evidence of RDA investment in projects that benefit the natural environment and local economy, such as the Brockholes Wetland & Woodland Nature Reserve in Lancashire and the Great Fen Project in Cambridgeshire. However, RDA funding of this kind is still limited and on many occasions is not
distributed through a structured and well-resourced ‘Natural Asset’ investment programme.

**Case study 3: Regional Index of Sustainable Economic Well-being**

We are aware of the work being undertaken by the New Economics Foundation and three English Regional Development Agencies (East Midlands, Yorkshire & Humberside and South East England), to develop a **Regional Index of Sustainable Economic Well-being (ISEW)**.

This Index recognises that happiness is not based on economic strength alone, and is instead based on an economic, social and environmental macro cost-benefit analysis of the region.

EMDA has done a reasonable amount to include social and environmental elements in its assessment of well-being. However, the environmental element remains weak and focussed upon avoidance of loss and mitigation, with environmental enhancement not (yet) recognised as something that can improve economic and well-being outcomes.

We support the development of this initiative, and the persistence of the RDA in taking it forward, albeit with further development on the environmental elements required, and believe that even more could be achieved if the remit of all RDAs was widened, as stated above.

### 3. RDAs SHOULD HAVE SUFFICIENT ENVIRONMENTAL AND PLANNING EXPERTISE

3.1 If the RDAs are to take on the planning function from the Regional Assemblies they will need to be given sufficient resources to significantly expand their planning and environment teams.

3.2 It is clear that the preparation of the new Regional Spatial Strategies has required a substantial team of regional planners within the Regional Assemblies. Further revisions of the Regional Spatial Strategies, and the preparation of the Integrated Regional Strategy, can be expected to build on the RSS experience and probably require a similar level of resourcing. It will almost certainly require more specialist planning and environmental policy staff within RDAs than is currently the case.

3.3 In the North West Regional Assembly (4Northwest), for example, there are 8 qualified town and country planners, 3 transport planners, 2 RSS monitoring staff, a coastal planning officer and 4 members of the regional housing team, a total of 18 people. In comparison, the RDA currently employs 5 planning related staff. This difference in staff numbers reflects the roles the two organisations currently perform, but serves to illustrate the fundamental shift in RDA internal structures and culture that will be required to take on the planning role.
Delivering on Natural Environment and Rural Communities Act responsibilities

3.3 The NERC Act contains measures including an extension of the Countryside and Rights of Way Act biodiversity duty to all public bodies and statutory undertakers to ensure due regard to the conservation of biodiversity. RDAs, as public bodies, are subject to this duty, which should already be considered as part of their current functions but also as these functions evolve as a result of the proposals within the SNR.

4. **RDAs SHOULD TAKE MORE ACTION ON CLIMATE CHANGE ADAPTATION**

4.1 As well as reducing the regions’ carbon emissions, the SNR should be concerned with reducing the country’s ecological footprint and enabling regions to adapt to the now unavoidable impacts of climate change. The Planning Bill requires local authorities to include policies that contribute to climate change mitigation and adaptation in their Local Development Frameworks. This should also apply to regional plans, and RDAs should have the expertise and skills to include climate change and natural environment considerations in their work and to produce briefs, analyse and act upon the results of reports such as Strategic Environmental Assessments and Sustainability Appraisals.

4.2 The Wildlife Trusts believe that a focus on climate change mitigation and carbon reduction **without a corresponding emphasis on adaptation**, will leave the region’s economies vulnerable to the potential impacts of a changing climate, and result in missed opportunities to develop the environmental economy.

4.3 The Stern Review identifies the key role which the economy plays in mitigating against and adapting to the impacts of climate change. We believe that many RDAs are showing leadership in terms of mitigation, but could be much more ambitious in terms of the programme of activity to help their region adapt to a changing climate.

5. **RDA BOARDS SHOULD CONTAIN THE FULL RANGE OF SUSTAINABLE DEVELOPMENT SKILLS**

5.1 We would challenge whether the RDAs, as they are currently constituted and given their cultural model, are the right bodies to carry out regional planning.

5.2 RDA boards are currently made up of individuals who are appointed by the Secretary of State (SoS), largely for their ability to direct an organisation focussed on economic growth. A much broader set of skills will be required in the future, and the structure and membership of RDAs needs to be radically reviewed to reflect this fact.
5.3 It is important that the membership of the board adequately and legitimately represents the communities and area that they cover. A better model for RDA member selection may be that of the National Park Authorities. In this case, nearly one half of authority members are appointed by the SoS to represent the ‘national’ interests in the park areas, whilst the rest are made up of local councillors. In addition, the SoS appointed members should reflect a balance of expertise across the three pillars of sustainable development, that is, environmental, economic and social.

5.4 The Wildlife Trusts believe that the reformed RDAs should ensure that all its decisions are transparent and accessible, including those on planning. This would require them to make all board papers available for public inspection; allow members of the public to attend board meetings where individuals and stakeholder organisations would have an automatic right to be heard on relevant issues, and conduct regional road shows, meetings and workshops around the region in order to be accessible to communities.

6. THE RDA SCRUTINY PROCESS SHOULD BE MORE ROBUST AND CONSISTENT

6.1 As far as we are aware, there is currently no clear standard for scrutinising the RDAs, and we believe this is a major hindrance to increasing the transparency and trust of the RDA decision-making process.

6.2 We believe that standards of scrutiny should be much more robust and that clear standards should be developed to improve consistency between regions and to ensure the full range of policies necessary to deliver sustainable development are developed and implemented.

6.3 The report published recently by the Modernisation Committee on Regional Accountability identified “a clear accountability gap at regional level. Effective scrutiny of RDAs and other agencies operating in the English regions is lacking, both locally and in Parliament”.

6.4 The new system of Regional Ministers and Select Committees should strengthen some of the scrutiny and accountability of decision-making of RDAs in the absence of elected members (other than in London).

6.5 It would be helpful if the Regional Select Committees themselves conducted part of their inquiries in their regions to enable the public in the regions to have greater involvement in the process. The Select Committees could also have a role in scrutinising the appointments to the RDA Boards. We believe that the RDAs should be accountable to Parliament through their relevant Regional Minister.

6.6 We understand that a Regional Private Office is being established in the Government Office South East in response to the evolving nature of regional
governance throughout England. This could lead to a more focused approach to the way in which the GO and Regional Minister engage with the region.

19 September 2008
Joint memorandum submitted by the Association of North East Councils & the North East Assembly (RDA 77)

1. The need for a level of economic development/ business/ regeneration policy delivery between central and local government

1.1 The Government’s emphasis in recent months and years on the crucial role of local government in economic development has been very much welcomed in the North East. This is a role which authorities have been playing in this region for many years and they continue to place an emphasis on creating the conditions for business to thrive. Central Government has a key role strategically around issues of national importance but experience (and evidence) has demonstrated the need to conduct economic development and regeneration at the right spatial level: national, regional, local. Each spatial level has a role to play, and the SNR recognises this and seeks to further develop the concept.

2. The effectiveness of RDAs and their role in adding value

2.1 Effectiveness of RDAs and how they add value is currently measured in a number of different ways including performance data based on RDA self assessment and the National Audit Office Independent Performance Assessments.

2.2 Each RDA outside London is subject to regional scrutiny from their regional assembly, and the reports of those scrutiny exercises are published. RDAs may choose to accept or reject recommendations in the scrutiny reports.

2.3 Going forward it is critical to ensure that future regional scrutiny arrangements to develop policy appropriate to regional circumstances are robust and effective. The Association of North East Councils (ANEC) and the North East Assembly have agreed a set of principles that will ensure that future local government regional scrutiny is constructive and non-confrontational, adds value and avoids duplication. It will be forward-looking emphasising policy development leading to action, with a particular focus on scrutiny of the single Regional Strategy. There will be close liaison with the Parliamentary regional select committees; it will engage economic, social and environmental stakeholders and be a means of engaging non-executive members of local authorities by agreement through the Leaders Forum. ANEC is currently considering a new process for handling scrutiny which is appropriate for the new and emerging circumstances and arrangements.
3. **RDA expertise**

3.1 The right skills, expertise and relationships will be needed to deliver the breadth of work required in implementing SNR. All partners are committed to this, and sufficient resources will be required.

4. **The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding**

4.1 Regional Planning Bodies currently have a range of roles which they can exercise with democratic legitimacy because they are accountable through their local authority membership. Regional planning covers a range of important practical issues such as consultation on major planning applications, conformity of Local Development Frameworks etc which are currently dealt with by the Development Board of the North East Assembly. In an early response to SNR, the Association suggested that the Leaders Forum (currently being established as part of ANEC, giving a ‘golden thread’ of accountability to the wider local government community) could perform the role of the Regional Planning Body.

4.2 Given the impact of local government re-organisation in the North East which comes into full effect on 31 March 2009, we are currently looking at how the Leaders Forum, the National Park and economic and social partners might come together to provide this role during the transition. This is supported by One NorthEast and we will be making a proposal to Government shortly, as part of the transition arrangements.

4.3 Going forward, One NorthEast will need to continue and to develop engagement with business, a wider range of stakeholders and with the public.

5. **The accountability of RDAs**

5.1 Paragraph 2.3 above outlines the principles that we believe are essential to effective local government regional scrutiny and contribute to regional policy development. The arrangements for this, and liaison with parliamentary scrutiny, will be very important in terms of accountability.

6. **How RDA performance has been measured in the past and will be measured in future**

6.1 In addition to the operation of in-region scrutiny and the introduction of additional Parliamentary scrutiny, it would make sense for there to be reporting lines to CLG as well as BERR if and when RDAs take responsibility for the single regional strategy.
The Institute of Physics is a scientific membership organisation devoted to increasing the understanding and application of physics. It has an extensive worldwide membership and is a leading communicator of physics with all audiences from specialists through government to the general public. Its publishing company, IOP Publishing, is a world leader in scientific publishing and the electronic dissemination of physics.

The Institute welcomes the opportunity to respond to the House of Commons Business and Enterprise Committee’s Inquiry on the Role of Regional Development Agencies.

The attached annex highlights the key issues of concern to the Institute that have been linked to the specific questions raised.

**The need for a level of economic development/business/regeneration policy delivery between central and local government**

There is a clear need for this intermediary level in terms of support for science-based businesses, and ideally the Regional Development Agencies (RDAs) should be fulfilling this role. Economies of scale in the area of business support can be best achieved by working on a regional level, rather than a sub-regional or local level. Above this, responsibility towards the UK strategy as a whole should reside with central Government rather than each region charting its own course, with the themes of support set nationally, but delivered regionally. We look to the Technology Strategy Board (TSB) to steer the RDAs into areas which don’t bring them into direct competition with each other, so preventing duplication and confusion being introduced into what is a national set of priorities, and instead build on the existing capabilities and strengths of the regions.

Within the framework of national, regional and local levels of delivery, there are issues to be addressed in the interplay between the different structures. The movement of people and knowledge are essential to the successes of science-based industries and this must be supported by local, regional and national bodies. For example, a company wishing to work with an academic department in a particular field may find that the only UK department with the required capabilities is located in a different region or even a different nation within the UK. As such, this collaborative activity may involve several different funding bodies, each with differing agendas. There is a need for flexibility to be built into both the targets that are set by these bodies, and also the funding and administrative structures, so they not merely allow, but to actively promote mobility and exchange. Crucially, there is a need to appreciate the different goals and objectives that organisations at each level will have from what is essentially one project. Without this, the conflicts between the bodies can cause fractures of funding and good economic assets can be weakened.

**The effectiveness of RDAs and their role in adding value**

The substantial differences in funding for the RDAs and differing geography and social structures within the regions mean that it is very hard to compare the results of the RDAs in terms of adding value. However, it can be seen that there are major
variations in the level and quality of support for science, engineering and technology (SET) across the RDAs and different, sometimes conflicting, strategies for implementation.

Each RDA has identified priority areas of science and business where they aim to add value, however these include stated intentions amongst nearly all the RDAs to be ‘leaders’ in biotechnology and drug discovery, and more recently nanotechnology. This is not tenable. The incentives offered by the RDAs to attract businesses in their chosen themes to their regions may be beneficial to the local area in the short term, but are not the best value that can be obtained from public money, and are not the best way to serve the interests of the full range of science-based businesses in the UK. Competitions between the regions of England ignore the realities of the larger and more relevant competitions between the UK and the rest of the world. To be able to truly compete on a global scale, RDAs should build on existing regional strengths and capabilities rather than attempting to capitalise on the next big thing and try to create a successful sector from scratch. Further, it is essential that investment must not all be placed into one subject area that may be rising in a boom period but may equally fall as rapidly. The Technology Strategy Board should continue to work to provide a strategy and direction through its recently defined role, and there is a convincing argument for the TSB taking even more of a leadership role in these areas.

Within the programmes for delivering support for science-based businesses such as the Business Link network now operated through the RDAs, there has been some success. Nevertheless, there are specific concerns. To meet the needs of science-based and high-technology businesses, funding mechanisms must not be categorised too narrowly. Many science-based industries operate on the boundaries between established sectors and they should not be confused as to which funding stream they should be applying to. Businesses which don’t fit into a particular sector are often more likely to need more help (with potentially greater returns) than businesses in established sectors, where more support and experience exists. The effect of significant segmentation or targeting would be to make it difficult for such businesses to fit into the “pigeonholes”.

There are additional concerns about complexity in the levels of geographic duplication of support which result in businesses being able to apply for support from both regional and sub-regional bodies. This can result in confusion as to which is the appropriate body, especially related to sub-regional and ‘city’ schemes which can alienate businesses outside these areas and also create conflicting targets and problems with collaborative working. This division of resources at local levels also results in higher administrative costs, meaning a smaller pot of money is divided into sub-critical sums of money to be provided to businesses.

Overall there remains a perception amongst some physics-based businesses that RDAs are perhaps not fully engaged with SET activity, and appear not to be giving it the support it deserves as a significant source of new business and economic growth. Furthermore, there is a feeling that RDAs are taking too much time and effort in formulating strategies rather than actually getting to grips with problems swiftly enough – a balance clearly has to be struck, but SET is a fast moving area, that can change more rapidly than strategies. It is not clear whether this view is a result of a communication problem on the part of the RDAs in the interaction with science-based businesses or if there is genuinely a problem. Whichever the case is, the situation has an impact on the effectiveness of RDAs in adding value and their relationship with these businesses: if a business does not believe the RDA can help, they will not approach it or even be receptive to an approach from the RDA. There is some
evidence that this situation is now beginning to improve and we look forward to the further development of a regionally delivered ‘Proof of Concept’ programme proposed in the Innovation Nation\textsuperscript{220} white paper, which will assist in bringing technologies to market and is to be delivered by the RDAs.

RDA expertise

This appears to be very patchy, especially in SET areas, even in well-organised RDAs and there is little adventure, vision or entrepreneurism evident. On top of this, there seems to be a high turnover of staff within RDA which doesn’t help matters. There is a perception that the RDAs currently possess neither the skills nor the resources to complete their aims of reviewing all of SET and deciding the priorities in each region. We believe the TSB are in a position do the job more efficiently and effectively.

The extent of and need for, their overseas activities

The overseas trips operated by all of the RDAs seem to expose a clear overlap of remit between the RDAs and bodies specially designed to operate in such environments, such as UK Trade and Investment (UKTI). Such ventures should not be wholly devolved to RDAs. Physics-based businesses make up almost a third of UK exports and a third of imports\textsuperscript{221} and the importance of the work of UKTI conducts overseas should not be underestimated in facilitating this trade. We agree with the CBI\textsuperscript{222} that the role of UKTI must be to coordinate the activities of the RDAs to form a coherent strategy for marketing the UK brand and that there is currently confusion not only in the UK, but also overseas where the activities of the RDAs competing with each other around the globe dilutes the UK brand. The 2008 Innovation Nation\textsuperscript{1} white paper recommended that “an active co-ordination is developed between UKTI and the Technology Strategy Board (TSB), with support from the RDAs as appropriate, for promotion of the UK as a location for R&D.” We welcome this approach, but note that it is imperative that when these relationships are formed that clear divisions of remit are identified, and those with the skills and expertise for overseas trips remain associated with them. Clarity is essential here, both from the point of view of UK businesses, and also from the view from foreign investors.

The consequences of expanding RDA remit to include new functions, as proposed by the sub-national review, including the delivery of EU funding

Such an expansion of the remit of RDAs to include new the delivery of EU funding would need to be carefully managed and delivered as it has the potential to add further layers to the process of accessing funds from the EU. This funding is an important aspect of support for science-based business particularly and the RDAs are better placed to promote the availability of these funds and to play a facilitating role rather than an operational one. Giving a stronger role to the RDAs in this area would seem to go against the spirit of the Simplifying Business Support programme recently initiated by the Department for Business, Enterprise and Regulatory Reform.

\textsuperscript{220} Innovation Nation, DIUS 2008
\textsuperscript{221} Physics and the UK economy, The Institute of Physics 2007
\textsuperscript{222} www.cbi.org.uk/ndbs/positiondoc.nsf/1f08ec61711f29768025672a0055f7a8/021CD8F54BB4F46C8025726600496BD6/$file/uktitraderesp1106.pdf
The accountability of RDAs

No comment

How RDA performance has been measured in the past and will be measured in the future

Current quoted measures of RDA performance, such as number of events sponsored, number of overseas visits and number of new jobs created, are often not easy to relate directly to the work programmes of the RDAs. The Innovation Nation\(^1\) white paper recommended that there should be “explicit targets to improve the ease of access to relevant information for companies wishing to locate R&D in the UK and to speed up decision-making.” To this end, we would suggest that the work of the RDAs in the area of science-based business falls under the remit of the DIUS-led review of innovation across government. Any new performance metrics for the RDAs should be tailored to the existing strengths of the regions, and also take account of the importance of science, engineering and technology to the economic development of regions and also account for the long-timescales over which these processes can occur.

19 September 2008

Memorandum submitted by West Midlands Regional Assembly (RDA 79)

1. Introduction
1.1 Thank you for the opportunity to respond to this call for evidence. This response draws on our experiences of working with Advantage West Midlands (AWM), the Regional Development Agency for the West Midlands. Our comments discuss the issues identified in the call for evidence. Also attached as an appendix is a document outlining the history of planning within this Region. Peter Luff MP suggested that this should be submitted to the Committee.

2. Context
2.1 West Midlands Regional Assembly is a partnership body constituted from all local authorities in the Region together with social, economic and environmental partners. The Assembly has a key role in developing, implementing and co-ordinating regional strategies. It has a statutory responsibility for developing the West Midlands Regional Spatial Strategy (WMRSS), which includes the Regional Transport Strategy for submission to the Secretary of State for Communities and Local Government (CLG). A core activity is scrutiny of AWM focusing on the development and delivery of the West Midlands Economic Strategy (WMES).

3. Need for a level of economic development / business / regeneration policy delivery between central and local government
3.1 Economic activity and regeneration priorities occur across wide geographic areas. Business needs (such as support for workforce, goods and services) and physical regeneration requirements (such as derelict land or poor communications) bear little relationship to local
administrative boundaries. The regional level of operation can encompass many of these economic relationships such as journey to work, the influence of city regions and the catchment areas for higher order services. These economic realities need to be expressed at the regional level.

3.2 National government and localities working together regionally provides a practical way of determining and balancing priorities between areas, policy themes and in coordinating delivery. This would be impractical and insensitive to localities if prescribed by the national level. Certain roles may best be performed regionally in partnership, resulting in solutions that are not apparent locally or nationally.

3.3 Regions can also provide an effective level of policy engagement with the national and international levels, which is vital in a global economy. This is evidenced in the existing arrangements for dealing with international enquiries for business sites and premises from the Department for Business, Enterprise and Regulatory Reform to the local and sub regional levels via the regional development agencies.

4. The effectiveness of the RDAs and their role in adding value
4.1 AWM provides regional economic development expertise and funding that should act as a catalyst for local interventions and improvements. It is clear that AWM has taken a strategic view of priorities within the region in order to ensure its inventions add value. However evidence presented as part of the regional scrutiny process has identified the need to secure continuous improvement in partnership working and communication.

4.2 WMES emphasises the need to utilise all public sector funding within the region related to economic development and regeneration. Over the next five years this is estimated as £20 billion of which AWM's contribution is limited to £2.2 billion. This will require meaningful engagement with and a key role in decision-making for partners. AWM has already acknowledged this. The danger in failing to secure ownership amongst partners will be a lack of commitment to the WMES and its delivery mechanisms.

4.3 An issue of concern has been the lack of integration between the WMES' key delivery mechanisms. A lack of co-ordination has led to lack of clarity, duplication in provision of programmes, less effective use of limited resources and mixed messages to partners regarding priorities. AWM has proved to be flexible and effective in responding to recent economic shocks such as the closure of Rover in Birmingham. The Agency played a crucial role in bringing together partners from a variety of sectors to respond.

4.4 AWM, in common with all RDAs operates within a national framework for project appraisal. It has worked hard to support project development and streamline the appraisal process in response to partners. If delegation to
sub regional and local partners is to be effective there must be an increased flexibility from within DBERR.

4.5 The Assembly has worked hard with AWM to bring closer alignment between the WMES and WMRSS and to reconcile the very different levels of consultation during preparation of these. The proposal for a Single Integrated Regional Strategy (SIRS) set out in the Sub National Review (SNR)\textsuperscript{223} has provided the impetus for AWM to bridge the gap between economic planning and spatial/community planning. Active engagement of AWM’s staff in regional and sub-regional partnerships will also be crucial to effective delivery.

5. **RDA Expertise**

5.1 AWM is focused on delivering economic regeneration programmes and its expertise reflects this. In the past partners expressed concerns with the impact of staff turnover but this no longer appears to be a significant issue.

5.2 Post SNR, AWM and other RDAs will need to deliver a broader agenda which include social and environmental in addition to economic responsibilities. This step change will require wider staff skill sets than they currently employ. The current economic delivery focus of RDAs leaves them exposed in the environmental and social elements of regional strategies. It will be important that delivery meets the aims of regional strategies and is not merely to deliver national output and spending targets.

5.3 In particular, if the current proposals in the SNR are to be implemented around the transfer of functions to the RDA’s, especially around planning, there will be a need to introduce a significant capacity within the Agency at both Board and officer level, which understands these issues. The present organisation and Board Membership of the RDA’s was not intended to deal with these areas. The importance of providing this capacity and the complexity of these issues should not be underestimated. In addition RDAS capacity and understanding will have to be increased in order to work effectively within a political environment due to the need for stronger engagement with local authorities and councillors.

6. **The extent of, and need for their (RDAs) overseas activities**

6.1 Partnership is at the heart of the West Midlands in Europe office in Brussels which is managed jointly by AWM and WMLGA and acts as a strategic delivery vehicle for WMES priorities. Approximately a third of the costs are provided by AWM with the remainder from WMLGA and

\textsuperscript{223} Prosperous Places: taking forward the Review of Sub National Development and Regeneration Paragraph 3.19
subscribing partners including the Region’s Chambers of Commerce and Universities.

6.2 The presence of so many regions, EU institutions and other organisations in Brussels means that networking and contacts are critical success factors through which the office can enhance the region’s standing and reputation, attract trade and investment as well as support regional participation in EU funding programmes and policy input.

6.3 AWM is key player in the Region’s European Strategy Board which provides strategic direction for regional European activity. Its involvement in this and in the Brussels office enables provision of targeted expertise on selected regional priorities, set out in the West Midlands European Strategy and to ensure that the whole region benefits from effective engagement in the EU.

7. **Consequences of expanding the RDA remit to include new functions, as proposed by SNR, including the delivery of EU funding”**

7.1 The SIRS will be the highest spatial expression of policy in England. It is essential that regions have the authority and resources to integrate economic policy with spatial policies. Without this an effective strategic framework for the delivery of national economic and regeneration policy will not be created.

7.2 The SNR proposes to improve economic regeneration delivery through the delegation of economic programmes and resources to the sub-regional level. Effective co-ordination of delegation will however be essential to ensure consistency of delivery and continued alignment with national priorities. RDAs and local government need to work together to achieve this at both regional and sub-regional levels.

7.3 There are implications for national government from the SIRS proposal, not least the need for common expectations from DBERR, as the RDA sponsoring department, and from CLG in respect of spatial planning. A further issue is the need for RDAs to receive sufficient funding for these new functions. Failure to provide this will result in RDA funding available for interventions being reduced. Moreover there are implications for Whitehall to ensure that central government is fully able, and committed, to support the regional strategy and contribute to its delivery.

7.4 There are real concerns about the democratic deficit in the SNR proposals. It is critical that regional and cross boundary sub-regional activity is responsive to local priorities and needs, as well as national objectives. A further area of concern is the lack of expertise within RDAs in respect of the spatial aspects of the SIRS including the wide spread engagement and consultation with the public that currently is required in respect of the development of the RSS.
7.5 The RDAs have already taken on the role of delivering ERDF funding in the current 2007-2013 funding programme. AWM has also recently taken on the delivery of the EU Rural Programme in the Region. West Midlands lobbied for a fully regional ESF strategy and delivery, achieved in part through goodwill/partnership working, though as sub-set of national programme. A regional ESF programme reflecting regional priorities is still the aim of regional partners. WMLGA has a unique partnership agreement with the LSC enabling West Midlands local authorities to have a full role in directing ESF resources to meet needs within their sub regions. These arrangements must be enabled to continue post 2010.

8. **Accountability of RDAs**

8.1 RDAs currently have a number of different accountability arrangements, some flowing from the Regional Development Agencies Act together with others introduced more recently. These include;

- Annual Report – laid before the House
- Parliamentary scrutiny currently through the Business and Enterprise Select Committee but also the proposed Regional Select Committees
- Chief Officer accountability and related audit arrangements
- Six monthly reporting to RDA Boards and Government Offices
- Assembly Scrutiny role
- Independent Performance Assessment
- Annual General Meeting
- Impact Evaluation Framework
- Local authority overview and scrutiny committees in respect of delivery of local area agreement targets

8.2 These mechanisms tend to operate in isolation and do not allow for the sharing of intelligence or experiences. They could therefore result in contradictory outcomes that will inhibit improved performance. It is vital that the various aspects of RDA accountability are complementary, co-ordinated and form a coherent whole.

8.3 We support the principles for future regional scrutiny arrangements as identified by the English Regions Network. In the future local authority led regional scrutiny must be the principal way in which RDAs are subject to external scrutiny and held to account. Select Committees can then draw on regional scrutiny activity in addition to performance data.

9. **Performance Measurement**

9.1 The SNR states that RDAs will be held to account will be via a robust performance framework focusing on:

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224 Renewing Regional Accountability – ERN March 2008
• audits of accounts and financial management systems carried out annually by the National Audit Office;
• monitoring performance through independent appraisals, corporate plan reviews and financial monitoring; and
• evaluation framework measuring performance in delivering strategic objectives\textsuperscript{225}

9.2 Performance measurement plays an important role in identifying impact and added value but should not replace wider accountability to Parliament and the Region. It provides quantitative evidence to inform wider assessments. RDA performance measurement frameworks, such as the current tasking framework, are simplistic one dimensional tools made up of national targets rather than reflecting regional needs. Targets are not challenging, Advantage West Midlands have consistently met all or virtually all targets but the Region is still underperforming when compared with other English regions. There has been little or no opportunity for regional partners to contribute to the setting of targets or in assessing progress against these. A consequence of this has been an inability of performance frameworks to distinguish cause and effect and take account of indirect effects of interventions such as displacement.

9.3 RDAs now have clear guidance on the standards of thinking and evidence collection that are required if rigorous evaluation is to take place. This was set out in the DTI Occasional Paper, *Evaluating the Impact of England’s Regional Development Agencies*, containing the Impact Evaluation Framework (IEF). This changed the focus on output targets to the economic impact of what is being done looking at a longer term programme approach, outcomes and strategic added value. The current national evaluation programme being carried out by PWC and being informed by full programme evaluations being carried out by all RDAs will provide a significant evidence base. It will be imperative that this and other evidence is disseminated to inform wider accountability assessments both of RDAs and other partners operating within the Region, including the area assessment element of Comprehensive Area Assessments.

9.4 In the future RDA performance framework should be linked to regional priorities as articulated in Regional Economic Strategies and the proposed SIRS which may include important intra-regional objectives. Bearing in mind the wider remit of SIRS, the performance framework should also reflect social and environmental as well as economic outcomes. In particular there should be a direct relationship with those aspects delivered by RDAs. This should build on the evaluation principles of the IEF focusing on added value. It is important that this framework is considered in conjunction with qualitative evidence currently provided by other accountability arrangements including regional scrutiny.

\textsuperscript{225} Via the Impact Evaluation Framework focusing on added value
WEST MIDLANDS PLANNING AUTHORITIES CONFERENCE 1967–81

In 1955 a Joint Overspill Committee was set up by the County Councils of Staffordshire, Warwickshire and Worcestershire and Birmingham City Council with the objective of dispersing population and industry from Birmingham. At this time these Authorities were faced by important cross-boundary issues because of the problems created by an expanding conurbation. Initially, therefore, it was these problems which resulted in formal inter-Authority co-operation which was the embryo from which grew a wider Regional, organisation in the next decade.

Following Local Government reorganisation resulting from the West Midlands Order, 1965, the County Councils of Staffordshire, Worcestershire, Warwickshire, Shropshire and Herefordshire and the County Borough Councils of Birmingham, Dudley, Solihull, Walsall, Warley, West Bromwich and Wolverhampton formed in 1967, the West Midlands Planning Authorities Conference (WMPAC). In the following year the County Boroughs of Coventry, Burton-on-Trent, Stoke-on-Trent and Worcester also became Members.

The terms of reference of this Conference were:-

“To examine the problems of overspill and make proposals for their solution.

To study the longer term needs of the West Midlands Conurbation and associated areas and to suggest the broad strategy of such matters as land use, population, integration of transport, employment and other major planning and allied issues of common interest.

To provide a forum whereby the views of constituent Authorities on matters referred to above can be appropriately assembled and studied in liaison as may be necessary with Government Departments and other Authorities and bodies concerned”.

Following the Local Government Act of 1972 and the further re-organisation of Local Government in 1974, the Conference was reconstituted with membership comprising the five new Counties, seven Metropolitan Districts and the District of Stoke-on-Trent. The terms of reference of the new Conference were similar to those of its predecessor:-

“To keep under review the main planning issues of a Regional nature including the monitoring of the broad Regional Strategy and other Regional matters such as land use, population, integration of transport, employment, etc. and also to liaise as may be necessary with Government Departments and other Authorities and bodies concerned”.

The differences between the first and second Conference were mainly those of membership, because the Local Government re-organisation had created and changed Authorities, and there were also differences in the issues being faced by the second Conference in the late 70s compared with those arising in the different circumstances of the late 60s and early 70s.
Over the years WMPAC conducted its affairs by means of meetings of the full Conference i.e. elected Members from each Constituent Authority and through a smaller Executive Committee. Various officer groups aided the deliberations of these Members - particularly an Administration Group and a Technical Officers Panel, together with specialist groups working on the various planning issues of a Regional nature and other Regional matters with which Conference concerned itself. A team of Permanent Officers, the West Midland Regional Study Team, was established in 1968.

Between 1967 and 1981 Conference was concerned to produce, and then to update, a Regional Strategy and also with many particular issues of common interest to the Authorities, which often transcended Local Government boundaries. These included the availability of residential and industrial land throughout the Region, the working of aggregates, population and household changes and their implications, Regional transport needs, together with the performance of the economy of the West Midlands and prospects for employment. Numerous reports on these matters were produced over a considerable period of time, often forming the means of agreement and action between the various Authorities in the Region, and over the years representations were made to Government on a wide range of issues of Regional concern.

WEST MIDLANDS REGIONAL STRATEGY

West Midland Regional Study Report—1971

In 1968, Conference's Study Team was charged to produce a report, with recommendations which could be put forward to Conference and which would lead to a Strategy for the Region for the period to 1981, and in lesser detail to 2001. Conference and, indeed, Government, were concerned that the immediate issues before the Region - the pressures of its population growth, the stresses of its industrial structure and the pressures from its conurbation - should be resolved within the framework of a clear and incisive strategy. The terms of reference laid particular emphasis on the need for proposals to accommodate the scale of growth, its location and timing. The wide-ranging approach also included Region-wide problems, for example, in agriculture, recreation, countryside and rural areas.

Some indication of the growth pressures that were being experienced and expected in the Region at that time is illuminating. Population was expected to grow from 4.9 million in 1966 by 1.5 million up to 1981 and by a further 1 million up to 2001. In addition to the housing needs arising, there were also very substantial redistribution or "overspill" needs resulting from a shortfall in the conurbation of about 100,000 dwellings in the short-term.

The Region's economy and employment were still growing. Employment had, for example, increased by 150,000 in the five years up to 1966 and further growth was anticipated. There were reservations about the continuing mobility of industry, and in the longer term the Region's dependence on manufacturing industry. Average monthly unemployment stood at 30,000.

A preferred Strategy, putting forward changes in the disposition of housing and employment and the commuting, communications, infrastructure, services and social consequences of accommodating the changes, was put to Conference in 1971 in a report entitled "A Developing Strategy for the West Midlands". A number of substantial Technical Appendices were also published which set out the technical background work in some detail. This work, which had taken place under Conference's auspices, subsequently assisted materially both the technical and
strategic framework within which the first round of Structure Plans were prepared across the West Midlands.

Public consultations were then carried out by Conference, and in January 1974 the Secretary of State for the Environment set out his views in a letter to the Chairman of Conference which, taken together with an updated report by Conference, - "A Developing Strategy for the West Midlands" with Addendum - was formally adopted as the Planning Strategy for the West Midlands Region for the period to 1986 - The Orange Book.

Joint Monitoring—1974–77

The Strategy marked the end of a lengthy period of discussion between Authorities and Government Departments which, for example, extended the Strategy from 1981 to 1986. This paved the way for arrangements under which the Economic Planning Council and the regional Departments of Central Government were invited to share with Conference the responsibility of monitoring, i.e. continuing to establish and interpret the facts about the Region and their strategic implications. A Steering Group, comprising senior Civil Servants and Conference Officers, was set up to decide the priority areas of work, receive technical reports and submit reports to Ministers, the Economic Planning Council, and Conference.

This joint monitoring organisation was the first at regional level to be set up in this country. It produced a series of analytical reports which, through the Steering Group, kept Conference, its Authorities, Government and a wider public aware of the rapidly changing economic and social situation which was developing during the early 1970s. Annual Reports, summarising the more detailed reports, were published in 1975 and 1976. The second of these documents reported that:-

"Our stocktaking to-date shows that the Regional outlook has changed since the original Strategy package was constructed in several significant ways:

- total Regional population growth will be much less than previously assumed;
- the growth of households is continuing;
- overspill from the urban centre may be less than previously estimated;
- industrial mobility will be less than previously anticipated;
- both personal and resource costs of commuting are more significant than they used to be;
- employment growth in both manufacturing industry and services will be lower than previously anticipated;
- public expenditure levels will be lower than previously anticipated and resource constraints may have an important influence on development;
- there is an increasing awareness of the social and economic problems of urban areas and particularly inner areas."

The Secretary of State agreed with Conference that it was therefore necessary to update the existing Strategy and carry it forward to 1991, and in 1977 it was agreed to carry out this Updating as a tripartite exercise.

Updating the Existing Strategy and the 1980 Regional Strategy

The aim of Updating the Regional Strategy was to reconcile the existing Strategy with the radical changes which had been occurring; to provide a Regional framework for considering the next round of Structure Plans; to deal with economic, social and
environmental priorities; and to provide a context for expenditure and investment decisions. The Joint Steering Group deliberately confined themselves to four agreed priority work areas - population and housing, the future of the Regional Economy, the implications of Structure Plan decisions, and related resource issues.

It was recognised from the outset that the whole situation facing the West Midlands had changed. Although Government still bracketed the Region with the South-East as one of the most prosperous parts of the country, both the Economic Planning Council and Conference had drawn attention as early as 1971 to indicators that the economic situation was changing. The Joint Monitoring work between 1974-1977 had underlined and emphasised this and concluded that one of the most important issues emerging in the West Midlands was concern about the economy. In the 1970s the issues were almost the reverse of those of the post-war period. From actively promoting the overspill of people and jobs to outer locations, concern was now focused on the problems of urban areas.

Some indication of the nature of changes being experienced and expected in the Region at that time is illuminating. Population change had slowed dramatically and the total stood just below 5.2 million throughout the 1970s. Future growth was uncertain but seemed likely to range from only 83,000 up to 233,000 over the fifteen years 1976 to 1991. Very significant changes were anticipated as arising within the population, however, including an increase of 250,000 in the labour supply. Over the same period a growth of 200-250,000 households was also expected. Much of the Region's housing stock was inadequate both structurally and environmentally. There were 213,000 unfit or substandard dwellings and over 179,000 in need of renovation or repair: the majority of these were concentrated in urban areas such as Birmingham.

Many of the Region's manufacturing industries, vehicles, metals and engineering were facing severe difficulties, and employment in these industries was declining rapidly. These losses had previously been offset by growth in the service sector, which was not expected to continue. At best, total employment was not expected to grow over the years to 1991, decline was more probable. By 1979 average monthly unemployment stood at 128,000.

The leading policies which emerged from the Updating process, therefore, were those for "Economic Regeneration" and "Urban Regeneration" together with the best use of existing Resources. The principal aim of the Updated Regional Strategy was to reflect the radical changes in circumstances affecting the Region and to move away from an over-emphasis on the redistribution of population and employment - the main themes of the previous strategy. While migration was still important, indeed provision had already been made, the Updated Strategy made it clear that the redistribution of "new" growth was not its main concern. Its essential elements and measures related to the existing pattern of housing, jobs and transport and the best use of these existing Resources. The Strategy therefore centred on the Economic Regeneration of the Region and the Urban Regeneration of its older areas such as large parts of the Black Country, Birmingham, North Staffordshire and Coventry. The need for Urban Regeneration clearly extended over a much wider area than the Inner City, already the subject of Central/Local Government initiatives.

Each of the three sponsors - Conference, the Economic Planning Council and Government, were kept closely in touch with progress throughout and formally consulted on the three stages in the process, viz: Assessments, Implications and Policy Options. An awareness of the marked changes in circumstances was therefore reflected in the pragmatic proposals that were put forward for the Region
and for each of the main sub-regions: the Metropolitan area and surrounding "Middle
Ring"; North Staffordshire; and the Rural West.

The Regional Strategy proposals were submitted to the Secretary of State in August
1979 in two volumes - the first by the Joint Steering Group. Because the Economic
Planning Board - representing Central Government, did not in the event find
themselves in a position to finally put forward proposals to Government on the
economy, Conference and the Economic Planning Council adhered to the original
intention to give proper emphasis to the deteriorating economic prospects of the
Region and to put forward policies aimed at Central Government. Therefore, the
companion volume - "The Regional Economy: Problems and Proposals" - set out a
variety of policies which were designed to explore ways in which industry, Local
Authorities and Central Government could work together more decisively to facilitate
economic growth.

Public consultations were again carried out by Conference and these indicated that
there was overwhelming support for the main emphasis of the Strategy and its
priorities. A report on the Consultations and Conference's views was submitted to the
Secretary of State in February 1980, and in July 1980, in setting out strategic guidance
for future land use policies, he confirmed that they should be geared to facilitate
economic recovery and development, especially by freeing private initiative from
undue constraints and encouraging private investment in the Region. He agreed
also that considerable emphasis should be given to the regeneration of the older
urban areas and that "a major spatial restructuring of the Region is unlikely".

Conference welcomed these aspects of the Secretary of State's response, but found
it disappointing that so little was said about Economic Regeneration, one of the two
main planks of the submitted Strategy, and indeed identified as the first priority and a
key factor in achieving Urban Regeneration. Conference was also concerned at the
inference by the Secretary of State that Urban Regeneration was a matter of 'choice'
for Authorities, rather than a commitment which should be reflected in public sector
investment programmes. Emphasis by the Secretary of State on the location of
development was seen as confirming that some local issues remained to be resolved
at the local level. Conference issued a statement in September 1980 in response to
the reply, which emphasised these points and reaffirmed the Authorities' intention to
develop the submitted Strategy in their Structure and Local Plan work.

In August 1979 the Economic Planning Council had been disbanded and Conference
therefore reverted once again to being the body primarily responsible for Regional
Strategic Planning in the West Midlands. Particularly in the light of the radical
changes that had already occurred and been noted in the Region, it would be
unrealistic to presume that a pattern of change would not continue and that this, as
well as the Region's Strategy, would require monitoring by the new Conference.

Meanwhile, the issues raised in "The Regional Economy: Problems and Proposals"
continued to be pressed with Government. In September 1980, the Minister of State
for Industry visited the West Midlands and gave Conference's representatives the
opportunity of reaffirming their concern regarding the economy of the West Midlands
Region.

OTHER REGIONAL ISSUES

Population and Housing
The growth and movement of population in the Region and the consequent need to provide services and especially new housing has always been of strategic significance and therefore, one of the primary concerns of Conference. Considerable emphasis was placed on the analysis and monitoring of population changes, their varying distribution within the Region and their effects on the demand for dwellings. Assessment of housing conditions, in the conurbation area particularly, made it possible to determine the relative balance between housing supply and demand and as one result, throughout the life of Conference, there was technical agreement across the Region on the changing levels of overspill. As well as providing an essential input to successive Regional Strategies, it was also possible to aid consistency between regional population and household forecasts and those of Authorities in the Region.

Whilst it was felt that the high population growth levels experienced in the West Midlands in the past were unlikely to be reached again in the foreseeable future, structural changes remained very important, e.g. there were, for example, decreasing numbers of school-age and increasing numbers of working age, coupled with continuing rapid growth in households. Also there was continuing movement of population from the older urban areas of the Region to newer residential locations, and persistent difficulties encountered in efforts to achieve a sufficient rate of improvement in existing housing conditions in view of the prevailing financial constraints. This demonstrates the continuing significance of an issue which preoccupied Conference since its inception and which still merits attention from Authorities collectively.

**The Regional Economy and Employment**

Conference always reflected a deep concern for the economic well-being of the people who lived and worked in the Region. The successor Conference also played a major role in this field, thus continuing a tradition, which has long been established, of joint involvement by Authorities in economic issues.

The predecessor of Conference, the Joint Overspill Committee, was primarily concerned in the 50s and early 60s with the dispersal of people from Birmingham to surrounding counties but the Committee understood the need to attempt to ensure that housing development was matched by a commensurate growth in jobs. An Industrial Bureau was therefore formed in order to facilitate the movement of firms and give advice and information to industrialists on the availability of land and premises. Publicity was aimed at firms wishing to expand but which could not do so in their existing premises; at firms occupying dilapidated or obsolete premises; or at firms changing processes or introducing new products and consequently needing more space.

There was, therefore, already a history of involvement prior to the formation of WMPAC in 1967. At that time the urgent need was to accommodate "mobile" industry in areas where labour was available. The expansion or displacement of conurbation firms was in stark contrast to the climate in which WMPAC functioned in its later years but ironically it is precisely the same type of firm which Local Authorities were later seeking to assist through their economic initiatives coupled, of course, with establishing new enterprises in order to stimulate growth.

Over the years representations were made to Government Ministers on a number of issues, for example, the vital role of the motor industry in this Region; Industrial Development Certificates; derelict land clearance; the inadequacy of employment and unemployment statistics, and also the EEC Regional Development Fund.
During the late 1970’s Conference found increasingly that it needed to undertake this important advocacy exercise in seeking acknowledgement, particularly from Central Government, that the economic circumstances in the Region had been changing rapidly for a number of years. This Region's heavier dependence on manufacturing than any other region and the fact that many of its principal industries were facing severe structural change - coupled with the wider recessionary influences affecting the national economy - meant that in the 1980’s and beyond, the industries of the Region faced very serious problems, and employment prospects for the foreseeable future appeared very bleak indeed.

The Availability of Land for Development

In a Region having a major conurbation, the availability of land for residential development has always been an important issue. In particular, in 1968 the Minister raised the question whether adequate land with planning permission was available to the building industry. Subsequently, Conference carried out a major enquiry and following a number of similar surveys, continued to carefully monitor the land availability situation on an annual basis. It has been concerned to establish the amount of land with planning permission and also other land formally allocated for development, as well as the impact of physical constraints on development (such as the location of sewage disposal facilities] and the time when such constraints might be lifted. This information has enabled the Authorities collectively, through Conference, not only to be aware of the adequacy, or otherwise of available land across a whole range of different categories but also to help monitor the output of the housebuilding industry and the progress from year to year towards Structure Plan targets.

By keeping abreast of the situation in this way Conference was able to provide the Secretary of State with evidence, in the Updated Regional Strategy, that no new provision of land for housing on a strategic scale was required in the near future. With limited resources overall, further major allocations could well have had the effect of restricting progress in urban regeneration while at the same time stimulating additional costly migration from the Metropolitan area into the Shire Counties.

Similar information on industrial land across the Region was also prepared by Conference each year. Conference was always concerned to encourage industrial initiatives, and the provision of serviced land was one of the most important contributions a Local Authority could make. Monitoring helped to ensure that Authorities were aware of the situation and able to judge the adequacy of available land. A specialist group - the Information Working Party - advised Conference on land availability and a wide range of other statistical material including surveys and the National Censuses.

Aggregates

Conference was recognised as the Regional commissioning body for the Aggregates Working Party (RAWP). This comprised representatives from Local Authorities, from the mineral industries and from the Department of the Environment, and reported regularly. It was, and still is, one of a series covering the regions of England and Wales. The Working Party's terms of reference required it to consider the short-term Regional demand for aggregates and the permitted reserves available for working, and to indicate any likely shortfall or surplus. As part of this work the West Midlands RAWP carried out major surveys on production, reserves and marketing and published the findings, and was involved in assessing demand and exploring
resources and constraints. The longer-term situation to 1991 and beyond was also reviewed by the RAWP, through Conference, as part of the preparation of national guidelines by the Secretary of State.

**Green Belt**

In April 1975, Conference published a Green Belt map to serve as a general guide to the extent of the approved Green Belt in the Region at that time. A Green Belt policy has been effectively operated by Authorities since the late 1950s, although it was not until 1974/75 that most of the Green Belt was confirmed by the Secretary of State. At that time large tracts were designated as "interim Green Belt", to be administered as Green Belt until their future was resolved in Structure and Local Plans. Subsequently much of this land was confirmed as full Green Belt.

The Green Belt around the Metropolitan area has long been a strategic element in regional planning in the West Midlands, and the Secretary of State in responding to the Updated Regional Strategy, confirmed that "approved Green Belt should be long-term in character and not subject to frequent review. Controls should be well-understood and applied rigidly".

**Toxic Wastes**

Over the years, Conference convened a number of specialist groups to consider ad hoc questions as they arose. A good example was the Working Party convened in 1976 to consider the problems of the disposal of dangerous wastes. Estimates of toxic waste arisings in each County, and details of disposal facilities, were assembled with the help of the Waste Disposal Officers and recommendations were put to Conference and Government. Among the recommendations were the preparation of Subject Plans in collaboration with Waste Disposal Departments and the identification and protection of suitable disposal sites, and Government was urged to encourage recycling of wastes, and to encourage each region to be broadly self-sufficient in treatment facilities.

**Airports**

For several years while various major Government-sponsored studies into airport development, in "Central England" and in the South-East, were under discussion, a Working Party on Airports reported to Conference. There was consistent regional support for moderate expansion of Birmingham Airport, and this policy has subsequently been implemented.

**Transport**

By contrast, Conference's long-standing concern with transportation was reflected in the existence of a Transportation Planning Group (which continues today). This included technical representatives of Local and Central Government and transport operators. In a region having a major conurbation, transport matters, and especially the issue of commuting into and within that urban area, have always been of strategic importance. The Region faced (and still does) the whole spectrum of transportation issues, right through to the problems associated with extensive rural areas. During 1976 the Group produced a major Transportation Analysis for the Region which, among other purposes, formed part of the work on the Regional Strategy. Both in the Strategy and through representations made by Conference, the Group was concerned to urge the early completion of the Regional Strategic Highway Network, in particular the M54 and M42 as well as the Birmingham-Oxford link and improved
routes to the East Coast ports. Conference made representations to Government on this and many other transport issues, particularly emphasising the direct relationship to the Region’s economy.

Conference was very much aware that the major influences for the future were likely to be the increasing shortage and high cost of fuel and the lack of financial resources for investment in public transport, in new road projects - both urban and rural - and in improvements and maintenance.

**Publications included:**

   - Report of the West Midland Regional Study, 1971
   - Technical Appendices 1972:-
     (i) Population Study
     (ii) Housing Study
     (iii) Economic Studies 1 and 2, Economic Study 3, Industrial Mobility
     (iv) Evaluation I
     (v) Evaluation II - Planning Balance Sheet (Nathaniel Lichfield & Assoc.)
     (vi) Communications (Freeman Fox & Partner)
   - Report of W.M.P.A.C. with Statement by Secretary of State, 1974

2. JOINT MONITORING:-
   - First Annual Report of Joint Monitoring Steering Group, 1975 and
     - General Population Analysis
     - General Migration Analysis
     - Employment Trends in West Midlands Region, 1961-73
     - West Midlands Industry
   - Second Annual Report of Joint Monitoring Steering Group, 1976 and
     - General Housing Analysis, 1961-74
     - Service Industries in the West Midlands Region
     - Analysis of Socio-Economic Groups 1961-71
     - Small Firms in the West Midlands Economy
     - An Analysis of Net Manufacturing Output, 1958-68
     - Development in Regional Strategic Locations, 1971-75
     - Projection of Labour Supply and Demand Levels at 1981
     - General Transportation Analysis, 1961-75

3. UPDATING AND ROLLING FORWARD OF THE REGIONAL STRATEGY TO 1991:-
   - Report of the Joint Monitoring Steering Group, 1979
   - The Regional Economy - Problems and Proposals, 1979

Current Developments in the West Midlands Economy (April 1975)
The West Midlands Motor Vehicle Industry (July 1975)
The West Midlands has a long history of Local Authorities working together regionally - extending back to mid-50s. The Forum differed from its predecessor, the West Midlands Planning Authorities Conference, in that it moved away from a concentration on strategic land-use planning within the Region, to objectives which emphasised regional advocacy and a more effective regional voice.

It was necessary for regional advocacy to take several forms, ranging from the clear expression of problems; making comparisons with other regions; making specific proposals; bidding for a better share of existing national resources; and for the application of new national policies to the Region.

Objectives of Forum

- To take such steps as are necessary to secure the well-being of the inhabitants of the West Midlands Region and the improvement of its economy, and for this purpose to receive and disseminate views and information as a basis for a Regional view.

- To ensure that a Regional voice is expressed within and beyond the West Midlands Region, including the European Economic Community.

- To consider the strategic, physical, transportation and economic planning issues of the Region and to be responsive to changes in the West Midlands Regional circumstances.

- To take such initiatives as are necessary to secure these objectives, including the production, monitoring and updating of the Regional Strategy for the West Midlands, either through the policies of the five County Councils or, where appropriate, in liaison with other organisations, Government Departments or planning authorities.

Economy and Employment

The industrial and regional policies of successive Governments had acted to the positive disadvantage of the West Midlands. At the time Forum was established the official view remained that the Region was suffering from no more than the cyclical effect of the recession and that it would rapidly pull out with an economic upturn. In all aspects of official policy the West Midlands were bracketed firmly with the South-East as the most prosperous regions.
Forum set out to focus on the long-term underlying structural problems that were affecting the Region's economy and its over-dependence on manufacturing industries - in particular the metal working industries - many of which had been contracting for over 10 years. A series of reports "Indicators of Change" were published which sharply contrasted the West Midlands with other regions, focussing on the economic and employment deterioration, its scale and depth. Regional MP's were kept fully informed of the situation and MP's across the Country also were made aware of the changes in the West Midlands.

It is important that the stance Forum took was not as purveyors of "doom and gloom", and while a realistic appraisal of the economic and employment circumstances as the recession deepened was crucial, the intention was to illustrate the scale of action that was necessary to provide a platform for changes in policy and priorities and to take action.

Economic Advocacy - a wider more authoritative base
The West Midlands Regional Economic Consortium

Forum had long recognised the need for a small effective body which could advocate on behalf of the Region and respond quickly on issues, ensuring that a common regional view was expressed within and beyond the Region. The West Midlands had suffered in comparison with other regions from its inability to express a common view. Forum took the initiative in 1983 in calling together, first separately and then jointly, regionally representative organisations: the CBI, the TUC, and Chambers of Commerce, to discuss the formation of a body to provide the focus for a "Regional voice". Each of the organisations involved recognised the need for such a body.

As a result the West Midlands Regional Economic Consortium was formally established. It was made up of leading representatives of the four organisations involved; the regional CBI, regional T.U.C., regional Chambers of Commerce, as well as Forum.

The Consortium's objective was:

"To identify, develop and present a unified view on regional economic and employment problems, issues, and the measures needed to deal with them".

The first task was to identify the common ground between the four bodies in terms of issues facing the Region and the action required. On this basis, it was decided that the Consortium should focus on:

- Those measures which would best help existing industry in the Region;
- Effective steps to secure a widening of the existing economic base;
- Employment.

Forum's Director was the Executive Director of the Consortium.

The Consortium progressed a selected number of economic issues each year and enabled a more informed regional approach. For example, it took on board Forum's report on Derelict Land and a delegation met with the Secretary of State, Kenneth Baker, to press upon him the seriousness of the derelict land situation in this Region. The Consortium also invited the Chief Secretary to the Treasury to visit the Region on the question of derelict land. A delegation met him - a rare occurrence for a
Treasury Minister - and pressed the need for an increase in national allocations for this growing problem.

The Region's Potential - Investment from Abroad
The West Midlands Industrial Development Association

At the same time as drawing attention to the Region's economic and employment problems, Forum continued to emphasise the Region's positive assets and the need to promote and exploit them, more particularly by attracting commercial and industrial development from overseas.

Regional policy had severely limited the opportunities for this Region's assets to be promoted overseas and attract investment. Forum held discussions with the Invest in Britain Bureau as early as November 1982 seeking to improve the situation and provide better co-operation. The Government subsequently agreed that this Region should be open to inward investment.

As part of the developing liaison with the Regional Chambers of Commerce and CBI, Forum became a joint sponsor with those bodies and the Department of Industry of a newly established regional Industrial Development Association intended to secure investment from overseas by vigorously marketing the Region's opportunities. This was part of a wider aim to release the Region from many of the restrictions that had inhibited development and been detrimental to its industry, economy and employment.

WMIDA's objective was:

- To attract inward industrial and commercial investment from overseas.

The Association was unique in that it was jointly funded by private industry, Local Authorities and the Department of Trade and Industry. Forum was making a contribution of £100,000 a year from September 1983 on behalf of the Region's Local Authorities. WMIDA was managed by a small Board of Directors, on which Forum was represented. An Advisory Council was also set up so that WMIDA could keep in touch with all its supporting authorities and organisations at Chief Executive level.

Forum also maintained contact with WMIDA on a wide range of day to day issues; and brought together, at the operational level, WMIDA and Industrial Development Officers from the Region a precursor for the current Economic Development Officers Group), particularly those whose Authorities were active overseas. A practical interchange of ideas, experience, expertise and information was developed to ensure the most effective use of the Association's and the Authorities' resources.

By vigorously marketing the Region's many opportunities, it was hoped to secure investment from overseas which would benefit existing industry and widen the Region's economic base.

Review of Regional Industrial Policy

Against the economic background a continuing problem remained that Regional Policy discriminated against the West Midlands. Forum had made a number of specific proposals to Government on changes to that policy and had held regular meetings with Industry Ministers.
Immediately prior to the publication of the White Paper "Regional Industrial Development" in the autumn of 1983, Forum had put on record the main changes it would want to see in the policy. Forum responded formally to the White Paper. With the disappointing exception of North Staffordshire, the areas included in the subsequent announcement as being Intermediate Assisted Areas in the Region were exactly as put forward by Forum.

Forum were disappointed that no part of the Region obtained Development Area Status and at the significant cut in the level of national resources available to support the policy. Forum monitored the impact of the policy.

During the period when the review took place the Consortium demonstrated its effectiveness as a regional body. A delegation met the then Secretary of State, Norman Tebbit, and it was felt that the submissions made at that time, backed by a common regional voice, exerted a material influence nationally.

**Regional Planning**

**Land-Use**

Regional planning continued to be of significance in Forum but alongside a much wider range of activities. Land-use aspects no longer dominated. Amongst the more conventional aspects were the continuation of vital region-wide annual surveys of both residential and industrial land availability. A particular regional activity, which continues to be carried out, has been the West Midlands Aggregates Working Party which also includes representation from industry and Government. (Forum provided the Technical Secretary). Regional work influenced both the National Guidelines for aggregates production and the role of this Region and its needs within that context.

**Strategic Issues and Resources**

A series of strategic reports covering issues such as Housing, Derelict Buildings, Urban Regeneration and Public Transport were produced at the regional level. Apart from the serious problems they revealed a common theme that emerged was the severe lack of resources. Successive representations were made to Government on these regional issues. Indeed Forum's review of the Regional Strategy inevitably focussed on resources. In pursuing the twin objectives of economic and urban regeneration for the Region a strong advocacy position was adopted on the need for more resources to tackle the real problems we faced. Forum reiterated that the agreed objectives could not be achieved by land-use planning alone.

On a wider front, major efforts were made to convince the Government of the contribution to economic recovery that could be made by an appropriate programme of spending on capital projects - and of the consequential effect of both retaining and encouraging private investment.

**Infrastructure**

Two examples illustrate Forum's work in this area - the road programme and derelict land. On the road programme there had been increasing concern that the Government's attention, and resources, were focussed disproportionately on the motorway and trunk road programme. While Forum continued to press for the early completion of the Region's strategic network and indeed links to the East and South Coast ports, the critical issue was that of the local roads programme. There was an urgent need for a switch in the emphasis of existing national road resources towards
the local road programme - parts of which were crucial to improved industrial access and competitiveness. Forum pressed these issues directly with Ministers and also through WMREC. It was significant that these views were then echoed in the national representations of bodies such as the CBI.

On derelict land, Forum produced a report on the serious regional situation and made specific proposals to the Secretary of State, Kenneth Baker. Forum were directly invited to comment on the Derelict Land Circular, in its draft stage, and views were taken on board in determining national priorities. Forum were particularly concerned that virtually no acknowledgement of the important role of reclamation for environmental purposes was made. Given the high concentration of urban dereliction in this Region, this was critical and Forum were pleased that Circular 28/85 took this on board as part of the Government's priorities. Later approaches to Kenneth Baker centred upon the need for the Region to obtain an increased share of existing derelict land resources.

The Region and the EEC

It was being increasingly felt that the regional level was the "currency" of the EEC, and Forum recognised the growing significance of its regional advocacy role within the Community at an early stage. EEC issues have become and remain a major priority for Forum.

Analysis of the economic situation in the European Community showed that the West Midlands was in a serious position compared with many of the other regions in Europe. In the period of 1973-82, the decline of the West Midlands economy had been amongst the worst in Europe, as measured by output and unemployment. The continued deterioration in the Region's economy in the mid 1980's meant that the West Midlands remained in a poor position compared with its European counterparts.

Access to Funding

In December 1983, a delegation of Forum members went to Brussels, together with the Region's MEP's to meet the European Commissioners for Regional Policy and for Employment and Social Affairs. This followed a series of submissions that Forum had made to House of Lords Select Committee on, for example, the European Regional Development Fund. Their primary aim was to press for a restructuring of EEC financing to allow for increased financial aid for regions suffering from structural industrial decline and to draw specific attention to the West Midlands Region's situation.

Signer Giolitti, the then Commissioner for Regional Policy, advised that it was likely that new Guidelines would give priority to such regions. Subsequently, Signor Giolitti visited the Region in 1984 at Forum's invitation to see at first hand the effects of the collapse of the Region's metal-based and other industries.

The designation of part of the Region as an Assisted Area brought with it full access to the European Regional Development Fund. Recognition in Brussels of the economic decline of the West Midlands meant a major increase in the level of funding received for projects in the Region from both the Regional and Social Funds.

Major proposals submitted for EEC funding needed to have "regional" support and Forum was able to give such support for the Birmingham International Convention Centre project. In 1986 a Forum delegation made the case for the restoration of Warwickshire as a Social Fund priority area.
To provide a wider context for the consideration of applications for assistance from the EEC, Forum produced a document which supplemented the U.K. Regional Development Programme 1986-90, prepared by Government Departments. This document provided a vehicle for advocating the interests and views of the West Midlands to the EEC, and the U.K. Government.

The Region's MEP's

As well as Forum's regular regional contacts with Commissioners and the Commission, a most important development throughout the period was the holding of regular meetings with West Midlands Region MEP's. The dialogue that was developed ensured that Forum kept aware of events in the European Parliament and MEP’s were informed of the current situation in the Region and were in a position to use their influence on the Region's interests. The EEC's Regional and Social Funds was such an example, and it was crucial to exert influence on the formative stages of revised policies.

WEST MIDLANDS REGIONAL FORUM OF LOCAL AUTHORITIES 1986 - 1998

The Forum was an association of the County and Shire District Councils of Hereford and Worcester, Shropshire, Staffordshire and Warwickshire; the Metropolitan Districts of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, and Wolverhampton; and the West Midlands Passenger Transport Authority. Forum will also reflect the changes resulting from the Following the creation of new Shire Unitary Authorities in the early 1990’s, Forum’s membership also included Stoke-on-Trent, Herefordshire and the Wrekin.

There have been various forms of a regional association of local authorities in the West Midlands since the mid 1950's, initially to deal with regional strategic planning issues such as the overspill of population from the Metropolitan area. Following a process of evolution and development the Forum was a body which represented the interests of all local authorities in the Region on a wide range of strategic issues including land-use planning, transportation, economic development, the environment and international relations, particularly the European Union.

Purpose of Forum

Forum provided a mechanism for member authorities to:

- Work together with regional partners to enhance the quality of life of the inhabitants of the West Midlands Region as a whole and to improve and sustain the economy and environment in ways that they could not do individually.
- Receive, analyse and disseminate information on the Region as a background to policy formation locally and regionally.
- Lobby collectively in the interest of the Region within and beyond its boundaries in the UK and Europe.

THE WORK OF FORUM
Advocacy

Forum developed its regional advocacy role on a range of European and Regional Development issues. These included Assisted Areas policy, European funding eligibilities and delivery mechanisms, colliery closures, and the promotion of regionally significant transportation projects.

Regional Development

Regional Planning Guidance

Following a request by the UK Government in 1991, Forum coordinated the production of draft West Midlands Regional Planning Guidance for the Region.

The Guidance was issued by the Secretary of State for the Environment in 1995 and set the framework for future land-use allocation decisions in the West Midlands Region. Key elements of the Guidance which Forum worked towards included:

- the identification of Major Investment Sites within the Region for very large inward investment projects.
- the allocation of land for housing.
- the move towards a more sustainable environment, economic and urban regeneration.
- support for continued investment in the infrastructure of the Region particularly on public transport.

Transportation

Forum worked towards agreed regional transportation strategies and supported major transportation projects such as the modernisation of the West Coast Main Line rail route.

The Forum also developed an integrated Regional Transport Strategy, published in 1998.

Environment

Forum developed arrangements to promote and protect the interests of the Region in relation to waste regulation and other environmental issues, including a Members Regional Environment Panel and Regional Environment Officers Group.

Forum, supported by GOWM, developed the West Midlands Round Table for Sustainable Development (now known as Sustainability West Midlands). The aim of the Round Table, which involved local councils, businesses, environmental groups, GOWM and other statutory bodies, was to create a forum for tackling environmental problems that affect the Region. Following the West Midlands lead, regional Round Tables for Sustainable Development subsequently became enshrined in national Government policy, and similar arrangements were set up in all the other English regions.

Economic Development
Forum was the mechanism through which regional economic development issues were progressed. The work of Forum included key roles in developing regional and sub-regional public/private sector partnerships for inward investment; producing and implementing a Regional Competitiveness Strategy through the Regional Economic Consortium; and implementing a Regional Innovation Strategy.

Europe

European Regional Development Strategy


European Policy

Following extensive consultation with Member Local Authorities, Forum produced a European Policy document which set out Forum's aspirations for the West Midlands in Europe.

Funding Programme Links

Forum, together with the Government Office for the West Midlands (GOWM) and regional partners, co-ordinated the production of regional European funding frameworks. Forum and its authorities developed-

- Objectives 2 and 5b programmes with regional and local partners. These provided substantial funds for the continued regeneration of the Region.
- Key funding opportunities across various EU programmes such as Horizon, Quartet, Now, Adapt, Ouverture, Article 10 schemes, Urban, Rechar, Life, and the Regional Innovation Strategy.

Birmingham and West Midlands Brussels Office

Forum established a Brussels Office with a permanent staff of three to increase contact with the European Commission and European Institutions.

The Office was to be particularly important in ensuring that the views of the Region were heard in Brussels and that greater influence on EU programmes was secured.

Networking

Forum worked closely with many European regions on joint projects. Its member authorities had over 100 formal links with such partners and Forum was a member of the English Regional Association of Local Authorities (ERA's), the Association of European Regions of Industrial Technology (RETI), and the Assembly of European Regions (AER) where it chaired the Regional Planning Sub-Committee.

Forum saw its networking activities becoming increasingly important as the value of exchanges of experience and identification of "best-practice" became recognised.

Other International Links
Forum’s member authorities also had substantial links with cities and towns across the world. These provided important contacts which could be used to bring benefits in particular areas. Forum also established a regional link with Japan.

Regional Partnerships

Forum worked with regional partners to ensure that common regional aims were identified and supported. In addition, Forum supported financially and in kind the work of Regional Agencies.

- Forum was the mechanism by which the Local Authorities across the region collectively contributed to the funding and the work of the West Midlands Development Agency.
- Forum supported and participated in the Regional Economic Consortium.
- Forum supported and participated in the Regional Rail Forum.

Partners in the Region

Forum worked with a wide range of organisations to ensure that its objectives were met. The regional partners included:

- UK Government and Government Office for the West Midlands (GOWM)
- the European Union and European Commission
- West Midlands Development Agency
- West Midlands Regional Economic Consortium including:-
  - CBI West Midlands
  - Regional Group of Chambers of Commerce
  - Midlands TUC
  - Regional Group of Training and Enterprise Councils (TECs)
  - MP’s and MEP’s
- West Midlands Regional Rail Forum (Economic Consortium members and British Rail Operations)
- West Midlands Regional Aggregates Working Party (Mineral Planning Authorities and Aggregates industry)
- Higher and Further Education and the private-sector on a Regional Innovation Strategy.

Vision for the West Midlands

Forum and its partners worked towards a common vision for the Region. The Vision set down common agreed objectives:

- An advanced, competitive, industrial, major exporting region where enterprise and inward investment are encouraged, playing a key part economically, politically and culturally within Europe.
- A region of excellence in engineering and manufacturing generally, with high value added through employing the most modern technology and production practices, and the closest links with Universities and research institutes.
- A region whose people are highly skilled, knowledgeable and flexible and who recognise the crucial links between education, training, and economic success.
- A leading national and international centre for business, financial and
professional services, focused on Birmingham, enjoying excellent accessibility by road, rail and air.

- A diverse region with revitalised urban centres, major growth points, a vibrant agricultural economy and a diverse range of employment options in the rural parts of the Region.
- A high quality environment to pass on to future generations and to encourage prosperity.
- A region which capitalises on its historical value and maintains its commitment to tourism both business and leisure.
- A region that is striving to ensure that poverty is eliminated and all its people share in prosperity; a region where people live and work without fear for themselves or their property.
- A region that values all members of its multi-cultural communities and their contribution to prosperity.
PUBLICATIONS included

Forum publications included:

- European Regional Development Strategy
- Europe and The West Midlands Region: Statement of Intent
- Regional Planning Guidance: Advice
- Review of Assisted Areas: The Case for The West Midlands Intermediate Area
- Major Investment Sites Study
- Regionalism And The West Midlands Region
- West Coast Main Line Moderisation Proposals
- Regional Rail Strategy
- Annual Regional Land Studies and other Monitoring Reports

This brief resume of some of Conference's and Forum’s activities cannot attempt to cover the whole range of issues, interests and relationships that the bodies developed over the years both with Local Authorities and other bodies within the Region and beyond. This of course, extended to several forms of fruitful relationship with Central Government.

The work of Conference and Forum was dependent on a succession of Members and Officers of the Local Authorities in the Region over the years. An enormous debt of gratitude is owed to all whose efforts contributed to Conference's and Forum's achievements.

19 September 2008

Memorandum submitted by Norwich City Council (RDA 80)

Norwich City Council is pleased to have the opportunity to submit evidence to the Select Committee inquiry examining the roles and responsibilities of Regional Development Agencies.

We are delighted that the recent review of the Regional Economic Strategy by East of England Development Agency has vastly improved the agency’s focus on place based Economic Development. This developing spatial focus based around seven “engines of growth” defined by economic footprints rather than administrative boundaries, is deepening the dialogue we are having with EEDA in a way which was not previously possible with National Government.

Despite outward signs of prosperity, Norwich has one of the weakest city growth rates of key English Cities and requires substantial investment in infrastructure to unlock its growth potential. We feel that EEDA had made great progress in developing an urban approach to economic development through its support for Regional Cities East (a collaboration between five of the regions most prominent cities). It has added great value to the Regional Cities East initiative, particularly by jointly piloting and developing Integrated Development Plans to deliver essential strategic investment in infrastructure and brokering debate about the use of these IDPs by other Government departments and Agencies to enable coordination of investment. The IDP also brings a welcome development in the way in which EEDA has developed a focus on “place”
Currently, we are working with EEDA on an Integrated Development Programme (IDP) for the Greater Norwich area which will have a major impact on the development of the western quadrant of the city delivering over 4,000 homes and over 6,500 new jobs by 2021. This represents a significant contribution towards Greater Norwich’s growth target of a net increase of 35,000 jobs by 2021 and 48,000 new homes by 2026. EEDA’s investment in Norwich is extremely valuable in helping leverage other funding streams such as Growth Point funding and potentially Community Infrastructure Fund (CIF), to deliver the spatial and thematic themes of our IDP.

We feel strongly that non-metropolitan cities like Norwich do not get sufficient allocations of funding to deliver government’s ambitious targets for growth. Without EEDA’s financial support and strategic and analytical resource we would find it difficult to bring major investments forward. This is particularly true of EEDA’s investment in the Norwich Research Park where EEDA funding has levered BBSRC funding to deliver the first phase of development.

EEDA’s investment, through its SREP, in sector support has been of significant benefit to underpinning the strength of key sectors particularly when this is focused on Enterprise hubs such as EPIC and Hethel Engineering Centre. Its investment in sector support such as the Financial Industries Group has lead to the attraction of further investment in Norwich, in this case Government investment in the Financial Skills Academy.

19 September 2008

**Memorandum submitted by Arts Council England, East (RDA 81)**

Arts Council East works with EEDA to deliver a shared prospectus of activities called *Creative Collaborations*. The prospectus comprises a portfolio of strategic projects and activities that are key to the delivery of our corporate priorities and the Regional Economic Strategy, and includes developing the creative economy and piloting new approaches to culture-led regeneration.

As well as delivering specific artistic, social and economic outputs, our joint approach has enabled us to develop innovative and distinctive approaches that differentiate the East of England in delivering economic growth, the sustainable communities plan and artistic development.

As the only Arts Council/RDA co-investment strategy in the country, to date this nationally unique alliance has achieved considerable success resulting in a high impact portfolio worth in excess of £125 million. Collectively our investments of £26 million Arts Council East and £19 million EEDA have levered in excess of £80 million from public and private resources.

Our investment decisions are based on the strong correlation between Arts Council East’s priority places and the Regional Economic Strategy’s Engines of Growth.
and in partnership we have identified a number of priority places from amongst the region’s growth areas where our strategic interventions will add further value. To date our joint interventions include:

- the development of Europe’s leading campus for Classical Music at Aldeburgh;
- the creation of the UK Centre for Carnival Arts in Luton and associated training programmes;
- development of FirstSite:NewSite in Colchester, an international quality visual arts facility;
- land assembly and project development for the Production Campus in Thurrock, anchored by the Royal Opera House and the proposed site of the National Skills Academy for Creative Production;
- the development of a national Dance House as the signature cultural facility at the heart of the £1 billion regeneration of the Ipswich Waterfront;
- and the location of METAL to a new facility in Southend-on-Sea to lead cultural regeneration activities in Thames Gateway South Essex and London 2012 games.

This success would not have been possible without effective engagement from EEDA, who have brought specialist economic development and regeneration expertise to the table, as well as relationships and influence with other key stakeholders and parties.

In addition, we are work together to promote and encourage inward investment and build international partnerships. An example of this is promotion of our innovative shared prospectus at the 2006 Global Economic Forum held in San Jose, California.

Going forwards, we will focus on the development of creative economy hubs, skills development and increasing the profile and influence of the region. We will continue to work closely with EEDA to achieve strategic added value and to deliver against Government priorities and policies including *Creative Britain*.

On this basis, we are confident of EEDA’s leadership ability to take on an expanded remit as a result of the sub-national review, including management of EU funding and the development of a single regional strategy, which will ensure that spatial and economic development is completely aligned.

19 September 2008  
**Memorandum submitted by the East of England Development Agency (EEDA) (RDA 82)**
The East of England Development Agency (EEDA) welcomes the opportunity to submit evidence to the Committee’s Inquiry into the role and effectiveness of the RDAs.

EEDA’s role in improving the economy of the East of England is crucial to the continued success of the UK’s innovation region – one of only three regions which are net economic contributors to UK plc.

EEDA works with a broad and representative range of private, public and third sector partners to provide strategic economic direction for the East of England, through strong leadership of the regional economic strategy.

EEDA takes the lead in addressing key economic issues—such as innovation, business competitiveness, transport and growth.

EEDA works closely with business, championing the business perspective in public sector decision-making in the region and ensuring that the climate for business success continues to flourish in the East of England.

EEDA develops and delivers specific, targeted programmes that address market failures and make a real difference to people, places and businesses in the East of England.

EEDA has played a key role in the region’s response to economic shocks, working with regional and national partners to minimise the impact on the economy.

EEDA brings strong expertise in economic development to a region which has been historically under-resourced in this area.

EEDA’s business-led approach enables it to be responsive, nimble and fleet of foot, adapting to new roles, responsibilities and situations flexibly and effectively.

EEDA has pioneered innovative programmes and delivery approaches, leading the way in issues ranging from cross-boundary working to programme delivery through local authorities.

EEDA has consistently met or exceeded its targets. Since 1999, EEDA has
- created or safeguarded some 32,000 jobs
- helped almost 10,000 businesses start up and grow, and another 61,000 improve their performance
- helped over 143,000 people improve their skills
- played a leading role in the creation of two new universities
- regenerated 303 hectares of brownfield land

EEDA is proud of its impact on the economy of the East of England.

The East of England (comprising the six counties of Bedfordshire, Cambridgeshire, Hertfordshire, Norfolk, Suffolk and Essex) is the UK’s leading innovation region and home to world-beating companies, universities and research institutes. It plays a crucial role as the UK’s gateway for international trade and has a strong relationship with London. It has been one of the fastest-growing regional economies in the UK over the last 20 years.

But the East of England faces major challenges if its economy is to continue to thrive and grow. This includes addressing the recent slowdown in economic performance; the impact of the credit crunch on financial and housing markets; rising food, energy, fuel and commodity prices; skills and infrastructure deficits and the need to develop a more sustainable economy.

EEDA provides the strong economic development leadership required to enable the region to address these challenges and take advantage of the many opportunities identified for the future. At the heart of EEDA’s economic leadership is the regional economic strategy - the blueprint for the region’s economic development. It sets out a vision, bold targets and priorities, led by EEDA and agreed by
public, private and third sector partners, and is delivered through the collective work of political, business and community leaders and organisations.

1. The need for a level of economic development and regeneration policy delivery between central and local government

1.1 Economic development at the most appropriate level
The East of England is a £100 billion economy, home to over 5.5 million people and 430,000 businesses. With a regional economy of this scale, there are many economic development activities which are best delivered regionally. These include such policy areas as innovation, transport and strategic planning, which need to be progressed on the basis of real economic geographies, rather than to administrative boundaries, and therefore must be pursued on a cross-boundary basis.

There is strong evidence and academic consensus that:

- regions (and city-regions) - rather than nation states - are the key arenas in the new global economy
- despite globalisation and technology, economic activity, technology, and innovation are all becoming increasingly localised
- many supply-side barriers to (national) competitiveness, productivity, and innovation originate, and are best tackled, at the regional and/or local level.

This means that a bridge between national economic policy and local areas is essential. RDAs provide that bridge – with strong understanding of and sensitivity to local needs, issues and agendas whilst also having a focus on the comparative performance of regions and localities in global markets.

EEDA’s role in improving the economy of the East of England often means it has to make tough, medium and long-term strategic choices that are right for the region; not constrained by administrative boundaries; business led; locally informed; and with a strong focus on critical economic issues.

1.2 Critical mass and cross boundary working
With major housing growth planned for the East of England over the next 15 years, coupled with the challenge of climate change, sustainable economic growth is a key issue for EEDA and its partners. The population of the East of England is forecast to increase by around 500,000 people by 2021, and projections to 2028 make the region, proportionately, the fastest growing in the UK. Compared to other English regions, there are fewer large cities and no obvious regional capital, but a number of medium-sized towns and cities with ambitions to grow.

EEDA recognised that these challenges could only be addressed by bringing together partners and encouraging greater cross-boundary working. EEDA initiated a dialogue with six medium-sized towns and cities in the region, (Peterborough, Luton, Ipswich, Norwich, Colchester and Southend-on-Sea) to discuss common issues and develop thinking on how a collaborative approach could better address the challenges of growth.

Out of this approach came Regional Cities East, based on the collective belief that by sharing best practice, collaborating in joint ventures and setting clear priorities, the leaders of these towns and cities can create more jobs and affordable homes than they could by working alone. The Regional Cities East partnership has set ambitious targets—by 2021, building at least 160,000 new homes, with at least 80 per cent of these on brownfield land; expanding the region’s economy by £10 billion a year; creating at least 150,000 new jobs; and helping the region reduce carbon emissions. EEDA remains a key member of the partnership.

To deliver growth of this scale, a consistent but flexible approach to development was required. EEDA has worked with Regional Cities East to develop an innovative and holistic approach to investment planning in towns and cities in the East of England – Integrated Development Programmes. Four have been completed - Greater Norwich, Haven Gateway, Luton/South Bedfordshire and Peterborough - and this new approach is now being rolled out across the region. Based on sound evidence and analysis of the local economy and housing market, Integrated Development Programmes set out how growth will be delivered, to 2021 and beyond, in local areas, including phased and prioritised public
sector interventions for key infrastructure. A key strength is that the resulting plans can be used by all partners and investors in the development process therefore fostering collaborative working across the public and private sectors.

1.3 Tailored and flexible approach
The East of England is an EU-leading region for research and development (R&D) activity, with the major R&D facilities of many global top 50 R&D companies; over 30 of the world’s leading research centres; major ‘knowledge-generating’ clusters in health and life sciences, ICT and high-growth areas such as environmental technologies and renewable energy. But this strong reputation for R&D is not consistently translated into business success through the commercialisation of ideas.

EEDA tackles this through a series of regionally-led but locally flexible, strategic initiatives to boost business competitiveness and provide a strong stimulus for business innovation:

- Ensuring all knowledge-based businesses in the region can access advice about the development of new and improved products, services and business processes, with a new regional Business Link service at the heart of this advice network
- Supporting innovative businesses by helping them access finance to accelerate their growth and development. EEDA’s Finance for Innovation programme has helped companies gain millions of pounds of investment in innovative new products – from 3D projector technology to smart energy meters
- Encouraging and stimulating the development of business networking groups, which help small businesses share technology and market information; gain access to finance and business support; and take advantage of training opportunities
- Supporting the development of business incubators, enterprise hubs, innovation centres and new ‘open innovation’ science parks. These link new and growing knowledge-based businesses with universities, research and development centres and big industry players

1.4 Economies of scale and specialist resources
Transport is an important issue that can most effectively be influenced by work at regional level. Transport congestion has a significant impact on business competitiveness. EEDA has worked closely with business and other partners to lobby for transport interventions that will contribute to increased economic growth, increased employment, and reduction of carbon emissions in the East of England.

Although there is much anecdotal evidence of the business impact of transport congestion on the East of England, there was little hard evidence to prove the impact. EEDA commissioned a Transport Economic Evidence Study (TEES) to quantify the costs to the regional economy of congestion and overcrowding on the region’s transport networks; identify where transport constraints were having a particular impact on the economy and regional productivity; and quantify the wider economic benefits that would arise from introducing transport interventions in these ‘hot spots’.

EEDA’s ground-breaking TEES study found:

- the cost of congestion in the East of England is set to double to over £2 billion per annum by 2021, including direct costs to business productivity of £1.3 billion per annum by 2021
- particular hotspots where congestion is causing most damage to the regional and national economy – 85 per cent of the costs of congestion are in the seven areas of the region which will drive future economic growth
- there will be significant economic benefits from targeted road capacity improvements in some parts of the region, however the economic returns from this approach diminish once the key constraints on economic productivity have been relieved
- new road infrastructure alone will not solve the congestion problem. Measures to manage demand for travel by road and investment in additional rail capacity will increasingly do more to reduce the cost of congestion in the long term - for example through exploring various forms of demand management, traffic management measures like motorway hard shoulder running, and longer trains.
EEDA is now working with business and public sector partners to use the study to boost the business case for increased investment in the region’s transport network; target investment where it will have the greatest economic impact; and support work to secure new sources of funding to bring forward transport investments.

2. The effectiveness of RDAs and their role in adding value

As well as providing strategic leadership for the region, EEDA invests in and delivers high-impact programmes and projects, which address market failures and make a real difference to businesses, people and places in the East of England

2.1 Effective and efficient support to businesses

The East of England has over 430,000 businesses—but only a relatively small number seek the advice and support that could help them grow. EEDA’s general and specialist business support services, including Business Link, Women’s Enterprise and the Manufacturing Advisory Service, are designed to help businesses start-up, grow and succeed.

EEDA led the transformation of the region’s Business Link service – moving from six county-based Business Link operators to one single organisation covering the region. On 1 April 2007, the new Business Link East service was launched giving small and medium sized businesses in the region access to 90 Business Link advisers at 13 different locations.

Through restructuring the service, EEDA cut back-office costs by some £1.5 million. These savings were used to increase the number of front-line business support posts by 50%—from 61 advisors to 90. In the year to 31 March 2008, Business Link East advised over 98,000 businesses (up from 91,000 under the previous six operators): including a 77 per cent increase in new business start ups. Service satisfaction levels also increased markedly, as Business Link enjoyed a strong start as an EEDA-funded programme.

Businesses are often confused about the array of support services available. EEDA’s innovative interactive map offers East of England businesses a simple view of publicly-funded business support to help them on their journey to success. The map has been welcomed by businesses, is now being rolled out across the region by business representative organisations and other partners, and supports the national drive to simplify business support.

2.2 Addressing market failures…

Some events are not planned for, but require a swift and co-ordinated response – and EEDA is proud of the contribution it has made in responding to economic shocks impacting on the region. When the Buncefield Oil Depot in Hertfordshire exploded in December 2005, EEDA pledged immediate support and was on-site the next day, working with local partners as part of the emergency response team looking at the wider economic implications of the explosion.

EEDA supported the creation of the Maylands partnership, working with Dacorum Borough Council, other partners and business representatives from the Maylands business park adjoining the Buncefield site - the biggest business park in the East of England. EEDA funds were made available for emergency intensive business support, together with funding towards the provision of a business centre, master planning and improvements to the area to rebuild investor confidence, through a funding package of some £7 million.

In response to Vauxhall’s decision to end car production in Luton, EEDA took the lead in forming the Luton Vauxhall Partnership, which co-ordinated the provision of training for the workers affected. Around 2000 people were retrained and 1500 re-employed as a result. The work also led to the establishment of 85 supported incubator workspaces, a new Innovation Centre and Technology Park and a venture loan fund to support the establishment of new companies.
EEDA has also played a key role is responding to economic shocks affecting rural communities, such as foot and mouth outbreaks, avian flu and the Blue Tongue outbreak in Suffolk in 2007. In all these cases, EEDA has rapidly convened local partners to address the short and long term economic issues and provided additional support for solutions that meet local needs.

2.3 …and opportunities
The East of England is the UK region at the highest risk from climate change. This presents both challenges and major economic opportunities for the region. Through the regional economic strategy, EEDA and its partners have agreed challenging but achievable targets of reducing regional CO2 emissions by 60 per cent by 2031 (and an expected 80 per cent by 2050). The region is the leading region for renewables generation and is the only one in line to achieve its 2010 target.

Predictions of a 45 per cent growth in the global environmental technologies sector by 2015 coupled with a large proportion of the UK’s environmental goods and services sector in the region, means that the East of England has the potential to meet future demand for low carbon technologies. The East of England already has a mature industry servicing the needs of the offshore oil and gas industry worth £1.7 billion, and many of these skills are transferable to the renewables industry, offering significant opportunities for businesses.

EEDA is tackling this issue and related opportunities through a number of different interventions. EEDA established a specialist support organisation - Renewables East - to inspire, fund and develop low-carbon energy solutions with a range of organisations in the East of England. It champions offshore renewable energy, supporting business of all sizes working in the sector, and actively supports research and development into offshore technologies, helping companies to commercialise new innovations and take them to market more quickly.

EEDA is helping provide physical facilities for small and medium sized businesses in the renewable energy sector to grow by supporting the development of OrbisEnergy, a landmark business centre at Ness Point in Lowestoft, one of the region’s regeneration priorities. OrbisEnergy will become a worldwide centre of innovation and excellence for offshore renewable energy, a centre for academic expertise and a base for more than 30 small and medium sized companies working in the sector.

For the region's prosperity to be sustainable, business growth must be balanced against the impact on the environment. EEDA recently ran a pilot programme providing advice on resource efficiency to SMEs, targeted at helping them to achieve a reduction in greenhouse gases, save raw materials, make cost savings and increase new business sales. Over 1000 businesses were given advice through Business Link providing streamlined information around resource efficiency, making it more digestible, easily accessible and instantly relevant to the region's different businesses.

EEDA’s innovative Cut your Carbon campaign aims to help communities in the East of England tackle climate change by working together to reduce community carbon footprints, and, through a competition, tackle climate change by awarding grants for community projects applying fresh thinking to cutting carbon emissions. The campaign has gained the support of local authorities, government and the Sustainable Development Commission.

2.4 Developing people through skills and employment opportunities
EEDA plays a crucial role in promoting employment and enhancing the development and application of skills relevant to employment. Whilst other partners have more significant budgets for skills and employment-related activities, EEDA invests in a range of skills-related interventions, and works to influence the priorities and spending of others in line with regional economic development priorities. Businesses in the region cite skills gaps as one of their top issues.

To address this, EEDA led a region-wide analysis of higher education capacity and demand, working with all the region’s universities. This highlighted that the region lacked sufficient higher education places, with five specific areas with particularly low levels of graduates in the local labour market and very little higher education provision.

Discussions with partners, including universities and the Higher Education Funding Council for England (HEFCE), led to an ambitious plan for five new higher education centres to be developed - in
Southend, Ipswich, Peterborough, Harlow and Thurrock, together increasing higher education places in the region by eight per cent. Two new universities – in Southend and Ipswich – are now open.

EEDA’s regional approach and leadership allowed difficult decisions to be taken which individual (and competing) universities would have found challenging. It also raised the profile of universities’ role as drivers of their local economies. EEDA’s approach has influenced national policy, notably HEFCE’s New University Challenge, through which HEFCE is seeking to roll out the East of England model of university centres nationally, in recognition of the local economic and social impact of a higher education presence within local communities.

2.5 Prosperous places
Every major town and city across the East of England has seen significant improvements in its economic asset base, thanks to EEDA investments. Many of these investments are catalysts - in terms of financial leverage, profile and reinvention - for the areas concerned.

Ipswich is one of the region’s key centres where significant growth is planned for the next 15 years and where significant investment in infrastructure was required. EEDA and Ipswich Borough Council developed a joint programme of investment, the Ipswich Prospectus, focusing resources on a limited number of transformational investments that would achieve the greatest impact and leverage of other funding. They include:

- The University Campus Suffolk project, to deliver the first higher education institution in Suffolk, with £18.75 million of EEDA investment contributing to a £137 million project
- Cranfields Mill, a waterfront renaissance development – kick-started by £3.5 million EEDA investment in securing land and disused buildings – which is being transformed into an attractive residential area, with 330 new homes, leisure and cultural facilities.
- The IP-City Centre - a complex of well-equipped office suites and conference facilities that offers growing businesses space to expand in a thriving location near central Ipswich which lacked business grow-on space
- Working with BT to develop a major new open innovation science park at Adastral Park, already home to BT’s world research laboratories and a base for major ICT companies and academia. The proposed 12-hectare science park will create some 4,000 new jobs.

EEDA is proud that its partnership working and funding support has transformed Ipswich. In total, EEDA has invested £31.87 million in targeted interventions to transform the town, with this funding acting as a catalyst for up to a further £1 billion investment from public and private sector partners.

More than 80 per cent of the East of England’s land is classified as rural and 40 per cent of the region’s population live within these areas. Rural areas and their communities make a vital contribution to the prosperity of the East of England. EEDA put activities in rural parts of the region at the heart of its work, with the rural dimension integrated into each of EEDA’s main areas of activity. This approach recognises the inter-dependence of rural and urban areas.

3. RDA Expertise

3.1 Strong expertise at the most appropriate level
RDAs’ focus is on sustainable economic development at regional level, and this is particularly important in the East of England. The region has a primarily two-tier system of local government with, currently 54 local authorities at county, unitary and district level. This leads to a fragmented and relatively sparse economic development capacity and capability within the region, in comparison to others.

EEDA provides both a critical mass of general economic development expertise at programme and project management level but also specialist expertise aligned to our regional strengths, (for example in relation to specific sectors, clusters and technologies) and across key regional productivity drivers (especially in relation to innovation, enterprise and skills policy and delivery). EEDA believes that these strong economic development skills and expertise are most efficiently retained and resourced at the regional level, and that this benefits all sectors and sub-regions in the East of England.

3.2 Innovative and business-led
EEDA is **flexible, responsive and innovative** in the way it allocates resources and delivers its programmes, which is particularly important for a small RDA. EEDA has established effective external partnerships with the public, private and third sectors to ensure it is equipped with the right mix of skills and knowledge to deliver its primary objective of improving the economy of the East of England.

EEDA’s **business-led Board** brings knowledge, expertise and insight in key regional industries and technologies with extensive experience of networks for business engagement. This brings a strong business focus to the organisation. The Board’s focus on economic priorities and delivery is business-led, not subject to changes in political administrations and therefore brings consistency and continued leadership to the economic agenda. This approach drives EEDA to be responsive, nimble, adaptable and fleet of foot.

### 4. The extent of, and need for, RDA overseas activities

#### 4.1 Effective, well co-ordinated activities that meet global challenges

Overseas companies attracted to the East of England bring new jobs, significant investment in local and regional supply chains, and through knowledge transfer, new ideas and processes to indigenous companies. There is clear evidence of the link between high-performing businesses and openness to international trade and investment.

EEDA does not operate any overseas offices or deliver inward investment in-house, in contrast to other regions. Working together with UK Trade and Investment (UKTI), EEDA has commissioned East of England International to provide a combined inward investment and international trade offer – a first in England. This approach has generated many inward investment successes, including securing a £100 million investment into the region from Japanese pharmaceutical giant Eisai.

EEDA believes that effective engagement in the international economy is critical to regional prosperity and growth. EEDA does this by focusing on a strong international strategy, based on key interventions that can harness effectively the opportunities of global trade and investment, but in the most cost-effective, efficient and focused way.

### 5. The consequences of expanding RDA remit to include new functions, as proposed by SNR, including the delivery of EU funding

#### 5.1 Doing economic development better

EEDA believes that SNR should be about ‘doing economic development better’. Therefore we welcome expanding our remit to include new functions that can add value to our strategic role. EEDA can support strong local authorities to realise and maximise their ambitions as they are complementary and play different roles. Government’s real challenge is to continue to devolve from the centre outwards. EEDA has already been successful at taking on new responsibilities and is working with regional partners to ensure that we are equipped to deliver new requirements in the years ahead.

Closely linking the spatial planning and economic development agendas is a positive step – working to the same timetables, the same evidence basis, the same time horizon and led from a sustainable economic development viewpoint.

As a member of the Regional Partnership Group for the East of England, EEDA aims to address the implementation of SNR in a constructive and pragmatic way. Effectively a regional strategic partnership, the group is chaired by the regional minister and brings all the regional public agencies together with local government, business and community voices to maximise regional cohesion and opportunities.

EEDA welcomes its role in the **delivery of further EU funding programmes** and has worked with partners to develop the only ERDF regional low-carbon programme, focusing on those areas where the greatest impact for the region can be obtained and on actions most likely to achieve sustainable economic growth. This approach has been recognised by the EU as one of the most innovative in Europe.

#### 5.2 Taking forward SNR
One of the key messages of SNR is the need for an improved dialogue between RDAs and local authorities. EEDA has been addressing this by actively participating in debates about the economy of local places through its engagement in the development of the region’s Local Area Agreements (LAAs). EEDA provided input to the development of Government Office negotiating briefs, helping the region securing proportionately more economic indicators in the LAAs than the other English regions and providing director-level engagement with Local Strategic Partnerships in the LAA negotiating phase. EEDA has strengthened its representation within Local Strategic Partnerships and LAAs, bringing its expertise on the region’s economy to these local decision making forums.

EEDA’s economic participation programme, which invests in skills, enterprise and employment projects that support people to overcome barriers to economic activity, demonstrates EEDA’s progress on the SNR agenda. With strong local authority support, EEDA is already delivering this £23 million per year programme against the economic outcomes in the region’s LAAs.

EEDA’s focus is on strengthening its role as strategic regional lead on issues of economic participation, by identifying good practice, gathering regional intelligence, coordinating regional bodies, capacity building where necessary and developing programme level investment packages. Local project prioritisation, decision making, reporting and audit are via the local authority’s partnership mechanisms, which are used locally to deliver the agreements and outcomes within the LAAs. This approach has been warmly received by local authorities and other partners.

EEDA is also ensuring that effective sub-regional capacity exists to take forward SNR principles and is leading a discussion with local authorities and other key partners on streamlining and rationalising sub-regional partnership and delivery arrangements. Underpinning this is the need to recognise that sub-regional economic development capacity (both leadership and delivery) in the East of England is not of a comparable level to many other regions and that potential local authority resource levers such as LABGI and Supplementary Business Rates need to be utilised fully if we are to improve capacity in the region.

6. The accountability of RDAs

6.1 EEDA’s accountability already operates on several levels

In addition to being accountable to ministers and parliament via government reporting requirements, and to its Board, stakeholder accountability is enforced through:

- regular liaison panel meetings with the East of England Regional Assembly (EERA)
- high-level meetings between senior EEDA executives, the Government Office for the East of England (GO East) and EERA
- annual public accountability meetings within the sub-regions where EEDA is held to account for its performance, attended by hundreds of people annually
- extensive consultation with stakeholders on key strategies and EEDA’s own Corporate Plan.

These arrangements have led to progressive working practices in the East of England, culminating in unqualified support both for the new regional economic strategy to 2031 and EEDA’s Corporate Plan for the next three years.

EEDA welcomes any further arrangements that strengthen its accountability to stakeholders if they also strengthen its mandate. However, EEDA would wish to ensure that any proposed arrangements are not providing additional cost burdens to the taxpayer and that the focus is on the accountability of all relevant organisations and authorities involved in delivering improved regional economic performance, not just the RDA.

7. How RDA performance has been measured in the past and will be measured in future.

7.1 A track record of delivery

RDA performance measurement has evolved considerably since inception. Since 1999 EEDA has consistently delivered (and in many cases exceeded) against targets year on year:
- 31,994 jobs created or safeguarded
- 143,513 people with improved skills
- 9,711 businesses helped to start and grow
- 61,092 businesses helped to improve their performance
- 303 hectares of brownfield land regenerated
- £679 million leveraged in public and private regeneration investment
- two new universities created

EEDA supports the move to report on its contribution to the regional growth objective (GVA) and regional outcome targets as opposed to outputs. However given that EEDA’s budget is less than 0.5% of total public spending in the region, it is essential that the regional outcome targets are consistent with the tasking of other Government agencies and Local Area Agreements in order that they are truly measurable.

### Summary

**EEDA provides strategic economic leadership to the East of England, the UK's innovation region.**  
**EEDA’s role in improving the East of England’s economy is crucial for this region to continue to punch above its weight in the global marketplace.**

**EEDA takes the lead in addressing key economic issues; puts business at the forefront of the economic agenda; and works in partnership with the public, private and third sectors to make a real difference to people, places and businesses in the East of England.**

**EEDA has pioneered innovative programmes and delivery approaches; has consistently met its targets and goals; is flexible, nimble, fleet of foot and adaptable; and delivers efficient and effective services.**

**EEDA is proud of its impact on the economy of the East of England.**

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**Memorandum submitted by Ken Wigfield (RDA 83)**

**The need for a level between central and local government.**

I see considerable value in having some form of sub-national authority responsible for strategic development. This need, however, comes with a number of caveats:

1. The number of "regions" should be less than is currently the case—in other words the "regions" should be bigger. Something like half the current number with twice the governable area would seem appropriate.

2. There should be a Cabinet Minister whose sole responsibility it is to coordinate the activities of these large, regional authorities and to help plan and resolve issues about inter-regional projects.

3. In order to reduce the plethora of lower authorities that currently exists in some parts of the regions, counties should become unitary authorities so that the tier below regional level is manageable. This tier must be instrumental in the local implementation of any development programme.

4. This sub national authority should be the only official body controlling all aspects of economic and spatial development within their region. All other government agencies that operate in the field (e.g. Business Link) should be directed by it; all support (both national and European) should be channelled through it. (In other words there is no need for Government Offices (e.g. GOWM), City Regions, etc).
5. The officers who run such regions should have sufficient business acumen to be able to understand the generation and implementation of a true strategy. They must be 'big picture' operators. Obviously, they will have to work within the broad policies of the government in power at the time. However, the short-term, changeable whims of various Parties should not be allowed to redirect the overall purpose of, what should be, a first-class, long-term development strategy.

6. These strategic planning process proposed by the region should be subject to the controlling scrutiny of an external panel or governing body. That panel should comprise a majority of personnel concerned with wealth generation and a minority of those with a wealth distribution interest. All members of the panel should understand the meaning and process of strategy.

7. More extreme blue sky thinking leads me to the conclusion that these regional authorities should be independent and apolitical. Much along the lines of the way the Bank of England currently has an independent control of inflation, so these regional agencies could do much the same for economic development. Obviously their terms of reference would be far more complicated but such a structure would enable the UK to embark upon a much-needed programme of long-term planning.

8. The effectiveness of RDA's and their role in Adding Value

My experience has been solely with one such Agency -- Advantage West Midlands. It is that experience that is noted here.

In their recent publication "the West Midland’s economy - a joint response to changing economic circumstances" [by the way, the apostrophe in the word Midland’s was not included !!!!] AWM states "From 2007 to 2012, Advantage West Midlands is directly investing some £2.2 billion in economic development and regeneration activity.". This must roughly match what it has spent over the past seven years since its inception for which it is proud to report:

“In the past seven years Advantage West Midlands has achieved the following:
2,563 people assisted into new jobs in the West Midlands
3,235 businesses created in, or attracted to, the West Midlands
34,480 West Midlands businesses given access to the resources they need to improve performance
956 West Midlands businesses have become engaged in new collaborations with the region's Research & Development community
83,158 people in the West Midlands have improved skills
11,489 community enterprise initiatives have been supported
£634 million in additional public and private sector funding levered into the West Midlands
768 hectares (1,900 acres) of brownfield land reclaimed or redeveloped.”

How much of this scoreline would have been achieved without AWM's involvement? I suspect their influence has been marginal.

How much of that past £2 billion has been spent on supposed "strategic thinking activities " and the publication, approximately every two years, of a new, glossy strategy document?

How much of that past £2 billion has been spent on new buildings and the refurbishment of old ones for their own purposes?
How much of that past £2 billion has been spent moving staff around every 12 to 24 months and on the recruitment of new personnel in a high staff turnover environment? If £2 billion has been spent over the past seven years I see little evidence of any major or significant returns on that money. AWM may have added some value but it most certainly has not been valued for money.

**RDA expertise**

In a word -- poor. I understand that when the RDA's were conceived they were intended to be business-led organisations. In the early days of AWM it was, indeed, largely populated by people that had worked in businesses. Unfortunately the majority to whom I spoke had been made redundant or in some way ousted from those businesses -- obviously those businesses would shed their best people!

Over more recent years it would seem that the majority of AWM employees have more of an 'administrative' background having worked in government functions, quangos, academia, etc

it is essential that the staff, particularly at senior level, have hands-on experience of the private sector, both large and small, along with start-up, expansion and closure involvement.

Worst of all, and most critically, it seems that few in AWM have the long-term, 'big picture' capabilities to build a clear, long-term strategy for the West Midlands.

**Overseas activities**

I believe all regions are and have to be competitive in attracting investment from overseas. If, however, this activity is uncoordinated it has a detrimental effect on UK PLC. Overseas marketing should be the coordinating role of a Cabinet Minister. Under that person's direction overseas forays should be valuable but they should be undertaken under the auspices of UKTI.

**Expanding the RDA's remit**

Under the proposals of the SNR the RDA is should become responsible for economic and spatial strategy is. Such a move is essential as both strategies are interdependent. To do so with the current makeup of AWM would be disastrous. As mentioned above they do not have the expertise to embrace even the current strategic planning process.

Furthermore, the idea that these strategies have to be agreed (through the Local Authority Leaders Forums) and implemented by local authorities is risible when considering the capabilities of some of them within Worcestershire.

To relegate the possible involvement of the community and especially businesses to the level of local authorities is one further nail in the poultry coffin of the SNR.

**RDA's accountability and measurement**

under current arrangements it would appear, superficially, that AWM is virtually unaccountable for what it does. However, on digging deeper one realises that the plethora of accountability elements is so wide that it as good as hides its overall effectiveness.
The RDA should be run as a business. Just like any other well-run business it should generate its long-term strategy which should be broken down into staged goals. It is the achievement of those stage goals that should be its primary measure of success.

19 September 2008

Memorandum submitted by Leeds City Region (RDA 84)

1.0 Leeds City Region Partnership

1.1 Leeds City Region is at the geographic and economic centre of the Yorkshire and Humber Region, and is home to some 70,000 businesses, with a population of 2.8 million, of which over 1.4 million are economically active, some 95% being employed in the city region.

1.2 The Leeds City Region Partnership, comprising 11 Local Authority districts, was formally constituted in April 2007 as a Joint Committee - the Leeds City Region Leaders' Board - with delegated authority to undertake any activities that promote the economic wellbeing of the city region.

1.3 This submission provides the Leeds City Region Partnership view on the specific areas upon which the Inquiry is to focus. Given that the Committee shall be considering the implications the SNR may have on the future role of RDAs, our recent submission into the SNR is attached as an annex for information purposes.

2.0 The need for a level of economic development/business/regeneration policy delivery between central and local government

2.1 Both the Regional Economic Strategy and City Region Development Programme support the case for city regions as drivers of regional and national economic performance (linking to PSA 7) and therefore for the delivery of economic policy between the local and national levels. Our collective recent experience of working across local authority boundaries, both at the level of the functional (Leeds city region) economy and the wider region, provides the empirical rationale for the need to further align delivery around the growth opportunities of the functional economy.

2.2 The Leeds City Region Leaders’ Board, which is the first legally constituted cross boundary body of its kind in the country, provides the collective and accountable voice of the city region. In a very short space of time, our partnership has delivered on a number of key policy initiatives, including the following:

- Shaping national policy, such as our response to Prosperous Places: Taking Forward the Subnational Review of Economic Development and Regeneration (SNR), including consideration of the opportunities and challenges of co-producing the Integrated Regional Strategy, undertaking economic assessments at the level of the functional
economy, and the prospects for delegating responsibility and funding to the functional sub regional level.

- The establishment of a Leeds City Region Business Leadership Group to engage with the Private Sector in the shaping of shared economic priorities including on transport, skills, housing, innovation and economic growth sectors.

- A transport governance review, commissioned by Leaders’ Board in October 2007, in response to the Local Transport Bill, to develop proposals for an Integrated Transport Authority.

- A joint submission of a New Growth Point bid in October 2007, with an invitation in August from Government to assemble our detailed proposals for housing growth.

- One of the first Multi Area Agreements (MAA) in place nationally, signed off by Government in the summer, establishing a new dynamic between our city region and Whitehall departments, in particular CLG, DIUS, DWP and DfT, and their respective agencies.

2.3 These arrangements, founded on the principle of subsidiarity, have piloted the kind of devolution and delegation to the functional economic level to which the SNR aspires, and cemented in the credibility of the Partnership as a key policy delivery partner for Yorkshire Forward, the RDA for Yorkshire and the Humber, and Government, as also demonstrated by the new arrangements being put in place to allow functional economies to co-produce the future Integrated Regional Strategy (IRS).

3.0 The effectiveness of RDAs and their role in adding value;

3.1 One of the key strengths of the RDA model has been to provide a clear economic development focus, and to enable some complex and challenging decisions to be taken on the allocation of significant resources within the region, guided by where public investment will add most value, eg in addressing economic need and opportunity, and balancing competing priorities. These decisions have been taken in the context of a robust and ambitious Regional Economic Strategy (RES). The emphasis of the RDA’s work going forward needs to be on the its strategic role, and where appropriate, supporting delivery.

3.2 In terms of the Business and Enterprise agenda, Yorkshire Forward has embraced the opportunity to promote the increased quality and take up of business support through the pilot Better Deal for Business initiative and stewardship of the Business Link service within the region, taking the ambitious decision in 2006 to consolidate four individual sub regional Business Link Operators into a single Business Link for the region.

3.3 One of the key challenges for Yorkshire Forward will be to ensure that transparent and robust arrangements are in place for business support to be delivered as efficiently as possible and moreover that its quality and access (penetration) continues to improve for our businesses on the ground, helping
new businesses to start up and making established businesses more competitive and resilient in increasingly uncertain trading conditions.

3.4 And whilst BERR’s business support simplification proposals are to be welcomed in principle as a means of ensuring that businesses are not confused by the current variety of business support “products”, we are particularly concerned to see that such proposals do not act as an unnecessary brake on the development by Yorkshire Forward of innovative business support measures that are attuned to local business needs. Such a ‘one size fits all’ approach to business support needs to be balanced with the spirit of devolution embodied within the SNR and MAA approach which is otherwise backed by Government.

3.5 As devolution occurs through SNR a mature debate will be required about the strategic role of the RDA and the roles and responsibilities of the functional sub regions and their local authorities. To enable efficient delivery, we must work together on these future arrangements.

4.0 RDA expertise

4.1 Yorkshire Forward has a diverse Board which is driven by private sector leadership and representation. This focus has served the effectiveness our Regional Development Agency, which is supported by officers with technical and private sector expertise and which has, through working with partners, enabled the delivery of some highly successful and innovative programmes for business and enterprise, including Enterprise Shows, the Key Account Management team, and Centres of Industrial Collaboration. This effectiveness and focus has been underpinned by data and intelligence capabilities, via Yorkshire Futures and the RDA’s own Strategy team.

4.2 Aligning the focus of the RDA’s regional delivery teams with the specific opportunities and needs of local areas and the functional city region economies remains a particular challenge, however. We therefore welcome Yorkshire Forward’s direction of travel in terms of developing integrated Geographic Programmes which seek to better align regional interventions to local delivery, in order to join up on the ground their range of Policy Products such as urban and rural renaissance, business support and skills measures. Given our ambitions for an integrated Investment Plan for the city region, we would then hope to see alignment between integrated Geographic Programmes and the city region.

5.0 The extent of, and need for, their overseas activities

5.1 As part of an increasingly open and globalised economy, it is crucial for the RDA to maintain and develop its interest in overseas trade, both to ensure that local businesses are able to maximise opportunities to export and to increase the region’s understanding of international competitive threats and opportunities, in order to drive innovation and economic resilience within our business base.
6.0 The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding;

6.1 The scale of the current and proposed changes to the remit RDAs as proposed in the SNR should not be underestimated by the Committee. We are supportive of the direction of travel to develop an Integrated Regional Strategy developed on principles of co-production between Yorkshire Forward and local government, through a new strategic relationship, as set out in detail in the attached Annex.

6.2 Naturally, such change will create organisational challenges and potential tensions which will require identification and careful and transparent management. Vesting the RDA with delivery of the new European programmes is a case in point where, although the city region has representation on relevant monitoring committees, in effect a very significant proportion of the available funds for economic development have been effectively centralised at the regional level. The risk that this will lead to uniform region-wide ERDF funded interventions to promote business and enterprise which are not responsive to local opportunity will need to be guarded against through continuous monitoring with progress on delivery regularly reviewed.

7.0 The accountability of RDAs

7.1 A further, central challenge arising from the proposed broadened remit of RDAs will be a requirement to ensure that appropriate measures are put in place to ensure democratic accountability and transparency of decision making. Current arrangements for scrutiny reside with the Yorkshire and Humber Assembly. As described in the Annex, going forward the role of scrutiny within any new arrangements will be increasingly important, both in holding strategic decision makers to account and helping guide future developments. There is still however much work to be done in terms of reconciling local-regional arrangements together with the proposed parliamentary scrutiny outlined in SNR and the Governance of Britain Green Paper.

8.0 How RDA performance has been measured in the past and will be measured in future

8.1 RDA performance has in the past been measured in terms of overall economic impact at the regional level. Going forward, we would wish to ensure that the direction of travel towards fully integrated local Geographical Programmes, as outlined above, is complemented by assessment of RDA performance in terms of outcomes delivered at the local, and also the functional city region, levels. Where reliable statistical data is not available at the local level (eg growth in Gross Value Added), we would wish to see relevant measures developed which demonstrate overall impact on sustainable economic growth and which align fully with those economic targets agreed in our Local Area Agreements (LAA) and our city region MAA.
Response to Prosperous Places: Taking Forward the Sub-national Review of Economic Development and Regeneration

In my capacity as Chair of the Leeds City Region Leaders’ Board, I would like to offer our views on taking forward the Sub-national Review.

The Leeds City Region Partnership broadly welcomes the opportunities presented by the SNR to work with our partners in the Yorkshire and Humber region to develop the relationship between local authorities and our Regional Development Agency, Yorkshire Forward, now tasked with managing the development and implementation of the Integrated Regional Strategy.

To this end, we fully support the joint report prepared on behalf of Yorkshire Forward and the 22 local authorities in the region. This report establishes agreement in the region as to an approach to the development and delivery of a single, integrated regional strategy (IRS) which is firmly grounded in the principle of subsidiarity, and strongly establishes a role for local authority collaboration on the basis of functional economic areas, termed “functional sub-regions.” A copy of this regional response is attached for your information.

As the body responsible for one of the four functional sub-regions in the Yorkshire and Humber region identified by this joint report, the Leeds City Region Partnership will enthusiastically embrace the responsibility that this designation entails, and in particular:

- the opportunity to co-produce the Integrated Regional Strategy with the three other functional sub-regions and Yorkshire Forward
- the prospect of undertaking economic assessments at the level of the functional economy, into which local economic assessments can input
- the possibility for a delegation of responsibilities and funding to the functional sub-regional level

In taking forward these opportunities, we have a strong and credible background as one of the first and most advanced city region partnerships in the country.

The Leeds City Region Partnership, comprising the 10 districts plus North Yorkshire County Council, was formally constituted as a Joint Committee—the Leeds City Region Leaders' Board—in April 2007 with delegated authority to undertake any activities to promote the economic wellbeing of the city region. This Board, which is the first legally constituted city region body in the country, provides the collective and accountable voice of the city region. To date, we have worked collaboratively on a number of key initiatives, the most recent of which include:
o our transport governance review, commissioned in October 2007, in response to the Local Transport Bill
o a joint submission of a New Growth Points bid in October 2007
o a joint response to the Regional Spatial Strategy Review in December 2007
o the establishment of our Business Leadership Group to engage the private sector in the shaping and challenging of our agenda
o the development of a Multi-area Agreement for submission this month to CLG

These initial steps have established the Partnership as a real delivery partner for Yorkshire Forward and Government in piloting the kind of devolution and delegation to the functional economic level to which the SNR aspires.
Local Government Yorkshire and Humber– Yorkshire Forward
Joint Position Paper

The co-ownership of the development and delivery of an Integrated Regional Strategy for Yorkshire and the Humber

1. Introduction

1.1. This position paper describes the proposals for a joint approach between local government and Yorkshire Forward to the development and delivery of a single, integrated regional strategy (IRS) for the Yorkshire and Humber region to ensure co-ownership from the outset. The report builds on earlier discussion between local authority Leaders and Yorkshire Forward’s Board which agreed to the adoption of a joint approach to SNR implementation and the Integrated Regional Strategy (IRS). The position paper was agreed in principle by local authority Leaders and Yorkshire Forward’s Board at a meeting on 9th June 2008.

1.2. The relationship between local government and Yorkshire Forward is pivotal to the delivery of the aspirations of the SNR, namely ‘unleashing the economic potential’ of local authorities and the regions within which they sit. The SNR consultation document refers to co-ownership of the IRS between local government and the RDA. This paper outlines proposals for co-ownership in the Yorkshire and Humber region: it sets out a suggested process for developing and agreeing the IRS, starting with, and building upon, the new economic assessment responsibilities to be placed upon upper tier local authorities; it describes the key role to be performed by functional sub regions; it sets down proposals for a Strategic Leaders Board to work closely alongside representatives of Yorkshire Forward’s Board; and, finally, it details proposals for regional thematic boards.

1.3. There are a number of elements to the proposed partnership between local government and the RDA:
   a) A ‘strategic relationship’ – primarily to develop and deliver the IRS, but also to influence national policy and investment (through a revised Regional Funding Allocations (RFA), for example);
   b) Scrutiny – a new role of scrutinising RDA performance for local government; and
   c) Delivery and delegation – ongoing delivery relationships and increasing the delegation of appropriate elements of Yorkshire Forward’s funding via geographic programmes and investment planning.

1.4. The proposals set out in this paper focus on the first element, the strategic relationship, and recommendations are made in the paper with respect to the complex partnership arrangements that will be called for to enable local authorities and the RDA to work effectively together, in a collegiate fashion, at a strategic level. No extensive comment is offered at this stage about the style and approach of such collective working but, if the proposed architecture is to enjoy the confidence of
partners, it is recognised that a rigorous and persuasive use of data and analysis (to understand need and priority) will need to lie at the heart of the arrangements, and that the arrangements will also need to build in opportunities for all local authority Leaders, and the full Yorkshire Forward Board, to comment upon, and influence, drafts of the IRS as the strategy’s development proceeds.

1.5. In adopting the above approach, it is recognised that questions will remain about the other two elements (identified in 1.3 b) and c) above), and therefore it is important to be clear about how these will be addressed going forward:

a) The role of scrutiny within any new arrangements will be important, both in holding decision-makers to account and helping guide future developments. Within future scrutiny arrangements there is a clear role for other stakeholders (i.e. SEE partners). However, there is still much work to be done in terms of reconciling local-regional arrangements together with the proposed parliamentary scrutiny outlined in SNR and the Governance of Britain Green Paper. For instance, the Select Committee on Modernisation is due to report shortly on possible parliamentary scrutiny.

b) The arrangements for delegation of funding are also part of current considerations by government departments. Plainly such matters are complex (i.e. to who and when will delegation take place) and much work is already underway via the ongoing development of geographic programmes and investment planning. There is also the matter of determining capacity.

1.6. This paper sets out some key proposals for local government and Yorkshire Forward. In agreeing this joint position paper, partners recognise that further work must be undertaken on the other issues outlined in 1.4 and 1.5 above. Similarly, agreement on the arrangements proposed in this report will allow further discussion on the transition arrangements to facilitate the changes of organisational responsibility set out in the SNR, including the future role of Local Government Yorkshire and Humber (LGYH).

2. Purpose of single, integrated regional strategy

2.1. The SNR seeks to bring together a number of regional strategies into a single, integrated regional strategy. This is intended to provide the region with a vision of ‘how and where sustainable economic growth would be delivered’\(^\text{226}\). Whilst the focus is on bringing together on the economic (i.e. RES) and spatial (RSS), the IRS will incorporate a range of other regional strategies and frameworks – i.e. housing, transport, culture and sustainable development.

2.2. In regard to the scope of the IRS and the arrangements proposed in this position paper, it is important to emphasise that these focus primarily on those economic issues to be contained within the IRS. The proposals are not intended to reflect all the business of local government currently undertaken at a regional level nor all the business of the RDA. Further consideration will need to be given as to how issues outside of the scope are addressed at a regional level: for example, the extent to which the work of LGYH falls within the scope.

\(^\text{226}\) SNR, 2008, p7
2.3. The preparation of the IRS will be further clarified in time and more guidance is expected on the details following the SNR consultation process. However, the SNR consultation document stresses the need for its development to be ‘robust, transparent, open and efficient’.

3. Building from the Local upwards

3.1. At the core of SNR is the principle of subsidiarity - that things should be built up from the local level and that there is an onus on ‘doing things at the right level’ to achieve the objective of sustainable economic growth.

3.2. This is reflected in the RDAs having a more strategic role in guiding sustainable economic growth and seeking to delegate delivery to the most appropriate level. The SNR details those areas where RDAs will retain a regional role, but over time the expectation is that they will focus on the strategic elements for the region and will delegate an increasing amount of funding to those best placed to deliver economic improvements.

3.3. Local authorities’ role in economic development has been reinforced and the SNR contains a number of proposals to improve economic performance and regeneration at the local level, such as the preparation of local economic assessments to guide priorities and interventions. For many activities, the focus will be on local delivery (and corresponding delegation). However, in discharging these responsibilities, authorities will have to have increasing regard to what is happening beyond their administrative boundaries.

3.4. Plainly issues will need to be addressed at the level most appropriate to do so, starting from the local level, and there will be a mixture of priorities that are local, sub-regional and regional. National government has also indicated that it will outline its priorities for regions. For many issues that the IRS will address, it makes sense that authorities, where they choose to do so, come together to work at the level of the functional economy.

4. Functional sub regions

**PROPOSAL 1:** Each functional sub region:
- Will undertake the appropriate level of economic analysis to inform IRS development, building on individual local authority’s local economic assessment;
- Building on the economic analysis, determine the priorities for investment at the functional sub region level; and
- Input into land use proposals for the IRS

This work will be agreed by the relevant Leaders group in the functional sub region with input from the representatives of Yorkshire Forward’s Board.

4.1. As part of the SNR implementation process, it is important that as a region we are clear on what arrangements we want at which level. As the rationale for SNR and

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227 SRR, 2008, p32-33
delivering the IRS is primarily an economic one, then it is both sensible and appropriate that local authorities organise themselves to develop policy and deliver on relevant, strategic economic issues on this basis – i.e. as **functional sub regions**.

4.2. The economic geography of the region is complex, with a large number of interconnected towns and cities, together with a significant rural area, largely to the North of the region. Work undertaken to date, largely in response to the Northern Way, has identified three functional sub regions where there is a large degree of inter-relationships and interdependency, i.e. -

   a) The Hull & Humber Ports City Region:
   b) Leeds City Region
   c) Sheffield City Region

4.3. In addition to these three functional sub regions, which are focused around the major settlements, arguments have been advanced in support of a fourth area characterised by a largely rural economy, focused on North Yorkshire (and including for these purposes, York). It is proposed that the North Yorkshire area is included as a fourth functional sub-region.

4.4. The boundaries of these functional sub regions are overlapping: the Leeds and Sheffield City Regions both influence to a significant extent Barnsley; and the Leeds City Region similarly influences the North Yorkshire rural economy, as identified above. The rationale for working across functioning economies means that some flexibility is required around boundaries. This will be an added complexity but should not preclude moving forwards on this basis.

4.5. Good progress has been made in the region in developing arrangements at the functional sub regional level. The existing city region partnerships are at different stages of development. They have all been building their capacity to collaborate on economic issues, investment and strategy alignment. Formal governance arrangements are in place or are being developed. At an operational level there has also been some joint work between the Leeds City Region and North Yorkshire Partnership around investment planning and capacity.

4.6. Strong and effective input from the functional economic sub regions is a core component of the IRS. Under the new arrangements, each functional sub regional level:

   a) Will undertake (or would determine how to present) the appropriate level of economic analysis to inform IRS development, building on individual local authority’s local economic assessment;
   b) Building on the economic analysis, determine the priorities for investment at the functional sub region level; and
   c) Inputting into spatial planning proposals for the IRS.

4.7. It will be important that there is a good working relationship between the functional sub regional governance arrangements and Yorkshire Forward’s Board. This will help strengthen joint working and help towards resolving issues on the IRS before they are discussed at a regional level. Consideration needs to be given about how best to nurture a more direct relationship between the two partners at this level.
5. **A ‘Strategic Relationship’: Between the Strategic Leaders Forum and Yorkshire Forward’s Board**

PROPOSAL 2: A strategic relationship between the Strategic Leaders Board and Yorkshire Forward’s Board will be at the heart of the joint working arrangements. The purpose of the strategic relationship will be to work towards agreement on the IRS, by adopting a joint approach to the development, agreement and delivery, and regional decisions on investment (such as RFA), policy and influencing with national government.

5.1. Proposals for the make-up of the strategic relationship are set out below:
   a) Strategic Leaders Board (SLB) – The SNR is clear that at a regional level local government need to come together in streamlined, strategic, representative and accountable way. The proposal is that the functional sub regions nominate representatives onto the SLB - 2 per functional sub region. The SLB will provide key input to the direction and development of the IRS; and sign off the IRS prior to its submission from government.
   
   b) Yorkshire Forward’s Board (YFB) – Under the new arrangements, it is proposed that the RDA nominate a group of members from their main Board to work with the SLB (so arrangements mirror one another). This group will provide key input to the direction and development of the IRS; and sign off the IRS prior to its submission from government.

5.2. It is proposed that the local authority representatives on Yorkshire Forward’s Board are not included as part of the SLB. This is to avoid confusion of roles.

5.3. The main aim of the strategic relationship is to seek to agree IRS jointly; work on and agree regional investment decisions (such as RFA); and work for the region on strategic, economic matters. The strategic relationship would have a key role in making recommendations back to Ministers, for example.

5.4. In the development of the IRS and the implementation of the SNR, there are a number of decisions that need to be taken jointly. These are:
   a) Joint commissioning of regional boards (see below);
   b) Sign-off of project plan for preparing the IRS;
   c) Sign-off of IRS evidence base (a formal sign-off of the underpinning analysis which will inform the development of the IRS);
   d) Joint commissioning of Environmental Impact Assessment to inform IRS development
   e) Sign-off of the IRS prior to submission to Government;
   f) Sign-off of the Regional Funding Allocations prior to submission to Government;
   g) Sign-off of the IRS delivery plan (the delivery plan will identify roles and responsibilities in IRS delivery).
5.5. Both sides of the strategic relationship will come together to reach agreement on the content of IRS and RFA. Issues will either be agreed by both parties or not agreed. It is not proposed to have joint voting on issues and therefore decision-making is not dependent on the numbers on either side of the relationship. Both sides of the strategic relationship will have responsibility for reporting back via their respective ‘constituencies’ – i.e. the region’s 22 LAs or the YFB, and final ratification of the IRS would be held by these groups.

5.6. The SNR consultation indicates that where agreement cannot be reached, the matter is referred to Ministers by the RDA (the IRS needs to be jointly signed off by both Secretaries of State (DBERR & DCLG)). The proposal from the Yorkshire & Humber region is that where SLB and YFB are unable to reach agreement, an appropriate regional board (see below) will be tasked to provide a way forward, if agreement still cannot be reached after this the submission to Ministers would set out both sets of arguments with supporting evidence.

6. Regional Boards

PROPOSAL 3: Strategy integration is a core principle of the SNR. The IRS will encompass economic development, planning, housing and transport in its pursuit of sustainable economic growth. In developing, agreeing and delivering the strategy it will be important to ensure strong ownership and expertise across these themes whilst at the same time working towards alignment and integration. It is proposed that a small number of thematic regional boards are commissioned by SLB/YFB to input into the development of the IRS and ensure effective delivery by monitoring and reviewing the IRS.

6.1. Four thematic regional boards are proposed

a) **Spatial Planning** - Chaired by Local Government, deputy Chair nominated by YFB;

b) **Regeneration and Housing** - Chaired by Local Government, deputy Chair nominated by YFB, this Board will also have a direct role in advising the Homes and Communities Agency;

c) **Work and Skills** - Chair nominated by YFB, deputy chair Local Government. This Board will replace the current Regional Skills Board and have a direct role in advising the LSC (and its successor agencies);

d) **Transport** - Chair nominated by YFB, deputy chair Local Government.

6.2. The Strategic Leaders Board and Yorkshire Forward’s Board via the strategic relationship will agree the membership of each Board; but membership will include representation from the functional sub regions, expert observers, key agencies and stakeholders.
6.3. The thematic regional boards will be commissioned to support strategic relationship in the development and delivery of the IRS. It is the partners through the strategic relationship that will agree and sign-off the IRS.

6.4. The regional boards are intended to support the SLB/YFB in their strategic relationship and their terms of references will be focused primarily on that role.

6.5. In addition to the four thematic regional boards, we propose an Independent Board to ensure that the principles of sustainable development and economic opportunity for all are fully ingrained in the development and delivery of the IRS. This Board will be chaired by an independent/expert chair to work with SLB/YFB and the thematic advisory boards and provide expert input and to test IRS development and delivery against the principles of sustainable development, diversity and leadership and ambition.

7. Regional Conference

7.1. Proposals Two and Three focus deliberately on the core YFB/SLB partnership; however in ensuring wider buy-in, commitment and understanding it will be important to engage with a broader set of stakeholders.

**PROPOSAL 4:** We propose the establishment of an annual Yorkshire and Humber Conference which will invite key regional and national stakeholders to consider, in the first instance, the vision and ambition the region has for the IRS, and subsequently consider progress.

8. Review Process

8.1. As the arrangements set out within this paper are new and reflect the emerging thinking of government, it will be sensible to establish a regular review process to keep abreast of developments and allow each side to keep in touch with their ‘constituency’. It is therefore proposed that an annual report is jointly prepared by YFB/SLB which is reported back into their respective ‘constituencies’.

19 September 2008

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**Memorandum submitted by Semta (RDA 85)**

**Summary**

1. Semta has often been disappointed in the approach of the RDAs in terms of engaging strategically with the Sector Skills Councils, even in regions which have identified specific manufacturing, science, and engineering-related economic priorities. Where we have successfully worked with RDAs, this has been with those which have a dedicated team of employees working on skills.
2. Since the Leitch Review of Skills was published, Semta has yet to see an improvement in the approach of RDAs in promoting the Leitch findings and targets.

3. RDAs have yet to demonstrate a uniform commitment to working with relevant SSCs, and giving them the appropriate authority to inform strategy, direction and funding.

4. RDAs have given significant support to the National Skills Academy for Manufacturing, a welcome development in their skills activity.

Semta, the Sector Skills Council
5. Industry owned and led, Semta aims to increase the impact of skilled people throughout the science, engineering and manufacturing technologies sectors.

6. We work with employers to determine their current and future skills needs and to provide short and long term skills solutions, whether that be training and skills development, or campaigning with government and other organisations to change things for the better. Through our labour market intelligence and insights from employers across our sectors, we identify change needed in education and skills policy and practice, and engage with key industry partners and partners in the education and training sector, to help increase productivity at all levels in the workforce.

7. The sectors we represent are: Aerospace; Automotive; Bioscience; Electrical; Electronics; Maintenance; Marine; Mathematics; Mechanical; Metals and Engineered Metal Products.

8. Semta is part of the network of 25 employer-led Sector Skills Councils.

RDA expertise
9. The RDA expertise on skills and science, engineering and manufacturing is not uniform. In some cases, RDAs have recently reduced staffing in support of the skills agenda, making it more difficult for the Semta representative in the region to engage in dialogue at a regional level. Many RDA staff lack an appropriate level of understanding of the needs of the manufacturing sector.

10. Some Semta staff feel that the rate and degree of change which RDAs have had to endure have prevented RDA staff from fulfilling their potential. In a few cases, this is has led to an environment of distrust and discomfort, which has made relationships with RDAs more problematic than necessary.

11. One area where RDAs have a great deal of expertise is in research and statistical analysis of skills through the Regional Skills Partnerships. Semta’s research team have worked closely with all the RDAs and used the Regional Economic Strategies to highlight where there is synergy between the needs of the sector and the region. A particularly successful aspect of this has been the development of the West Midlands Regional Observatory, which Semta has found to be helpful and consultative in the development of its extremely useful documents (such as its analysis of the impact of the Leitch Review on the region).
12. Another area where Semta has worked successfully with the West Midlands RDA was in the support for Rover after its collapse. Advanced West Midlands played a key role in helping mitigate the impact of the closure, and provided regional expertise which was highly valued.

**RDAs and Skills**

13. Despite the Leitch Review being published in December 2006, our experience so far is that there is little improvement in the approach of some RDAs in promoting the Leitch findings. Semta regional representatives have found that a few RDAs are focusing ever more closely on the immediate economic impact on the Gross Value Added for individuals in terms of training, which means they are missing the wider and more long-term benefits of, for example, helping a company plan their training effectively, link that training to a longer term business plan, reduce staff turnover, increase staff confidence, and prepare for the challenges of the future. Semta’s new Compact is addressing all these issues in each England region, and we sincerely hope that the RDAs will support and promote Compact activity in their priority sectors.

14. Other RDAs are more supportive of the Leitch agenda, but progress is slow, and there is a frustrating amount of dialogue which has yet to demonstrate how the targets will actually be achieved in practice. In particular, some RDAs wish to continually revisit the “drivers of skills” – the reasons behind skills needs and measurements of skills requirements. Through the Sector Skills Agreement process, Semta has already identified these for our sector and is now in the implementation and delivery stage. In some areas, there is a strong feeling among Semta regional staff that RDAs are not giving the Sector Skills Agreement the appropriate authority to inform strategy, direction and funding. Where we have successfully worked with RDAs, this has mainly been with those which have a dedicated team of employees working on skills.

15. Some RDAs have been slow to engage with Semta in support of our Sector Skills Agreements. These documents have been developed by SSCs over months of intensive research and employer engagement, and they require RDA ‘sign-up’ to make their action plans a reality. The process of securing RDA feedback, support and endorsement has been problematic in some areas, where RDAs have given the impression that working with SSCs is very low on their crowded agenda.

16. One area where RDAs have provided significant and measurable positive impact has been in the establishment of the National Skills Academy for Manufacturing (NSAM), and its regional ‘spokes’. Their support has been fundamental to the successful development of the NSAM structure and ‘offer’. However, they have not all been equally enthusiastic and punctual in their financial commitments to NSAM. They also all have seats on the NSAM Regional Advisory Groups at Director of Skills level, but only a few skills directors attend regularly and most delegate it downwards within the RDA staff structure. Some RDAs make it easy for NSAM to access funding, support NSAM at Skills Director level and involve the Academy in appropriate networking. Others do not engage in this way, which
means they are missing an opportunity to really engage with the manufacturing skills debate in their region.

17. Some RDAs appear to perceive they have limited funds and that skills development should be supported by the more affluent Learning and Skills Council. This leads to unnecessary bureaucratic discussions between organisations, and frustration in delivering skills activity.

**Recommendation**

18. Semta has one practical recommendation in terms of improving relationships with RDAs – that of consideration of their physical location. **Co-locating RDA staff with key skills bodies** such as SSCs or National Skills Academies could improve the situation and encourage better relationships.

September 2008

**Memorandum submitted by East Midlands’ Principal Authorities ( 9Cs) (RDA 86)**

The East Midlands Principal Authorities, 9Cs Partnership, is comprised of the Derby City Council, Derbyshire County Council, Leicester City Council, Leicestershire County Council, Lincolnshire County Council, Northamptonshire County Council, Nottingham City Council, Nottinghamshire County Council, Rutland County Council.

We endorse the content of the submission by the County Councils Network attached as Appendix A to this document.

We have a variation on page 1 para 3 point 2 to read:

“The proposals to transfer key powers and functions to RDAs (principally but not exclusively planning functions) would lead to an unacceptable local democratic deficit, marginalising elected politicians.”

In addition, the 9Cs would add that the local authorities of the 9Cs have come together to undertake the East Midlands work as directed under the Sub National Review. As Upper Tier authorities it is important to recognise our role in shaping the local economic development priorities for areas through Sustainable Communities Strategies and Local Area Agreements. A number of us are working together to develop Multi Area Agreements for the wider economic areas. These activities draw in RDA investment that are led and governed by democratically accountable local government.

19 September 2008
1. Introduction

1.1 The National Trust welcomes the opportunity to comment on the role and responsibilities of Regional Development Agencies. As the largest conservation charity in Europe, a tourism provider and the country’s third largest landowner, we interact with Regional Development Agencies at a range of levels, as a strategic stakeholder as well as a deliverer of projects.

1.2 We are an active partner of RDAs in all of the English regions and contribute to a wide range of policy areas, including: land management and planning; regeneration and tourism; rural development; coastal and countryside issues. Our contribution to this inquiry draws upon our experience of working with RDAs as well as our experience of working with other regional partners, such as Regional Assemblies, whose responsibilities the RDAs will assume post-Sub-National Review.

1.3 The National Trust made a number of comments in response to the recent consultation on the Sub National Review. Our four main points were:

- We welcome the integration of regional spatial and economic planning into one strategic document. This is a real opportunity to deliver sustainable development in the regions. However, RDAs need to be tasked with delivering sustainable development, rather than economic growth as their main objective.
- In particular, we point to the need for a greater emphasis on integrating economic, social and environmental objectives in order to deliver multiple benefits.
- We have reservations about the ability of the RDAs in their present form to develop effective Single Regional Strategies based on the principles of sustainable development, as required by Planning Policy
Statement 1. We recommend that their capacity, skills, governance and culture be expanded to make them fit for this new purpose.

- A strong regional strategy relies on the input of a wide range of social, economic and environmental partners and we recommend that RDAs are formally required to involve the Third Sector in policy making, scrutiny and delivery of Regional Strategies.

1.4 The National Trust’s relationship with RDAs varies across the country and this reflects the varied interest and openness of the RDAs in working with the voluntary sector and, in particular, their interest in issues of rural development, sustainability and conservation.

2. The need for a level of economic development/business/regeneration policy and delivery between central and local government

2.1 The National Trust believes that the coherent and effective delivery of sustainable development depends on a body that is able to take a strategic, regional viewpoint in order to focus activity and resources and achieve common objectives. We believe that the Sub-National Review (SNR) presents a valuable opportunity to put this into practice and that through integration of spatial planning and economic planning it will be possible to align approaches better and deliver multiple benefits.

2.2 In our experience, strategic planning at a regional level is necessary for several reasons:

- Tackling important issues such as deprivation or climate change requires action that cuts across local boundaries and takes place on a larger scale than local authorities can deliver. It also requires a degree of strategic leadership and co-ordination that is best delivered at a regional level. To be most effective, sustainable development requires a cross-cutting approach, influencing and integrating the economic, social and environmental strategies of a region, and in turn, local areas.

- Land use and economic planning at a regional level enables common interests and challenges to be identified and can be more specific than central government about where activity should be focused for best results. Different regions have different needs and regional development agencies can mediate national policies to be more relevant to their area. For example, delivery of renewable energy targets can be delivered most effectively through a strategic, regional approach based on consultation with partners and supporting investment in the most appropriate technologies and locations for that region. It avoids the ‘anarchy’ of local authorities each having their own approach which may or may not achieve national targets but at the same time, avoids the feeling of being ‘dictated to’ by national government, which could result from a centralised approach. In the same way that Local
Strategic Partnerships are able to choose the most appropriate priorities for their area as part of the Local Area Agreements, RDAs – in consultation with their region - could be given more opportunity to identify their region’s priorities from a wider range of social, economic and environmental objectives than a simple GVA target.

- It is increasingly recognised that co-ordinated action to deliver economic and environmental improvements is most effectively delivered at a larger scale than the purely local – e.g. the Water Framework Directive to improve water quality requires action at a catchment scale; Environmental Stewardship schemes take a landscape-scale approach to supporting farming; green infrastructure (that is connected systems of green places) is best planned at the same scale as ‘grey’ infrastructure (such as roads, sewers, energy systems) – i.e. cutting across local authority boundaries. All of these activities should be integrated into the Regional Strategy for maximum impact.

3. The effectiveness of RDAs and their role in adding value

3.1 Currently the main measures of RDA effectiveness are their ability to improve GVA and deliver economic outputs, such as jobs and investment. However, as we outline in section 7 below, they could be adding value to regional activities in a much more holistic and catalysing way through providing leadership, coordination and evaluation to improve the quality of life in their region. Some RDAs are already developing into this role, often through strong partnerships with the Regional Assembly and Government Office, to ensure coherence across strategies. SNR provides an opportunity to further this work but RDAs need to be resourced and tasked to do this.

4. RDA expertise

4.1 Currently, the RDAs’ ‘comfort zone’ is in delivering large-scale, capital investment – mainly as part of urban regeneration. With GVA as their main driver, they are much more likely to spend resources on schemes with a concentrated hit-rate – i.e. multi-million pound schemes that lever in substantial private investment and create a visible effect on the ground.

4.2 This approach is clearly not appropriate for all regeneration needs and RDAs tend to be much weaker at delivering rural development. Indeed, some RDAs have no or minimal rural teams and rely on ‘mainstream’ development activity to be adequate. In rural areas, the effects of RDA investment may be slower to become apparent, fewer jobs are created in one-go – yet many (remote) rural communities which are struggling to maintain viability as inclusive and sustainable communities, badly need appropriate support and investment from the RDA\textsuperscript{228}. The Commission for

\textsuperscript{228} See Commission for Rural Communities reports (both 2008) \textit{England’s Rural Areas: Steps to release their economic potential} and \textit{Planning for Sustainable Rural Communities: The Big Picture}.
Rural Communities argues that mainstream programmes from the RDA need to be delivered differently in rural areas. Business advice schemes, for example, need to be tailored differently to meet rural business needs.

4.3 RDAs are mixed in the level of sophistication with which they approach economic development and how far they understand that sustainable growth requires integration of social, environmental and economic activity. The challenge of climate change, for example, has highlighted how economic growth cannot be detached from environmental considerations and that difficult decisions have to be made about regional priorities. RDAs have proved mixed in their willingness to step up to this challenge. In the North West, the RDA has been instrumental in leading on the climate change agenda and has acted as a coordinator of a joint response by a range of regional partners, providing resources to develop a Climate Change Action Plan. However, as long as RDAs are tasked with GVA and economic growth as their primary objective, they are constrained in how far they can support these wider activities.

4.4 We believe that the development of a Single Regional Strategy will provide an interesting opportunity to deliver sustainable development, as long as RDAs are explicitly tasked with sustainable development as their objective.

5. The consequences of expanding the RDA remit to include new functions, as proposed by the sub national review

5.1 RDAs in their present form are not adequately prepared for the new functions that the Sub-National Review proposes. This is currently illustrated in the North West by some of the challenges that the RDA is encountering in delivering the first stage of the Regional Strategy – developing an appropriate evidence base for the Strategy. The evidence base that the RDA is consulting on is overwhelmingly based on economic indicators and does not contain the range of social, environmental and economic evidence that is required for an integrated strategy – or to meet statutory planning requirements, for example as written in PPS1 Delivering Sustainable Development. They are consulting with regional partners to fill the gaps.

- RDA expertise and culture is based on meeting GVA targets. Their skills and capacity is focused on economic development. These skills and capacities will need to change with the added responsibility for spatial planning.
- Though there are good examples of teams within RDAs delivering truly sustainable development (i.e. development that integrates social, economic and environmental benefits) these tend to be isolated programmes or on the ‘periphery’ of mainstream RDA activity.
- SNR provides an exciting opportunity to make sustainable development the core activity of RDAs and thus create win-win-win situations.
Though they are getting better at working in partnership, many RDAs still fail to utilise fully the expertise and experience of partners in their region, particularly the expertise of the Third Sector. This is compared to our experience of Regional Assemblies, which engage a range of partners on committees and fora directly involved in developing policy. RDAs tend to rely heavily on consultants and paid-for research and may fail to obtain the buy-in of those practitioners that are delivering the policy.

Therefore, RDAs need to better involve a wide range of regional partners – particularly to develop the Regional Strategy - and draw upon practitioner expertise and experience in areas where they are weak. It should be a requirement that the Regional Leaders Forum has a number of social, economic and environmental partners (including representation from the Third Sector) sitting alongside elected members and that this plays a central role in the development, scrutiny and delivery of regional policy.

Specifically, RDAs lack the level of expertise in regional spatial planning that the Assemblies have developed. They are relatively inexperienced in navigating the complex process of developing a statutory development plan – though this could be remedied by transferring planning teams from the Assemblies into the RDAs.

6. The accountability of RDAs

6.1 Clearly, RDAs lack the (indirect) democratic accountability of Regional Assemblies, where elected members vote on decisions. RDAs are currently scrutinised by Regional Assemblies and accountable to the Secretary of State for meeting the targets in their Tasking Framework. However, the lack of direct democratic accountability is worrying in light of the planning powers that RDAs will have. SNR proposes some ways of improving accountability, such as Regional Leaders Forums, Regional MPs and Select Committees. However we would like to see further reassurance that the Single Regional Strategy will have to undertake the same levels of open consultation, examination and scrutiny that a Regional Spatial Strategy currently requires.

7. How RDAs performance has been measured in the past and will be measured in the future

7.1 The effective delivery of sustainable development in the regions requires a more sophisticated and meaningful set of measurements for RDAs than the current primary focus on GVA. By tasking RDAs to deliver economic growth above all other considerations, not only does this contradict the UK Sustainable Development Strategy 2005 (where ‘Living within environmental limits’ is one of the main principles) but it also contradicts other national PSAs – particularly PSA 27 Lead the global effort to avoid dangerous climate change and PSA 28 Secure a healthy natural environment for today and the future.
7.2 RDAs could be given the opportunity to determine the measures that are most relevant to improving quality of life in their region, in a similar way to the Local Area Agreements at sub-regional level. This would recognise that an (almost impossible) target for economic growth is not always the most appropriate for all regions.

7.3 Several RDAs have tried new ways of measuring their impact, often in partnership with other regional agencies. For example, some RDAs have informally piloted an Index of Sustainable Economic Wellbeing to track progress in their region\footnote{For example, Jackson, McBride and Marks for Yorkshire Futures (2006) An Index of Sustainable Economic Well-being: A report for Yorkshire Futures; EMDA pioneered this Index}. This follows questioning as to the usefulness of a measure based on income/GVA as an indication of the quality of life in a region. There is a desire to be able to measure aspects of the region that are valued but not currently captured through the GVA measure. The Index, which is based on a rigorous methodology, enables various components of sustainable development – social, economic and environmental – to be measured as they impact on one another – for example personal consumer expenditure adjusted for environmental damage such as air pollution. The measure also includes the value of unpaid labour (such as homemakers and volunteers) and public expenditure (e.g. health and education). If a consistent Index is developed that is appropriate for all regions and the measures compiled regularly, it has the potential to compare regions in a more enlightening way than the current GVA measure.

7.4 RDAs do not have a statutory target for reducing greenhouse gas emissions, despite this being a critical national and international target on which RDAs will directly impact. Many sub-regions now have a CO\textsubscript{2} measure within their Local Area Agreement and some RDAs, in partnership with others, informally monitor regional emissions and set targets to reduce their environmental footprint as part of a regional climate change plan\footnote{Northwest Development Agency (2007) Rising to the Challenge: A Climate Change Action Plan for England’s Northwest 2007 – 9. Also, SEEDA’s work with SEERA and WWF ‘Reducing South East England’s Ecological Footprint’}.

Defra measures greenhouse gas emissions regionally as part of their monitoring of PSA 27. We believe that RDAs should develop targets to reduce greenhouse gas emissions in order to ensure that economic development is aligned with environmental sustainability and that national emissions targets are achieved.

8. Conclusion

8.1 The SNR provides a real opportunity for regional policy to focus on delivering sustainable development, making more effective decisions to improve the quality of life in regions and aligning social, economic and environmental activity to deliver multiple benefits. In order for RDAs to lead
this, their structures, skills and objectives need to change and they need to be tasked with, and measured on, delivering sustainable development rather than economic growth. It is essential that SNR takes a long term view of regional development and puts in place the reforms that are necessary to enable RDAs to operate effectively as regional leaders on this agenda.

19 September 2008 Memorandum submitted by the Royal Town Planning Institute (RDA 88)

Introduction

The Royal Town Planning Institute is the leading professional body for spatial planners in the United Kingdom. It is a charity with the purpose to develop the art and science of town planning for the benefit of the public as a whole. It has over 21,000 members who serve in government, local government and as advisors in the private sector.

This document provides evidence and responds to questions raised by the Parliamentary Business and Enterprise Committee, examining proposed changes to the role of Regional Development Agencies, including their proposed assumption of Regional Planning Body powers. The RTPI welcomes the chance to contribute to this important inquiry. Truly integrated spatial planning is an opportunity to be grasped and the RTPI therefore broadly supports the creation of integrated regional strategies which will bring regional economic, social and environmental planning together. However, we have a number of concerns as to how this objective will be achieved in practice, including the need for a much broader agenda and skill-base for and accountability of Regional Development Agencies.

The response has been formed by drawing on a policy position prepared to underpin the RTPI response to the Sub National Review consultation in June 2008, together with additional internal consultations with the RTPI Policy and Practice Committee, which has a working party established to consider the relationship between planning policy and economic development.

The RTPI would be happy to present its conclusions in oral evidence and to answer questions to assist the Committee. This document may be published or disseminated without further reference to the RTPI.

Responses to Questions

Question 1

The need for a level of economic development / business / regeneration policy delivery between central and local government

The RTPI supports integrated regional and sub-regional spatial planning. There is a
definite need for integrated and co-ordinated policy at a regional level. However, in
seeking to integrate the policies and activities of a wide range of potential partners across a
region, as well as between central and local government, there is likely to be a practical
limit to the activities that can sensibly be integrated. The level of integration needs to take
into account factors such as the cost and effort required in order to determine whether or
not there are real benefits to be had.

The Sub National Review provides evidence of the challenges inherent in trying to
integrate complex policy delivery. The Sub National Review, for example, discusses the
principle of subsidiarity, i.e. ensuring that decisions are made at the correct spatial level.
There is inevitably a tension between strategic decisions and parochialism, between
technical and political decisions and between national, regional and local structures. The
government and Regional Development Agencies believe there is a role at a regional level
to find a way through these issues and that Regional Development Agencies are well
placed to deliver this role. The RTPI strongly supports the principle that there are questions
of policy direction that cannot be decided at an England level that are of overarching
significance, which makes them very difficult to resolve at a sub-regional level or below.
Whether or not Regional Development Agencies assume a regional planning body role
there is an unavoidable need for that role to be discharged.

Taking integration and alignment forward towards better coordination entails making better
linkages and synergies between national, regional, sub-regional and local policies and
programmes, including the programmes and budgets of agencies primarily engaged in
delivery at each level. It does not involve all partners at all geographical scales submitting
their entire strategy and operations to a single means of co-ordination and control.

As a result, significant efforts will be necessary to ensure that government policies and
programmes sufficiently take into account their relationships with the regional, sub-regional
and local settings and delegate delivery where possible. Similarly, significant efforts will be
needed to create and maintain the regional, sub-regional and local partnerships necessary
to ensure that delivery agencies see benefit in agreement with other stakeholders about
the alignment of key elements of the programmes and budgets with priorities that they are
strong partners in setting but can no longer uniquely set, without reference to others.

To the extent that these relationships need to be legislatively reinforced, the RTPI
considers that the French Communauté Urbain is a model that should be examined.

The RTPI supports proposals for sub-regional partnerships to promote economic
development and identifies Multi Area Agreements as a potentially powerful tool to achieve
such ends. It is hoped that Regional Development Agencies will provide a level of
economic development, business and regeneration policy delivery between central and
local government, that is integrated with spatial planning, environmental and social policies,
which will result in effective communication between policy and delivery partners.

Any government seeking to reform regional planning should be conscious that it has
already been restructured once in the Planning and Compulsory Purchase Act 2004. It will
be restructured for a second time in 2009 via the Sub National Review and the Community
Empowerment Bill. There is a risk of being further restructured in 2010-12 if communities and stakeholders are not satisfied with the 2009 settlement.

Questions 2 and 3

The effectiveness of Regional Development Agencies and their role in adding value and Regional Development Agency expertise;

The Sub National Review confirmed that the planning, transport and housing responsibilities of Regional Assemblies are to be transferred to the Regional Development Agencies, who will be responsible for preparing a Single Regional Strategy combining the Regional Spatial Strategy and the Regional Economic Strategy. This presents an opportunity for Regional Development Agencies to fulfill their original potential as engines of economic and social development and environmental conservation and improvement across all departments of national and local government, all sectors of the business community and all the interests of local communities.

Strategically, the RTPI has focused its efforts on engaging with Regional Assemblies, which provided the regional planning body function and for this reason we would not immediately offer expertise on the matter of the effectiveness of Regional Development Agencies and their role in adding value. Of great interest to us, therefore, is the proposition that Regional Development Agencies will add economic value and that their proposed role as regional planning bodies will require the addition of social and environmental value in terms of a forward spatial framework for their work. It is therefore critical that value adding must be assessed in terms of economic, social and environmental value.

There appear at present to be disparities between Regional Development Agency expertise from region to region. The focus of Regional Development Agencies has understandably been upon economic issues, but as the transition of regional planning function from Regional Assemblies to Regional Development Agencies takes place, it is imperative that the skills and knowledge gained from the preparation, delivery and monitoring of the Regiona Spatial Strategy process is retained and expanded.

In general (and we return to this later) the RTPI believes that as presently structured and resourced the Regiona l Development Agencies are wholly incapable of taking on the work of preparing a single Regional Strategy. They need major change at both Board and Official level in order to carry out this task effectively, both culturally and technically. The fact that the Single Regional Strategy will involve important decisions on matters such as transport policy, waste management, minerals, renewable energy, and gypsies and travellers, is often overlooked and Regional Development Agencies have not in the past needed to trouble themselves with many of these matters. In some cases the existing Regional Spatial Strategies do not adequately deal with some of these issues either, but it is important that on these – as well as on more generic policies relating to climate change, environmental protection and social issues – the Regional Development Agencies are able to develop appropriate policies. This is not a minor change in their roles; it is a fundamental one.

Many of the current chief executives and chairmen of the 9 Regional Development Agencies come from a financial or economic background.
need for fundamental change if Regional Development Agencies are to take on the role envisaged for them in the Sub National Review as Regional Development Agencies will form a crucial part of the development plan process. It is therefore essential that the skill base and change occurs to incorporate a wider spectrum of expertise from board level right down each organisation.

It has been suggested that a member or members of Regional Development Agency boards should be given specific responsibility for sustainability issues, the place-making agenda and environmental issues and that it would be helpful if the holders of these portfolios were identified and the existence of such roles were widely known. Similarly, in relation to the staff body of Regional Development Agencies, the expertise in regional plan preparation and community engagement that is currently resident in Regional Assemblies needs to be drawn into the Regional Development Agencies as regional planning bodies.

Perhaps the formation of Regional Development Agency topic groups for skills development would allow for the identification of skills gaps through the transfer or sharing of skills from region to region, as well as securing more cost-effective input from specialist interests where this were needed to help with skill development.

**Question 4**

*The extent of, and need for, their overseas activities;*

One of the many roles of a Regional Development Agency is to examine what drives economic growth across their region in order to identify opportunities for future economic growth. This is achieved by encouraging public and private investment locally, regionally, nationally and internationally. In order to accomplish this, many of the nine Regional Development Agencies have set up international offices in locations which vary from America to China.

Some commentators appear to view overseas representation of Regional Development Agencies as a waste of public money. However if Regional Development Agencies are to be effective place competitors for global inward investment, they must communicate with international audiences. If they are not able to do so effectively, they could become engines of economic churn, redistributing economic activity from one English region to another, rather than delivering opportunities for growth based on inward investment.

Overseas investors often bring with them skills, technologies, ideas and processes, generating innovation and new jobs. Many of the largest companies operating in the UK are foreign-owned, so winning increasing levels of expansion against stiff international competition, that, particularly in the current economic climate, is imperative for regional economies.

**Question 5**

*The consequences of expanding Regional Development Agency remit to include new functions, as proposed by the Sub National Review, including the delivery of EU funding*

The RTPI broadly welcomes the expansion of the Regional Development Agency remit to include planning functions which provides a platform for spatial planning with the
opportunities for greater integration and alignment that this brings. There is a need for much better integration between spatial planning and economic development policies and programmes at the regional, sub-regional and local levels. The RTPI welcomes the opportunity to develop the principle of subsidiarity in regional plan-making, with policies, activities, delivery and budgets delegated from the regional to the sub-regional and local levels where reasonably feasible.

The proposed reform, whilst responding strongly to the need for greater flexibility and timeliness in response to economic change, has not engaged well with the need to deliver and to be seen to deliver regional strategies that integrate social, economic and environmental considerations. The RTPI stands strongly for integrated and integrating planning. Such planning clearly does take strong account of economic considerations, but should not do so at unconsidered expense to society or the environment. Development must be sustainable in social and environmental terms in addition to economic terms, if we are to develop a balanced economy that delivers social justice, access to education and skills and better housing and health outcomes for all and sustaining biodiversity, whilst also mitigating and adapting to major environmental changes such as climate change. Whilst the RTPI is clear that the government is conscious of this need for integration, the language of the Sub National Review needs to embrace this more fully, to provide many diverse stakeholders with the confidence that truly integrated strategies and outcomes will be delivered.

The RTPI is concerned that there are only a limited number of planners with significant experience of plan making at the regional level; as a result the new regional planning arrangements will require some change in the culture and skill sets of regional planners. The same can be said for those currently working within Regional Development Agencies who are likely to have a background in financial and economic issues.

There must also be a strong focus on the delivery of measurable outcomes that improve the economy, social life and the environment for people in the region.

**Question 6**

**The accountability of Regional Development Agencies**

The RTPI considers that it is politically necessary for the government to seek means of demonstrating that the Regional Development Agencies as regional planning bodies will have additional local accountability, to ensure as broadly-based support as can be achieved for the preparation of Single Regional Strategies by Regional Development Agencies. It is also necessary to safeguard the fragile practice of effective regional planning from a further round of substantial reform, consequent on emerging stakeholder perceptions that Regional Development Agencies as currently constituted are insufficiently locally accountable.

The proposed reform has superficially removed a strong element of local accountability. The abolition of Regional Assemblies as regional planning bodies can be read as a lack of commitment to engage democratically elected local government in the expression of a forward vision for the region of which it is a part. The proposed appointment of Regional Development Agencies as their successors in a context where these will still be expressly ‘business led’ bodies reinforces this concern.
The RTPI is concerned that the accountability to Parliament of Regional Development Agencies will be focussed exclusively through the Secretary of State for Business, Enterprise and Regulatory Reform and these considerations also underpin the proposed RTPI changes outlined above. Under the Sub National Review proposals, the Regional Development Agencies will perform substantial and weighty tasks in partnership with local government and in respect of planning functions that currently are accountable to Parliament through the Secretary of State for Communities and Local Government.

It is important that the chosen accountability structure is not over-complicated. However, it is also important that in respect of such matters for which s/he is to be held accountable, the Secretary of State for Business, Enterprise and Regulatory Reform is either required to reach agreement with the Secretary of State for Communities and Local Government, is required to be advised by the Secretary of State for Communities and Local Government or has a means of seeking briefings and support from civil servants within Communities and Local Government, with relevant expertise. The RTPI strongly supports the retention and reinforcement of a public examination at which local parties are able to engage.

It is for these reasons that the RTPI proposes:

- **A change to the Regional Development Agency business led model**, to the extent of drawing local government leaders, community leaders and environmental interests and others with expertise in Regional Planning into the Regional Development Agency board structure;
- **A strong role for local government leaders** in making policy, but supported by a **new regional planning convention**, drawing in local elected members and expert officers to ensure that leaders have the best support when developing regional strategies;
- **A stronger accountability to Parliament** through **regional Ministers** and **regional committees**;
- The retention and further **development of the examination process** for regional strategies to entail the examination of evidence, issues and options at the outset in addition to the preferred strategy at a later stage;
- The development of the principle of **subsidiarity through partnerships**, with sub-regional and local authorities and partnerships doing what they can, in ways that are more clearly locally accountable, as far as possible without complicating our public life by a further tier of authorities as such;
- **An emphasis on the role of Local and Multi Area Agreements** (LAAs and MAAs) in partnerships for delivery.

There are many who still perceive that Regional Development Agencies, as successor bodies to Regional Assemblies, represent a loss of local accountability. This in turn translates into a significant risk to regional planning per se if, for example, a change of government should lead to a political commitment to the abolition or curtailment of powers of Regional Development Agencies.

The proposed regional leaders’ forum will also provide a means of local accountability for elements of Regional Development Agency activity. However, it would seem unlikely that such a forum would provide a place at which individual local stakeholders could be engaged or heard. Further, in a purely business-led Regional Development Agency model, the leaders represented on the forum would also lack a means of direct representation on the Regional Development Agency board. There would be a distinct risk that the Regional
Development Agency could fail to command the confidence of regional leaders, because it was not perceived by them to be sufficiently accountable to them or bound to consider their views. The RTPI considers that there is a strong argument that leaders should act as a form of Electoral College, to place their representatives on the Regional Development Agency board. Regional leaders are also extremely busy people with very broad agendas to serve and it is for this reason that the RTPI has also suggested the establishment of a ‘standing regional planning convention’ to bring elected members and key officers concerned with local strategy making together to assist the leaders’ forum and the Regional Development Agency as a whole.

Under the present proposals the RTPI has great reservations about the ability of the Forum of Leaders to agree to, and sign off, the Single Regional Strategy after the Panel has reported. In most cases it will be very difficult to reach a consensus on the proposals, especially in regions in the southern half of England, and the Secretary of State will need to be involved. This two stage process will in fact lengthen the post Inquiry process (which is already far too long) – and this cannot have been the intention of the proposals.

**Question 7**

How Regional Development Agency performance has been measured in the past and will be measured in future

Regional Development Agency performance has in the past mainly been measured quantitively, in terms of budgets, human resources and their costs and the valuation of projects and their outcomes. There have been very few qualitative measures. The RTPI believes that if sustainable social, environmental and economic quality is to be provided, maintained and improved, qualitative performance measures are also imperative.

The RTPI has recently undertaken joint research with the Department of Communities and Local Government, which has examined means of developing qualitative outcome measures for spatial planning. This work could also be of considerable relevance at a regional level.

**Conclusions**

The RTPI has on balance supported the primary policy thrust of the Sub National Review, which has been to ensure that the plan making process at the regional tier is integrated, responsive to rapidly changing social, economic and environmental considerations, timely and flexible whilst providing clear regional direction on issues that could be settled effectively at a regional spatial scale.

It is for these reasons that the RTPI has not objected in principle to the proposed regional planning body role for Regional Development Agencies. However, as has been made clear

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232 *Measuring the Outcomes of Spatial Planning in England, July 2008, Centre for Urban Policy Studies, University of Manchester Department of Town and Regional Planning, University of Sheffield*
above, the RTPI is critically concerned that Regional Development Agencies intending the regional planning body role:

- Must have a strong parliamentary accountability.
- Must refer to strategic direction from the Secretary of State for Business Enterprise, Regulation and Reform and the Secretary of State for Communities and Local Government
- Must engage sub regional and local elected leaders, members and communities far more clearly than their current business led constitution would suggest is possible
- Must absorb new skills necessary to discharge the obligations of a regional planning body; and must undergo a cultural shift from being an organisation in broad dedicated to achieving economic objectives to being an organisation dedicated to the integrated delivery of sustainable economic, social and environmental benefits.

19 September 2008
Memorandum submitted by Essex County Council (RDA 89)

Essex County Council welcomes the opportunity to contribute to this Inquiry into the role of the Regional Development Agencies (RDAs). While our response focuses, unsurprisingly, on the experience of collaborating with our own RDA, the East of England Development Agency (EEDA), alongside other strategic authorities in the East of England, we broadly welcomed the tone and content of the Sub-National Review. We are keen to see regional and sub-regional economic development, at the national, regional, and sub-regional levels, deliver benefits for Essex’s 1.3 million residents.

As a leading upper tier authority and one that is committed to achieving the best quality of life in Britain, we are pleased to see that the Select Committee is reviewing the operational role of RDAs. Economic growth, effectively managed, brings opportunities—greater employment, improved life chances, a better quality of life. It is critical that those bodies tasked with delivering improved economic outcomes function as effectively as possible and that the duty to cooperate on economic development applies to all partners regardless of the institutional structure that exists to support this agenda.

Is there a need for an intermediate level between central and local government to deal with issues relating economic development / business / regeneration policy?

Arguments for and against an additional tier of governance are based on the false premise that economic activity is coterminous with administrative boundaries. While
there are exceptions (as both we and the Local Government Association have pointed out), the geography of local government does not typically relate to the geographies of economic activity. This lack of synchronicity is perhaps even more apparent at the regional level.

What matters most is that economic development, business, and regeneration policy is formulated and delivered so as to meet needs at the most appropriate level – that of the functional economic area. Typically based around urban areas, patterns of economic activity, or concentrated zones of sector-specific growth, functional-economic-areas are organic. Importantly, these functional economic areas need to be mutually agreed and understood by regional agencies and local authorities. With economic activity occurring at this, sub-regional spatial level, delivery needs to be grounded there as well.

Determining how regional and, more critically, sub-regional governance can better reflect this should be central to the role of the Leaders’ Forum, as outlined in SNR, and its ability to understand and interpret the needs of local economies.

The strategic authorities in the East of England support a model in which local authority leaders work directly with the EEDA board to develop and agree the Single Regional Strategy (SRS) by coming together at key points in the process of developing this strategy such as agreeing the evidence base, consultation options, and final strategy. This partnership would be supported by a small single technical secretariat which would be tasked with producing the SRS for the East of England with outputs then being sent to the EEDA/Leaders’ Forum Partnership for agreement and sign off.

The Community Infrastructure Levy and reform of Local Authority Business Growth Incentive should assist this process. Importantly, we also need to encourage regional agencies to adopt a pragmatic approach to economic policy delivery. Plans and strategies grounded in a broadly artificial ‘regional economy’ could be the biggest hindrance to delivering policy interventions that bring about economic growth.

Whilst we support the introduction of a body to oversee delivery at the sub-national and supra-local – with a particular focus on the functional economic area – we hold that this tier must be light-touch and must not be allowed to develop into a complex and unwieldy regional bureaucracy.

The introduction of Regional Ministers has tended to strengthen the current region-centric view of economic development. While unsurprising, and no doubt, in part, a result of their recent introduction and a product of their regional brief, it would be regrettable if the strategic role that local authorities play in driving economic growth were to continue to be overlooked.

The effectiveness of RDAs and their role in adding value

The effectiveness of RDAs is mixed. This is not surprising, given the range of economic challenges different parts of the country face. Yet - even in those areas where RDAs

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have worked relatively well – it is generally reported that RDAs have failed to reduce the disparity between regions.

This patchy record may well worsen given forecasts of a less benign economic outlook. We have already seen RDA budgets depleted in order to support an ailing housing market (see below). With this in mind, RDAs are suggesting they will be unlikely to be able to support the kind of capital projects that will really impact upon our communities.

<table>
<thead>
<tr>
<th>RDA Allocation (£m)</th>
<th>2008/09</th>
<th>2009/10</th>
<th>2010/11</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>East of England Development Agency</td>
<td>132</td>
<td>130</td>
<td>127</td>
<td>389</td>
</tr>
<tr>
<td>with Home Buy Direct Adjustment*</td>
<td>132</td>
<td>128.5</td>
<td>107</td>
<td>367.5</td>
</tr>
<tr>
<td>Total RDAs in England</td>
<td>2,219</td>
<td>2,190</td>
<td>2,139</td>
<td>6,548</td>
</tr>
<tr>
<td>with Home Buy Direct Adjustment*</td>
<td>2,219</td>
<td>2,165</td>
<td>1,864</td>
<td>6,248</td>
</tr>
</tbody>
</table>

*Impact on RDA budget shared equally between financial years – based on early estimations by RDA group.

Source: Adapted from [www.berr.gov.uk/regional/regional-dev-agencies/funding](http://www.berr.gov.uk/regional/regional-dev-agencies/funding)

It will become increasingly difficult to implement this with diminishing regional resources. Local authorities are well-placed to lead in this area. Indeed many local authorities are already doing this - Essex County Council has taken over from EEDA as the lead partner in driving regeneration in Jaywick, the third most deprived super output area in England, and we are reinvigorating partnership working in this difficult area.

Other local authorities could provide more examples. The reality is that, for all the talk of RDAs as strategic leaders, there is a clear contradiction here with the role of the local authority as a place-shaper and community leader. Put very simply the RDAs do not engage with local communities. If RDAs want to ‘add value’, they need to connect with local people in the region, thereby using their future links with the Leaders’ Forums to construct a relevance to local people hitherto never seen.

**RDA expertise**

There is a concern that RDAs, as currently configured, lack the technical expertise to deliver effectively and make the appropriate decisions in channelling public funds to particular projects.
Essex County Council is fully supportive of partnership working – perhaps best evidenced by our two Local Area Agreements. However, we firmly believe the most successful partnerships are those that make the best use of their constituent partners’ strengths. One of local government’s unique selling points is our unmatched understanding of the communities we serve. Yet all too often strategies are constructed at the regional level, with less regard for local circumstance than would be ideal.

This disconnect between strategy and reality is exacerbated by a relative paucity of technical expertise within RDAs. Scale, capacity and capability mean that large local authorities seldom have to refer work to generalists in an RDA, yet it is local authorities who are charged with the project delivery of programmes that have been devised, sometimes with limited consultation, by the RDA. Simply put, the lion’s share of technical expertise for most economic development work – planning, transportation, education, infrastructure as well as pure economic development capacity - exists within local government.

For us, this is a particular area of concern. The suggestion, in SNR, that planning powers should transfer from regional assemblies to the RDAs is troubling given their lack of planning expertise. As Sir Robert Kerslake recently put it ‘the right place for planning powers to be, in most if not every case, is with local authorities’.\(^{234}\) We wholeheartedly concur. With expertise residing in strategic authorities it seems perverse to separate the task from the talent.

We agree in principle with the development of a Single Regional Strategy as detailed in the SNR but would caution against, for example, an assumption that housing figures need to be allocated by a regional agency. As previous iterations of spatial planning documents have shown, having a regional allocation can be divisive and counter productive. We would expect the RDA to keep track of regional house building which could then inform where future demand would need to be met. Being better placed to make the decision, the local authority forum would then decide the best course of action thereby retaining democratic accountability on spatial planning issues.

**Overseas activities**

With some £24 million spent by RDAs on international activity, it is important to understand what benefit RDAs’ overseas activity brings.\(^{235}\)

The East of England has a separate regional international and arm alongside its RDA. East of England International exists as an entirely separate entity. The difference in remit between, say, East of England International and the regional officers at UKTI is not entirely clear.

Administering European funding streams has traditionally been – and continues to be - EEDA’s in-house international focus. In administering European funding, the RDAs operate in a reactionary sense, waiting for bids from various sub-regions rather than actively pursuing involvement in European projects. As currently configured, to get best use of European funding utilised in Essex would require the development of a dynamic approach.


\(^{235}\) ‘Quangos attacked on £24m overseas spending’, *Financial Times*, 12\(^{th}\) August 2008.
Essex County Council sees European working and the administration of European funding streams as directly relevant to its own work. Moreover, we have, over many years, developed important strategic relationships with other areas – most notably the Jiangsu Province of China.

Whilst the scale of international work will vary among local authorities, many progressive local authorities do look beyond the borders of the nation-state to enhance their economic development capacity. In these instances, it is not always clear how the work of RDAs complements local initiatives.

**Expanding RDA remit to include new functions**

Given our substantial expertise and experience in economic development, Essex County Council would question the validity of expanding the range of RDA functions. SNR has made it quite clear that funding will be diverted to local authorities, and we are committed to the principle that functions and funding should be allocated at the most appropriate geographic scale for the intervention – typically, the sub-regional functional economic area.

With a focus on the East of England region, we would like the redistribution of functions to take full account of the relative strengths and weaknesses of all relevant public bodies.\(^{236}\)

**The accountability of RDAs**

Essex County Council is concerned that the RDAs lack accountability. While the post-2010 landscape is not yet fully mapped, the removal of Regional Assemblies means there is a marked absence of democratic accountability at the regional level.

Whilst we welcome the RDA being held to account at Westminster, we fear that RDA accountability to BERR alone is neither sufficiently rigorous nor able to provide the appropriate democratic safeguards. Essex County Council supports the direction taken by SNR in making local authorities responsible for effective scrutiny of RDA performances but it is important that the power of scrutiny from local authorities has teeth.

A recent speech by John Healey has suggested that business representation on RDA boards will be strengthened. Yet, with key decisions around planning and housing currently residing at the regional level, we would be concerned if local communities, through their elected representatives, were unable to hold policy makers to account. Currently the statutory position is that local government occupies four out of twelve seats. We believe there is a strong case for RDA Boards in the future to draw 50% of their membership from local authorities.

\(^{236}\) The National Audit Office’s Independent Performance Assessment rated EEDA as ‘Performing Adequately’ only in three out of five categories – the worst rated of all the RDAs. Compare this to the region’s strategic authorities, all of which scored at least 3 out of 4 in the Audit Commission’s latest Comprehensive Performance Assessment results published in February 2008.
If the implementation of SNR does see give local authorities the opportunity to hold RDAs to account through the empowerment of Leaders’ Forums, we should see a step change in the democratic legitimacy of RDAs. This link between local authorities and RDAs is critical to ensuring RDAs have some form of democratic legitimacy.

Measuring RDA performance in the past and in future

When one considers the regularity with which local government is assessed, and audited by external inspectors, the relative paucity of RDA assessment is troubling.

To an extent, this disparity is understandable. Local authority budgets are greater; their impact on individuals more obvious. Yet at the same time, poor performing authorities are answerable to their voters. The absence of meaningful RDA accountability means there is no such recourse should a development agency fail to deliver improved outcomes. Neither the public nor partners are able accurately to assess performance or act to improve it.

With the move to the Comprehensive Area Assessment imminent, we have an ideal opportunity to bring RDA performance into focus. This should be viewed as part of a broader public sector collaboration to improve economic opportunities at the regional and sub-regional level. Greater transparency would certainly serve to offer a degree of certainty to partners as to RDA performance – something that has not been there before.

19 September 2008

Memorandum submitted by CABE (RDA 90)

This short paper sets out CABE’s response to the BERR Select Committee on the role of regional development agencies (RDAs) and implications the Government’s review of sub national economic development and regeneration. Before addressing the specific questions asked by the Committee, we set out CABE’s role and experience in this area.

- CABE was set up by the first Secretary of State for Culture, Media and Sport in 1999 with the mission to promote high quality architecture and design within the built environment in England.

- CABE is now jointly funded by the Department for Culture, Media and Sport (DCMS) and the Department for Communities and Local Government (DCLG). The sponsorship arrangements are with the DCMS.

- CABE has had long term relationships with all the RDAs and Regional Centres of Excellence they fund. In particular, CABE has advocated the funding of resources to improve the quality of the built environment, and has provided specific advice and support to enable this in each region, through
the use of Architecture Centres, and the setting up of regional Design Review panels.

- In November 2007 CABE started a new project - Strategic Urban Design (StrUD) - which represents a significant investment in developing policy and best practice, and in ascertaining what new tools and skills within the design professions might be required in order to respond to the challenges of global economic, social and environmental changes and embrace the opportunities arising from the sub-national review / emergence of sub-regional governance bodies. The aims of the StrUD projects are to:
  
  - **Reinforce the rationale** for adopting a sub-regional approach to planning for and delivering the transformation of places in England and to show it can be done (through literature and case study review).
  - **Define a methodology** for preparation of strategic urban design frameworks (through research, work with expert panel and pilot projects) including publication of a practical guide.
  - **Influence existing and new clients** in the renewal and growth areas and assist them in commissioning StrUD frameworks (pilot projects, incl Thames Gateway).
  - **Influence national policy**, in particular related to emerging MAAs and other sub-regional governance bodies (including issuing of a position paper).

CABE will liaise with CLG throughout this project and on the conclusion will report with recommendations as to how such an approach can be used to improve spatial planning practice, as well as how it might be embedded in future policy and best practice.

- CABE is working directly with the RDAs as part of its ongoing value of design research programme. Most recently, CABE and One Northeast jointly established a *Quality of Place and Regional Economic Performance* research network to build a shared evidence base.

- CABE is working with the 8 English core cities in developing an on-line resource [www.sustainablecities.org.uk](http://www.sustainablecities.org.uk) to address the contribution and opportunities urban design and placemaking can make to adaptation and mitigation across neighbourhoods, cities and their sub-regions.

### 1.0 Introduction

Before addressing the specific topics outlined, we first outline CABE’s position on RDA’s and the proposals in the Governments’ Sub National Review.

CABE is broadly in favour of the proposals put forward in the Sub National Review, however we consider that the emphasis on economic growth should be placed alongside the need for place making and design quality – both of which present opportunities to increase regional prosperity in regions and functional economic areas/sub-regions.

We believe that spatial planning should also be undertaken at a level above that of an individual authority, at a regional or sub regional basis. Regional Development Agencies seem best placed to do this at present, however the function would need to be performed at this level by another body should RDAs no longer carry it out.
Since Regional Assemblies will no longer provide scrutiny for this role however, the
democratic deficit in allowing planning to be undertaken away from elected bodies
will need to be addressed. Potentially this could be through a joint committee
representing local authorities and stakeholders, similar to that set up by the Homes
and Communities Agency. It is essential that opinions of local people, businesses
and representatives are allowed to scrutinise regional spatial plans beyond the level
of mere consultation.

1.1 The importance of spatial planning and placemaking in the modern economy

1.12 A consequence of globalization of economy has been that small differences
between places (towns, cities) are becoming more readily exploited by highly mobile
capital. Such differences include access to materials, nature of and access to
consumer markets, distribution networks, access to skilled workforce, taxation
regimes etc. Importantly, these also include differences related to physical assets of
places, including natural and built assets.

Since small differences are now exploited more readily, the distinctiveness of places,
defined through a unique combination of their social, economic and physical
attributes, has become more important in terms of their potential to prosper in the
global economy.

1.13 At the same time, the economic base in England has moved towards service
industries / knowledge based economy, and away from goods manufacturing.
Modern service industries are dependant on knowledge transfer and innovation, and
access to a skilled workforce – requiring proximity to other similar businesses. The
result of this is clustering of activities in new functional economic/sub-regions, not in
any one centre but in a complex of centres, with a degree of functional differentiation
between them and increasing flows of information along different channels (face to
face or electronic).

1.14 To support the new type of economy emerging in this country, the
government’s policy should therefore focus on functional economic/urban/city
regions. This is essential if places are to maximize their distinctive potential and
secure their niche in the market. The planning and urban policy should therefore
facilitate sustainable development through a detailed understanding of the
characteristics of the different places/economic centres within functional
economic/sub-regions. This will allow complementary development strategies to be
created so that places can progress by benefiting from each other’s strengths and
avoiding unnecessary competition amongst themselves.

1.2 The place of spatial planning in the Sub National Review

1.21 The lack of integrated planning at a regional level or within functional
economic areas at present in the UK mean that this review is a great chance to put in
place the necessary structures and capacity. It is essential however, that RDAs
consider and understand the spatial character of their region if it is to be a success.
CABE considers that detailed planning should take place at a sub-regional level, with
regional strategies taking a light touch, strategic approach.

1.22 We believe that creating high quality places should be listed as a
consideration, along with those in paragraph 4.13, for RDAs in drawing up their
integrated regional strategies. In addition, each RDA should ensure that an architect,
urban designer or town planner is included on their board to ensure that this
important area of strategic expertise is not lost among the wider economic factors the
strategy is required to consider.

Although paragraph 4.13 takes note of the “risks and opportunities of unavoidable
climate change”, we believe that the social and economic aspects of sustainability
should be considered as a package – along with the environmental. In this way,
rather than simply focussing on environmental sustainability, RDAs should plan to
create strong and sustainable communities in a holistic sense, based on high quality
places.

In addition to the topics outlined in paragraph 4.13 we believe that guidance should
be issued to RDAs by the Department for Communities and Local Government on
the principles of spatial planning including a practical guide for preparation of spatial
plans. There should also be some clarification on the relative powers of housing
targets between RDAs and the Homes and Communities Agency.

1.23  If regional strategies are to be meaningful, they should be available and
accessible to all. As well as making them available via the web or other means, this
will entail ensuring they are easily understood with appropriate diagrams and
illustrations. Background information should likewise be included in appendices,
rather than allowing the strategy to become bulky or jargonistic. There should also be
channels for scrutiny to replace those from Regional Assemblies.

1.3     The importance of quality of place, and good design to the economy

An evidence base has been gathering over some years showing that well designed
and planned communities can see improved property values, and economic activity.
One study found improvements to the public realm could increase local trade by up
to 40%.237 A study by NWDA/RENEW in 2007 also found good urban design can
lead to an increase of 15-20% in rental or capital value, and accelerate property
lettings and sales rates. A 2007 CABE research study238 demonstrated that the
quality of high street design and maintenance could be responsible for 5%-15% of
both retail rents and property prices in London.

A recent report for the London Chambers of Commerce also emphasised the need
for cities such as London, in developed countries, to maintain high quality places in
retaining a competitive advantage against other cities in the global economy. “In an
era of increasingly high returns to human capital that is ever more mobile, contextual
and environmental factors take on a new found importance. Pleasant, safe, and
comfortable local environments will, naturally, become attractive to high value
workers who are ever more able to allow quality-of-life (including environmental
quality) factors to determine their place of residency.”239

1.4     RDA Effectiveness and Expertise

1.41   The onset of the Sub National Review proposals has led to a great deal of
change at regional level, and the skills capacity in planning and urban design which
existed at regional assemblies will be broken up. It is essential that RDAs and local
authorities keep track of the movements of staff, and that they ensure too much of

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238 “Paved with Gold: the real value of street design”, CABE (2007)
239 “The competitiveness of London – Future Challenges from Emerging Cities”, A report to the London Chambers
of Commerce and Industry by Europe Economics, April 2008, p3
this capacity is not lost to the private sector, just as it becomes essential that the RDAs are appropriately equipped to fulfil their new responsibilities.

1.42 With this in mind RDAs should ensure that they support urban design capacity where possible, and float support/share resources where this does not already exist. This could be done through regional design review panels, enabling panels or networks of design champions. It is important to maintain consistency of delivery of the programmes that are effective that have been funded through Regional Centres of Excellence and Architecture Centres.

In addition RDAs may wish to fund training in planning and urban design for staff should they feel that they are under resourced in the area.

1.43 The effectiveness of RDAs in design quality programmes has been mixed, with some agencies unable to follow up on ambitious initiatives or the lack of a joined up approach preventing schemes benefiting from services already funded by the RDA.

1.44 Measurement of RDA success in improving quality in the built environment might include the number of RDA funded schemes brought to regional design review panels, where these exist. Similarly, the number of schemes which meet standards set by national indicators such as Building for Life.

2.0 The need for a level of economic development/ business/ regeneration policy delivery between central and local government

2.1 As outlined in sections 1.1 and 1.2, in modern global economies the importance of the unique characteristics which define and make links between places are becoming more important. In tandem, the move towards service industries in the UK has resulted in a clustering effect where businesses locate in a complex of centres rather than one location. As a result such centres begin to operate as a functional economic area, irrespective of current administrative boundaries.

2.2 CABE are keen to emphasise the need for sub-regional partnerships to engage in the process of developing and agreeing a spatial – or strategic urban design – framework to underpin collective decision making. A sub-regional spatial/strategic urban design framework has two essential roles:

- To allow local responses to global drivers, such as globalisation of economy, climate change challenge, general demographic changes etc., as well as local responses to the targets contained in regional strategies, to be formulated
- To bring together the economic, spatial/physical and social aspects of place, allowing for strategic lines of action/themes for the sub-region to the developed and translated into a number of key projects essential for the transformation of the sub-region.

2.3 A strategic urban design framework should therefore include some or all of the following attributes for a sub region:

- present a creative and realistic framework and engaging story to enable people to be brought along in the process
- answer what the place is going to be like in the next 10-20 years
overlay the spatial and physical attributes of a place on the economic and social data and translate and synthesise this information in order to determine a future scenario

- enable the professionals working in the area to understand how their project/s contributes to the overall change process, identifying how and when collaboration will occur and how their decisions will affect the potential success of the overarching strategy

- give the elected members and senior officers a tool to communicate the process of change and the positive benefits, as well as explain the timescales needed to get it right

- enable the communities and residents to think about the positive potential of the change process, articulating a new identity for their neighbourhoods, which builds on their strengths (whether physical, economic or social) and reinforce how their place sits within the city/sub-regional strategy

- identify priorities and focus for spend by the public sector

- signal to private sector investors in the city/sub-region of renewed confidence and a secure planning framework in which to invest.

2.4 The current planning system allows for creation of sub-regional spatial strategies, including in the areas where sub-regions span several regional boundaries. However recent practice leaves much to be desired in terms of delivering truly spatial and truly inspirational strategies. A practical guidance for preparation of sub-regional strategies/strategic urban design frameworks is necessary in order to address this problem. CABE’s strategic urban design project is geared towards delivering such practical guidance.

2.5 It is also essential however, that regional spatial plans can be scrutinised by local people or democratically accountable representatives. At present RDAs have no capacity for this. If RDAs are to undertake spatial planning, a channel to allow local people a voice must be set up.

3.0 The effectiveness of RDAs and their role in adding value

3.1 CABEs experience with RDAs has been that there is varying effectiveness across the country, in differing areas of their remit. Some have enthusiastically backed design quality through funding programmes to promote the agenda, but haven’t maintained the momentum behind these initiatives, or made sure that the development projects that they fund are obliged to use RDA funded services to improve design quality.

3.2 The link between a quality environment and the long term economic prosperity of the region has been made by many authorities in terms of commissioning research projects and writing mission statements. An excellent example of this going on to delivery is the Renaissance Towns programme undertaken by Yorkshire Forward. What will now be vital for RDAs is how to translate much of their learning and ambitions on the quality in the built environment into real long term improvement, and actively changing how the quality of environment is perceived in their regions.

4.0 RDA expertise

4.1 It is important for RDAs to build capacity in the areas of design and planning. This is an area in which CABE has concerns. Recent reorganisation of RDAs and
Regional assemblies may be leading to a reduction in capacity to deliver a high quality spatial plan. It is far from certain that the human capital in spatial planning will transfer within the public sector from Regional Assemblies due to time lags in the changeover. There is a high probability many of these skilled staff will be lost to the private sector and, where RDAs have lost design and planning capacity during the transfer from Regional Centres of Excellence to Regional Improvement and Efficiency Partnerships, this problem could be exacerbated. It will be necessary to keep track of the movement of human resources and skills in each region to ensure the requisite levels of capacity are maintained.

4.2 RDAs should dedicate funding to training in design skills, and to create capacity within local authorities to ensure design quality is delivered in practice. They should look at design capacity specifically, and ensure that support is created where none currently exists. At a regional level the existing resources on the ground will need to be mapped. This could take the form of supporting regional design review panels, enabling panels, and networks of design champions, depending on whether these initiatives are currently in place.

5.0 The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding

5.1 As discussed previously, CABE believes it is essential that spatial planning is conducted at a level wider than Local Authorities, taking in functional economic areas as a whole. Regional Development Agencies seem best placed at present to carry out this function, providing channels for local scrutiny can be set up. The consequences of thorough spatial planning of functional economic areas by RDAs should be wholly beneficial, in particular for those areas whose economic performance has lagged in recent years. For this to be successful however, it is necessary that the capacity constraints discussed earlier in this paper are tackled.

6.0 How RDA performance has been measured in the past and will be measured in future

6.1 In the past, the commitment to setting up and promoting regional design review services have been a good indication of the commitment of an RDA to the design quality agenda.

6.2 For the majority of regions where these services are in place, it is important that these services are well used by RDAs in major projects, and those in which they have a stake. Future measurement of RDA commitment to design quality might include the number of projects put forward to the regional design review panels they fund.

6.3 In addition national indicators can be used to measure RDA commitment to design quality. One example might be the number of housing projects in which RDAs have a stake meeting the Building for Life gold or silver standard, as is now required by English Partnerships and the Housing Corporation.

19 September 2008
Memorandum submitted by Advantage West Midlands  (RDA 91)

1. Introduction

1.1 Advantage West Midlands is one of nine Regional Development Agencies (RDAs). Since our formation in 1999 we have led the promotion of sustainable economic development and regeneration in the West Midlands. We deliver:

- **Strong and successful leadership**—*Connecting to Success*, the latest version of the West Midlands Economic Strategy commands respect across the region and sets the direction for activity to improve the economic performance of the West Midlands. We also have a strong reputation for planning and coordinating effective responses to short-term economic shocks. We work with partners and use our resources to ensure prompt action. Examples include work with MG Rover, Peugeot, Royal Doulton and Wedgwood. For example, our support for the North Staffordshire Workforce Development Programme has allowed over 500 companies to access employment support packages that helped 6,000 redundant employees get new jobs with a 75% success rate. The effectiveness of our response to the 2007 floods was also recently highly commended by Sir Michael Pitt.

- **Focused support for business**—We develop and oversee delivery of regional programmes of support for business around enterprise, innovation and higher level skills. For example, with Warwick University we established the Premium Automotive Research and Development Programme. This delivered major long term productivity improvements, safeguarding over 5,000 jobs and in the last three years generating £114.9 million of regional GVA.

- **Regionally significant projects**—We have the capacity, remit and resource to identify and deliver major projects that are of regional significance. For example, the Agency transformed Fort Dunlop from the UK’s most prominent derelict industrial site into a successful, award winning office-led, mixed-use scheme that has been a major economic success story. After 20 years of dereliction under the control of other bodies, the Agency took on the site and designed a scheme that has now successfully attracted over £44 million of private investment. To date 96% of the 28,000 sq m office space development is occupied and the complimentary shopping space houses major retailers alongside a hotel.

- **Added value to the new responsibilities we are given**—During our first nine years we have experienced significant growth as an organisation. We have a track record of successfully taking on – and adding value to –new responsibilities. We took on management of the Regional Manufacturing Advisory Service (MAS) from 2002 to provide assistance in production process and material technologies. The success of the service is evidenced by more than 4,000 businesses supported, with over 70% of businesses who received in depth support going on to invest further, independently. The Agency was the first RDA to fully integrate MAS with Business Link, providing a single point of entry to business support for manufacturers in the region.

1.2 Since 2002 we have (see Appendix I for full details of our outputs):

- Created or safeguarded 83,323 jobs;
- Created 6,241 businesses;
- Assisted 123,210 people with their skills development needs; and
2. The Need for a Level of Economic Development and Regeneration Policy and Delivery Between Central & Local Government

2.1 Intervention is required to improve regional and national economic performance—The Government’s productivity framework\(^{240}\) identifies a role for public sector intervention to address market failures at national, regional and local levels. Where market failures occur at sub-national levels, the most efficient policy response is also likely to be sub-national\(^{241}\).

2.2 Regional decision making and leadership is required to address major economic opportunities and challenges—Economic and regeneration issues frequently cross local authority boundaries. The Agency has a proven ability to work with and bring together stakeholders to prioritise resources, grasp opportunities and address challenges. We also recognise that what matters locally varies from place to place. By defining six Regeneration Zones, in 2001, we identified the region’s major regeneration priority areas. Partners have subsequently worked together in new ways. For example, in the Black Country Zone the delivery of BEST (Building Essential Skills for the Construction Trade) has supported over 1,000 people to train and secure employment in construction through a network of six centres across Dudley, Sandwell and Birmingham. Independent evaluation has confirmed that, in the context of Sub-National Review, the Regeneration Zone mechanism has been ahead of its time and has delivered holistic regeneration solutions.

2.3 Operating at regional scale means that we have the capacity, skills and expertise to deliver—For example, individual local authorities rarely have the necessary capacity to develop major property schemes to promote regeneration and growth. The Agency delivers land and property projects through a number of mechanisms; either through direct development on its own sites; through joint ventures with the public and private sector or working with local authorities and the private sector to set up special purpose vehicles. The Agency also provides advice and assistance to local authority partners where resources are lacking. Our expertise has been critical to the success of many projects. For example, on Birmingham’s Eastside development, the Agency is working closely with the City Council to deliver the aspirations for the Learning Quarter. As part of a Joint Venture with the Council, the Agency is implementing the 7 hectare learning and leisure quarter scheme. Matthew Boulton College has already re-located, bringing 10,000 students. Birmingham City University have also contracted to focus their arts and media faculties into a new campus of 500,000 sq ft, bringing a further 10,000 students. Responding to Professor Michael Parkinson’s work on what makes cities successful, this scheme is bringing a concentration of creative, cultural and learning activity to the heart of Birmingham.

3. Our Effectiveness and Role In Adding Value

\(^{240}\) Productivity in the UK series, HM Treasury.
\(^{241}\) Review of sub-national economic development and regeneration, HM Treasury, Department for Business Enterprise and Regulatory Reform and Department for Communities and Local Government, July 2007.
3.1 We work through and with a range of partners to develop and deliver the West Midlands Economic Strategy (WMES). Our effectiveness and added value is demonstrated by our ability to: (i) Gain consensus across the region on key challenges and priorities and align resources; (ii) Make a difference, delivering high quality outcomes and consistently achieving our core output targets agreed with Government; (iii) Prepare for, and respond to major economic shocks and (iv) Build on the top rating we received from the National Audit Office in its 2007 Independent Performance Assessment of the Agency, embedding a culture of continuous improvement.

Providing strategic leadership and aligning resources

3.2 Connecting to Success, the new West Midlands Economic Strategy, has been extremely well received by partners. Built on the strongest evidence base and the broadest consultation to date of any economic strategy in the region, it sets the direction for activity to improve the economic performance of the West Midlands. The Government Office for the West Midlands (GOWM) considered the review process to be excellent and the Regional Economic Performance Public Service Agreement Team complimented its strong evidence base. Our 2007 stakeholder survey confirmed a positive improvement in partner relations as a result. In the 2008 survey, 65% of respondents rated the Agency’s leadership on regional economic issues as good or excellent.

3.3 We have established Boards or partnerships covering major regional priorities - the Enterprise Board, the Regional Finance Forum, the Innovation and Technology Council, the Regional Skills Partnership, the Economic Inclusion Panel and the Regional Marketing Board. Supported by the Agency, and including Agency Board member representation, they provide expert and impartial advice and a strategic focus for tackling these major issues. They are an effective way of ensuring a shared vision and commitment across stakeholders.

3.4 We have worked to align regional strategies and resources with the WMES. The Agency’s success in aligning other key strategies and funding with the WMES was recognised in the National Audit Office Independent Performance Assessment of the Agency in 2007, which identified as strengths ‘excellent strategic alignment with other regional strategies especially the RSS’ and ‘strong evidence of strategic alignment of funding by partners to meet priorities.’ For example, alignment with the Regional Spatial Strategy ahead of the move to a single regional strategy puts the region in a strong position to deliver sustainable growth and sustainable communities. We are already working closely with the Housing Corporation and English Partnerships to align jobs and housing. We will be the key partner working with the new Homes and Communities Agency (HCA) as the regional voice for economic development. Capacity does not currently exist, nor is it efficient to expect the HCA to work with every individual local authority to deliver housing-led regeneration.

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242 Connecting to Success, the new West Midlands Economic Strategy was launched in December 2007.
243 Annual stakeholder and partner survey for Advantage West Midlands, 2007, BMG
244 Annual stakeholder and partner survey for Advantage West Midlands, 2008, BMG
The Agency has made a significant impact on the West Midlands economy. This is demonstrated by the results from evaluation of our activities. It has been agreed with Ministers, however, that the findings from this evaluation work are not to be made public until after results on a national basis have been shared with Ministers at the end of November 2008. We understand that the Committee will be provided with a copy of the findings after this date.

The Agency has deployed its resources to deliver a range of regionally significant projects that have made a real difference to the West Midlands economy. The National Audit Office’s Independent Performance Assessment in 2007 confirmed we have consistently achieved our targets. Examples of regionally significant projects or activities that we have delivered are set out below:

- **The Agency has overhauled the way that government makes business support available, making it simpler to access.** It has managed the successful reorganisation and launch of the new Business Link West Midlands and enhanced Manufacturing Advisory Service. They have already made an excellent start in providing services to improve productivity and assist new businesses, exceeding the majority of their targets. Over 85,000 businesses used the Business Link service last year and over 8,000 of these companies benefited from intensive assistance. Support to entrepreneurs helped to create over 2,000 new start ups.

- **Regional Finance Framework**—Around 400 businesses are currently benefiting from support totalling approximately £65 million invested through venture capital funds, Community Development Finance Initiatives and Business Angel transactions. The successful raising of funds for its first client by Investbx, the new online share trading platform for regional businesses has attracted national and international recognition and is seen as a model that other EU states may adopt. In the current economic climate this work is particularly important.

- **Inward investment**—Since 1999 we have been building private sector confidence in the region and supporting inward investment. The activity of our inward investment team has generated 263 projects, creating 18,158 new jobs and safeguarding 11,500.

- **Support for business through collaboration with the research base** - We play a lead role on work with universities to improve regional competitiveness. Over £80m has been committed by the Agency for Birmingham Science City, which includes a collaborative package between Birmingham and Warwick Universities. This unique collaboration has levered additional funding into the region and a £10m grant from Higher Education Funding Council for England (HEFCE). Among other things, this will enable the development of high quality research activity around the three themes of Energy Future, Advanced Materials and Translational Medicine. The INDEX voucher scheme which facilitates new working relationships between SMEs and the research base, is highly sought after by business. This scheme is strongly supported in the Innovation Nation White Paper. With QinetiQ, the Agency has invested £10 million in the Advanced Sensors investment fund. It will create new
business opportunities and exploit the considerable technical expertise and intellectual property in the region. Some £9 million of Agency capital is helping create **The Digital Laboratory**, a technology transfer project to help SMEs apply digital technologies to transform their products and processes, access new markets and create new areas of business. We worked closely with Warwick University to develop this project, which lever in some £13 million from the university, HEFCE and the private sector.

- **Ansty Park**—A 40 hectare brownfield development site, set to deliver over 140,000sq.m of new workspace to create over 7,000 jobs. The Agency identified the strategic value of the site to the regional economy for a high value added use, deployed £44 million of resources and technical expertise to take ownership of the land to secure changes to allow occupation for a limited number of R&D-led occupiers. The first occupier has been secured (Ericsson will establish its European Technical Centre there in mid-2009). Ansty is also to be the site for the proposed £30m Manufacturing Technology Centre, being developed with Rolls Royce, Airbus and Goodrich. The Agency is also in negotiations with TATA motors for their European R&D base.

- **The Phase III development at Keele Science Park**—This will provide well-designed, environmentally advanced facilities for innovative, technology-led occupiers, inward investment and university uses. The Agency has funded £8 million of infrastructure costs that will enable the project to achieve 1,124 new jobs; 60 businesses and £60 million of private sector leverage. It will also help to retain 300 graduates per annum in North Staffordshire and stimulate higher levels of university/business collaboration and skills development. The development helps to define a new economic role for one of the most deprived parts of our region.

- **i54 - Wobaston Road**—The Agency has been the lead on this project since 2001 undertaking land assembly, remediation, planning and masterplanning, and successfully bringing partners together to develop a vision for the site. Outline planning permissions have been secured that will see the site developed for high value added industry and create a major investment site, as required by the Regional Spatial Strategy. We have to date completed land assembly and infrastructure works totalling £44 million on this 90 hectare site. This site will provide a high quality environment for over 6,000 employees that will benefit the Black Country and South Staffordshire. The Agency is in the process of procuring a private sector development partner with whom to progress the development.

- **Blue Planet at Chatterley Valley** is a world class, £50 million project on 12.5 hectares of land at Chatterley Valley, north Staffordshire to develop one of the world’s greenest business and logistics parks and create up to 500 jobs. Developed by Gazeley UK Ltd, the scheme will open in November 2008 as a “Carbon Positive” development. Its credentials include its own bio-fuel micro power station, which will produce sufficient power and heat for the on-site buildings and a surplus that will provide enough energy to power up to 650 local homes. Gazeley will use the scheme as a blueprint for future commercial property developments across the world. Blue Planet is part of a 100 hectare employment scheme on a former colliery site, providing SME units and a 47,000sq.m single industrial use building.

- **Worcester Learning Quarter**—The St Clements Gate development is a vibrant £120 million scheme, combining historic and innovative new buildings around a centrepiece city square and including the University of Worcester’s proposed new second campus and a new library for the city of Worcester. It will deliver 1,250 new
jobs and £60 million per year into region’s economy by 2012. The Agency has been instrumental in recognising the regeneration prospects for a redundant, prominent gateway site to the city and securing the land holdings required to bring about the comprehensive redevelopment of this site.

- The redevelopment of **Sandwell College** in West Bromwich provides good example of the Agency’s work in influencing partners to deliver sustainable regeneration which addresses broader policy agendas. The £9m capital contribution towards the new Sandwell College campus will provide a high quality flexible learning and training environment for 10,300 students. Beyond our financial contribution, through our role in the project we will secure increased investor confidence in the town, a showpiece for other developments, a business zone specifically designed to provide bespoke training facilities for local businesses and enhancements to the public realm to enable ease of access to the site and to ensure integration with the surrounding area.

- The **New Street Station Gateway project** in Birmingham is a £600 million scheme involving Birmingham City Council, Network Rail, Advantage West Midlands and Centro, to double passenger capacity. The Agency’s investment is over £100m (the largest single investment by any RDA). We worked to turn what started out essentially as ‘just’ a transport project into a transport and regeneration scheme that will facilitate the wider regeneration of the south side of the city centre. The scheme depended on our leadership, expertise and ability to galvanise strong relationships between the public and private sector.

**Being prepared for—and responding to—economic shocks**

3.7 The Agency has the capacity and the expertise to lead the response to economic shocks. Following the collapse of **MG Rover** in April 2005, and building on earlier work in 2000, the Agency established and led the MG Rover Task Force to co-ordinate assistance to the members of the workforce who had been made redundant and to mitigate the impact on suppliers. By May 2006 almost 70% of former MG Rover and supply chain employees were back in work. By the end of the year, fewer than 500 people were still seeking work, out of more than 6,300 who had lost their jobs. The Agency’s success in this role was commended by the Prime Minister and by the Public Accounts Committee investigating the closure of MG Rover246. It has also been acknowledged by the National Audit Office247, which commented that ‘Public bodies should draw on the lessons that have been learnt, and documented, by those involved in the MG Rover Task Force....’. The NAO’s subsequent Independent Performance Assessment248 of the Agency went on to state, ‘The work undertaken to manage the collapse of the MG Rover Longbridge plant is universally seen as a major success for AWM.’ More recently, the Agency has also brought the redundant **Longbridge** manufacturing site back into productive use. 2007 saw the opening of the Longbridge Technology Park – a first step to securing a long-term future for the site, which is set to deliver 10,000 jobs (Appendix II provides further information about all three phases of our work on MG Rover and Longbridge).

3.8 The **2007 floods** had a major impact on parts of the region; the cost of flooding to the regional economy is estimated to be between £159 million and £182

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247 NAO report 7th March 2006 – Closure of MG Rover
million. The impact fell particularly heavily on the rural areas and the tourism sector. The Agency responded quickly, working with partners to put together a package of support covering infrastructure repairs, tourism promotion and business support. An independent review of the recovery package reported that the, ‘overall response to the Advantage West Midlands package and its implementation was very positive’\textsuperscript{249}. It was felt that the response was quick, well coordinated and to an appropriate level. The recent Pitt Review was also very positive about the Agency’s role in this respect.

A high performing organisation

3.9 In its 2007 \textit{Independent Performance Assessment} the National Audit Office assessed the Agency as ‘performing strongly’ (scoring four out of four) and providing ‘strong leadership to drive change’ in the West Midlands. Continuous improvement has been further driven by our commitment to \textit{Investors in Excellence}, a national quality standard achieved at our first attempt in December 2007 (we enter the awards on an annual basis). Overall satisfaction with the Agency, demonstrated in our annual stakeholder survey, also shows a strong and positive upward trend, rising from 45% in 2004 to 66% in 2008\textsuperscript{250}.

4. RDA Expertise

4.1 \textbf{Our Board is representative, contains expertise across a wide range of areas and is business led}—Membership includes business leaders and entrepreneurs and representatives from trade unions, universities and local authorities. Their expertise and contribution covers a broad spectrum of subjects including engineering, science and technology, rural affairs, environmental sustainability, inclusion, planning and transport. Board members take a proactive interest in adding value to the corporate work of the Agency. For example, the Leader of Coventry City Council and Agency Board Member actively supports our capacity building work with the Cabinet of Stoke on Trent City Council and contributes his experience directly through membership of their Excellence Board.

4.2 \textbf{We have developed expertise in a wide range of policy areas, the connectivity between policy areas and how this informs delivery}—For example, we link activity on skills with innovation and enterprise through the integrated Business Link brokerage service and the cross referral work between the INDEX programme, the Graduate Advantage placement service and the specialised leadership and management brokerage service. Connecting this activity ensures a simple, coherent offer and encourages businesses to maximise the range of the potential support available.

4.3 \textbf{We are expert at delivering large, complex and regionally significant projects}—The application of our detailed knowledge of development and regeneration opportunities has ensured effectively managed physical regeneration activity including best practise in appraisal and delivery that recognises social priorities. For example, our expertise has been critical to the success of many of the major projects already referenced including Ansty, Birmingham’s Eastside development and the New Street Station gateway project.

4.4 \textbf{We can effectively engage private sector expertise}—Intended to accelerate regeneration and maximise private sector investment, PxP is the Agency’s

\textsuperscript{249} Economic impact of the July 2007 floods in the West Midlands, Stage 2 Analysis, Final report to Advantage West Midlands, SQW, March 2008.

\textsuperscript{250} Annual stakeholder and partner survey for Advantage West Midlands, BMG, 2008.
4.5 **We use our expertise and contacts to inform and shape national policy**—For example, the Agency is an important conduit to the business community. Our Board is predominantly comprised of business people. We also work closely with the regional representatives of the Institute of Directors, Chambers of Commerce, Confederation of British Industry and Federation of Small Businesses. HM Treasury asks us to co-ordinate the views of West Midlands business for the Pre-Budget Report on an annual basis.

4.6 **We play an important national lead role on transport**—Each RDA takes a 'lead' role on behalf of the other RDAs on specific policy issues. Our activity is focused on raising awareness of transport to enable regeneration, improving productivity and supporting economic development. In this role we have achieved consensus with the other RDAs on responses to major policy consultations (for example, recently on Ports policy and the new approach to appraisal); influenced government by informing major policy reviews and evolving strategies (crucially, for example, the Eddington and Barker reviews) and provided advice on transport priorities which support regional and national productivity (for example, the Transport Innovation Fund). The Agency’s performance in its lead role is recognised by GOWM and their 2004-05 performance report rates us as 'Excellent' in carrying out this role251. In addition, in a recent peer assessment survey of lead roles undertaken by the RDA National Secretariat, the Agency received the most complementary commentary of all of the RDA lead roles.

5. **The Extent of, and Need For, Our Overseas Activities**

5.1 **We have substantial experience and a strong track record in the delivery of inward investment services**—Since 1999 we have been building private sector confidence in the region and supporting inward investment. The activity of our inward investment team has generated 263 projects creating 18,158 new jobs and safeguarding 11,500. Whilst we currently have a presence in 10 overseas locations these are all structured to operate on an efficient low cost basis. Six of these locations are currently shared with EMDA, whilst three others operate on a mobile working basis. The Agency currently has the equivalent of eight full-time staff in these markets. It is currently anticipated that the number of locations will be reduced to seven, by April 2009, as part of ongoing efficiency savings. None of these will involve rental of office space.

5.2 **Inward investment helps drive economic growth**—Overseas owned companies have made a significant contribution to the regional economy. According to a recent survey252, there are 2,500 foreign owned companies in the region. This is equivalent to around 1% of the total stock of companies in the West Midlands, yet these companies account for 18% of regional GVA. Significant overseas owned employers include Muller Dairies (Market Drayton), Jaguar Land Rover (Birmingham

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251 GOWM AWM performance report 2004-05 p42 para 6
252 The Economic Impact of Foreign Ownership in the West Midlands, SQW, November 2007
and Solihull), Worcester Bosch (Worcester), Denso (Telford and Coventry), CSC (Solihull) and Fujitsu (Solihull). We continue to work with investors on an ongoing basis once located here, to assist their ongoing expansion. For example, NeoProducts from Australia – manufacturers of high technology display equipment – highly value the services provided to them by the Agency over the last decade.

5.3 Our work complements that of UKTI and ensures benefit for the West Midlands—A 2007 survey²⁵³ of recent investors into the UK confirmed that they were not confused by the UKTI and regional ‘brands’. On the contrary, investors were complimentary on the package of services provided by both UKTI and the RDAs. It is vital that this strong partnership of regional and national activity continues if the UK is to maintain its position as the number one global location for international businesses. Like all RDAs, the Agency works closely with UKTI in the development and implementation of a co-ordinated national programme to promote the UK as a key business location. Whilst the Agency is broadly content with the existing relationship with UKTI, it is important to recognise that UKTI only has a national remit and has no targets for ensuring any regional spread of investment projects - as a result a considerable concentration of inward investment projects managed by UKTI locate in London and the South East.

5.4 The West Midlands also needs a voice in Brussels—The Agency is a lead partner among the 90 organisations that support the West Midlands in Europe Office in Brussels. This helps the Agency and partners across the region to maximise its influence in Brussels; link to other regions; and gain additional access to European funds. For example, the Office organised and hosted a seminar on low carbon vehicles with Professor Julia King, Vice Chancellor of Aston University, to discuss the proposals in her report for the UK Treasury on this topic. The event was attended by 130 ‘movers and shakers’ in Brussels. The Office has also been instrumental in setting up and developing ERRIN, the European Regional Research and Innovation Network which brings together 50 regions and business organisations across Europe. This gives key growth and hi-tech sectors in the West Midlands contacts and connections to leading edge partners across the Single Market. Office staff also meet Commission officials to get additional advice on funding calls. This was especially useful for a Birmingham Science City bid for almost €1 million, which has recently been approved.

6. The Consequences of Expanding the RDA Remit to Include New Functions, as Proposed by the Sub-National Review, Including the Delivery of EU Funding

6.1 We have a track record of successfully taking on - and adding value to - a wide range of new responsibilities—Since 1999 we have experienced significant growth, with both resources and staffing levels increasing by around 300%. This, together with our growing list of new responsibilities (see National RDA Submission for details), has presented major management challenges as we continually evolve and adapt to changing circumstances. We have met and successfully taken the opportunities that these challenges presented. For example, in 2003 the Agency took on new responsibilities for regional tourism. Before this date regional activity had been supported by the Heart of England Tourist Board, with an annual revenue budget of £500,000. Since 2003/04 we have committed £11.4m to tourism and leisure cluster projects. This has included the Regional Centre for Tourism Business Support, assisting 2,100 tourism enterprises in the region. We are making capital

²⁵³ The Economic Impact of Foreign Ownership in the West Midlands, SQW, November 2007
investments in tourism of £102 million in projects that make a direct or indirect contribution to the region’s tourism offer and which play a major role in long-term ‘place-making’. Notable projects include Belgrade Theatre - Coventry, the Royal Shakespeare Theatre and the associated World Class Stratford project, the RAF Cold War Museum—Cosford and Dudley Castle Hill and Zoo.

6.2 We have successfully taken on the management and delivery of the European Regional Development Fund (ERDF) programme for 2007-13—This additional responsibility is managed within a clear framework which ensures adherence to the principles of additionality, transparency and accountability. The increased role for the RDAs has resulted in greater alignment between ERDF and domestic funds providing an improved co-ordination of investments. The consequence of expanding the Agency’s remit to manage ERDF is that: (i) domestic and ERDF funds are strategically aligned; this will maximise the impact of a relatively limited amount of ERDF; and (ii) the costs, lead times and inconsistencies for partners seeking multiple sources of grant funding for economic development have been reduced considerably.

6.3 Spatial planning can be a more effective tool to deliver improved economic performance—The new single regional strategy must be focused on delivering improvements in sustainable economic growth. The planning system is a tool to help deliver this. The single strategy provides the opportunity to draw together plans for housing, employment and infrastructure in a single, regionally owned document.

6.4 Effective strategy-making and delivery requires real leadership—Our experience of developing and leading the delivery of the West Midlands Economic Strategy suggests that effective strategy and delivery requires leadership that can make hard choices and identify clear priorities. We are working closely with local authority and other partners to ensure effective implementation of the outcomes from the sub-national review. For example, three of the Agency’s Board members, including the Chairman, participate with regional partners in a Strategic Transition Group to oversee this work. We have been instrumental in the discussions for - and are now close to agreeing—a Joint Strategy and Investment Board for the region. This will formalise working between the Agency, the Regional Forum of (local authority) Leaders, other public and private sector partners to focus on the development and delivery of a single strategy for the West Midlands.

7. The Accountability of RDAs

7.1 We are accountable to Parliament, via our sponsor Department—The Secretary of State for Business, Enterprise and Regulatory Reform appoints our Board and signs off our Corporate Plan. As designated Accounting Officer, our Chief Executive is personally responsible for ensuring regularity, propriety and good value for money in the management of public funds and all other resources for which he has charge; and for the day to day operations and management of the Agency.

7.2 We operate robust management and financial systems—Our processes are subject to both internal and external audit to ensure the effectiveness of internal controls and the reliable production of accounts and other key information for decision-making. The Audit Committee, and the Chief Executive as Accounting Officer, are responsible for ensuring that effective internal controls are in place and overseeing the Agency’s audit arrangements. The robustness of the Agency’s financial and project management systems has resulted in an increase in the
Agency’s delegation level for expenditure before it requires Government approval from £5 million to £10 million following a review by the NAO.\textsuperscript{254}

7.3 At regional level, we are scrutinised by the West Midlands Regional Assembly—The Regional Assembly provides constructive advice and criticism of the Agency’s performance. The Agency values this independent review process, which is used to identify areas for improvement. Following a review of the scrutiny process, an updated Scrutiny Protocol was developed during 2005-06\textsuperscript{255} which resulted in significant improvements in the process and the quality of the outcomes. This was acknowledged by the Assembly in its annual report on the scrutiny and strategic review for 2005.\textsuperscript{256}

7.4 We welcome the proposals of the Modernisation Committee for a West Midlands Select Committee—It will important to get the right balance of scrutiny between national and regional levels, minimising duplication and keeping things fit for purpose. There is also a fine balance to be struck between clear accountability and scrutiny and the freedom to act responsively to circumstances.

8. How Our Performance Has Been Measured in the Past and Will Be Measured in the Future

8.1 The new performance framework allows us to demonstrate our added value—In the past RDAs have been required to report on a core set of output targets (see Appendix I). Whilst this has allowed easy communication of the results of part of our activities, it has sometimes obscured the importance of our strategic role. The new RDA Sponsorship Framework, which came into effect in 2008/09, more explicitly recognises the full range of our activities. Going forward, our performance will be judged on the basis of (i) our overall impact, measured through evaluation; (ii) our progress in contributing to enhanced regional economic performance; (iii) our effectiveness as a strategic leader and influencer and (iv) through independent performance assessment by the National Audit Office.

\textsuperscript{254} DTI Financial Memorandum – Advantage West Midlands (April 2004) – Covering Letter
\textsuperscript{255} Scrutiny and Strategic Review Protocol, July 2005
\textsuperscript{256} Scrutiny and Strategic Review Annual Report, WMRA, 2005
### Appendix I – Advantage West Midlands outputs achieved over the periods 2002 – 2005 and 2005 - 2008

#### Cumulative Outputs 2002-05

<table>
<thead>
<tr>
<th>A. Employment Opportunities:</th>
<th>40,364 jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Business Performance:</td>
<td>1,259 new businesses</td>
</tr>
<tr>
<td>C. Brownfield Land:</td>
<td>404.5ha</td>
</tr>
<tr>
<td>D. Education and Skills:</td>
<td>51,530 people</td>
</tr>
<tr>
<td>E. Private Investment benefitting deprived areas (£m):</td>
<td>£43.7m</td>
</tr>
</tbody>
</table>

#### Cumulative Outputs 2005-08

<table>
<thead>
<tr>
<th>1. Employment Creation:</th>
<th>42,959 jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Employment Support:</td>
<td>11,609 people</td>
</tr>
<tr>
<td>4. Business Support:</td>
<td>28,201 businesses</td>
</tr>
<tr>
<td>4a. Number of businesses assisted to engage in new collaborations with the UK knowledge base</td>
<td>2,815 businesses</td>
</tr>
<tr>
<td>5a. Regeneration levered (£m):</td>
<td>£638m</td>
</tr>
<tr>
<td>5b. Regeneration:</td>
<td>322ha</td>
</tr>
<tr>
<td>6a. Number of adults gaining basic skills as part of the Skills for Life Strategy that count towards the Skills PSA Target</td>
<td>588 adults</td>
</tr>
<tr>
<td>6b. Number of adults in the workforce who lack a Level 2 or equivalent qualification who are supported in achieving at least a full Level 2 qualification or equivalent</td>
<td>1,513 adults</td>
</tr>
<tr>
<td>7. No. of Graduates Supported by AWM:</td>
<td>355 Graduates</td>
</tr>
<tr>
<td>8. No. of People in Workforce:</td>
<td>2317 people</td>
</tr>
</tbody>
</table>

Aggregate figures (formulae below show row data combinations):
83,323 jobs created and/ or safeguarded = A + 1
6,241 businesses created = B + 3
123,210 people assisted with their skills development needs = D + 6
726.5ha remediated hectares of brown field land = C + 5b
Appendix II - MG Rover and Longbridge: The role played by Advantage West Midlands to diversify the economy and secure long term job opportunities in new markets

MG Rover’s closure in 2005 led to the direct loss of around 6,000 jobs, which profoundly affected the local community. The company had been in decline for several years following BMW’s decision in 2000 to dispose of MG Rover. Without the efforts we made to provide support to the company, and help the regional economy diversify in the years prior to the collapse, the final impact on the economy would have been much worse. In the immediate aftermath of the company closing in 2005 we led on a multi agency response that was quick and effective in supporting people made redundant get back to work.

The Agency’s response and assistance to the company, employees and the local economy began well in advance of the final collapse of the company in 2005, and our major plans for the future of the area will have a long term impact. Our interventions can be described in terms of three main phases. Our initial £90m intervention, including the creation of three High Technology Corridors helped supply chain companies to diversify. Between 2000 and 2005 this reduced the number of UK companies which depended on Rover for more than 20% of sales from 161 to 74.

Over the same period our activities reduced the number of businesses within the region that were dependant on MG in Longbridge from 150 to 50 (PAC 2007). During this time we also provided £4.7m of grants to MG Rover as part of wider automotive industry business support.

The second major phase of activity was the response to the closure of MG Rover in 2005. We quickly established the MG Rover Task Force that came together to address the economic and social impact of the closure. The impact was of an unprecedented scale and circumstance – 6,000 people made redundant over night from a single employer in a single location. We led the Task Force to coordinate the provision of a support package. By May 2006 almost 70% of former MG Rover and supply chain employees were back in work. By the end of the year, fewer than 500 people were still seeking work, out of more than 6,300 who had eventually lost their jobs. The Agency’s work was commended by the Prime Minister, the Public Accounts Committee\(^\text{257}\) and the National Audit Office\(^\text{258}\).

In a third phase of activity, the Agency is bringing the redundant manufacturing site back into productive use. In 2003/04 the Agency acquired the surplus MG Rover site to support one of the three High Technology Corridors - the Central Technology Belt. Since then the Agency has worked closely with St Modwens to overcome complex planning and land assembly issues, and confirm a development agreement and undertake land remediation. Our shared vision is to transform and regenerate the 180 hectare Longbridge estate by redeveloping the former MG Rover car plant and surrounding area. The Agency is focusing on the northern development area, a 56 hectare employment-led mixed use development. Our investment aims to create 10,000 new jobs, additional housing and a new public transport interchange centring on Longbridge Railway Station. The entire scheme will be completed between 2015 and 2020 – but the first build has already been completed. Incorporating a 4,000sq.m incubation centre plus 4,000sq.m grow-on space, the Longbridge

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\(^{258}\) NAO report 7\(^{th}\) March 2006 – Closure of MG Rover
Innovation Centre was opened in December 2007. The Area Action Plan has been submitted for public examination and Bournville College has secured funding in order to be able to relocate to the site.

19 September 2008  
**Memorandum submitted by English Heritage (RDA 92)**

English Heritage submitted a response to the consultation, jointly held by CLG and BERR and that response is attached an annex to this evidence for the Committee’s information.

English Heritage is keen to see the newly constituted RDAs take decisions having considered environmental and cultural concerns, specifically those relating to the historic environment. The RDAs will have key roles in the development of regeneration strategies (in particular the new Integrated Regional Strategy), and it is well established that for regeneration to be sustainable, environmental and cultural considerations need to be at the very heart of the planning processes. In particular, the historic environment can play an important role within a region in supporting sustainable regeneration. Projects such as Birmingham’s Jewellery Quarter and the Kings Cross Regents Quarter, London, show how heritage can contribute to successful, quality developments which strengthen an area’s sense of place and provide a unique selling point. It will be important for RDAs to have access to expert advice to ensure it can take advantage of these opportunities.

RDAs should have either the necessary expertise in-house or be obliged to seek that advice externally. English Heritage can advise on appropriate standards for that professional advice. It is with that in mind that we are focussing our evidence to the committee on the following areas (taken from the list suggested by the committee themselves):

- RDA expertise;
- the consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding;
- the accountability of RDAs and
- How RDA performance has been measured in the past and will be measured in future;

**RDA Expertise**

With the responsibilities of RDAs being widened to include planning decision making, they will need to be able to demonstrate that they have the necessary sustainable development expertise, including the protection of the historic environment (see Planning and Policy Statement 1, paragraphs 4 and 5). It will be important that each RDA carries out a review of its own structure to ensure it has the capacity to take on these additional responsibilities.

English Heritage possesses some of the requisite expertise and is willing to continue to support the planning process through engagement with RDAs.
The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding

One of the key consequences relates to the impact on the expertise that the RDAs will be required to have (or have access to). That issue has been covered above.

It is also worth mentioning that the historic environment is relevant at all spatial scales. The cultural landscape must be a consideration in strategic, as well as local, planning.

The accountability of RDAs

The mechanism for electing or appointing representatives to scrutinise the RDA should not be lost and stronger compulsion is required than the brief section that was included in the consultation document to ensure relevant sectors are represented. Currently, a wide range of important interests are represented on the Regional Assembly through the community representatives. In particular, these cover the environmental, heritage and cultural sectors which are essential to provide context, balance, and delivery to the ambitious proposals in both the Regional Environmental Strategies and the Regional Spatial Strategies. It is important that the same historic environmental representation is present on the RDA to guarantee that the proper expertise feeds into the drafting of strategies.

The inclusion of social and environmental representatives within both models of proposed regional scrutiny (LA Leadership Forum and the proposed regional select committee approach) will ensure that regional accountability reflects the RDAs’ wide rostrum of responsibilities.

How RDA performance has been measured in the past and will be measured in future

It is important that any performance measurement is able to be shaped by recent experience. An assessment of the lead authority-named partner engagement during the Local Area Agreement drafting process should be carried out. Lessons can then be learnt from those areas where there was successful engagement and that information can then be used to shape this process. For example, English Heritage has found its named partner role ill-defined and that has impacted on our ability to engage with particular Local Area Agreements. Were the model utilised again, we would hope that clearer guidelines would be provided on how Named Partners should be engaged in the process.
Sub-National Economic Development and Regeneration – Response to consultation on behalf of English Heritage

General Comments
English Heritage is generally supportive of the changing role of the Regional Development Agencies. However, we would like to highlight the importance of guarding against prioritising economic considerations above all else. It will be important that environmental, social and cultural viewpoints are also given sufficient opportunity to be heard at all spatial levels. Failure to do so will mean that any development is unsustainable. It is important to emphasise that the historic environment can play an important role within a region in supporting sustainable regeneration. Projects such as Birmingham’s Jewellery Quarter and the Kings Cross Regents Quarter, London, show how the historic environment can contribute to successful, quality developments which strengthen an area’s sense of place and provide a unique selling point. It will be important for RDAs to possess the expertise and access to expert advice to ensure it can take advantage of these opportunities.

Paragraph 3.23 states that: “The new arrangements will need to be capable of formulating regional priorities in respect of housing, transport, skills, business support and other matters to create the conditions for business and communities to flourish”, and from this it is unclear where environmental agendas fit, unless they are subsumed within the category of “other matters”. We believe further clarification is necessary.

In addition the issue of sustainability is conspicuous by its absence in paragraph 3.33’s discussion of economic development which inherently overlooks the importance, for example, of maintaining traditional craft skills in order to maintain the historic environment.

Paragraph 4.7 cites areas of environmental delivery and performance, emphasising the natural environment and climate change, we would add to that the importance of the historic environment as a similarly finite resource that cannot be replaced once it is gone. The historic environment plays an important role in supporting environmental quality with obvious economic benefits in terms of heritage tourism and making areas better places to live, work and invest.

Q1 How should RDAs satisfy themselves that sufficient capacity exists for programme management and delivery at local or sub-regional level?

The main area of interest for English Heritage is the shift of regional planning decision making from Regional Assemblies to RDAs and the need for RDAs to deliver truly sustainable development. They will need to be able to demonstrate that they have the necessary expertise and give due weight to the full range of elements that make up sustainable development (as defined in Planning Policy Statement 1, paragraph 4) including the protection of the environment (paragraph 5) - “protecting and enhancing the natural and historic environment,
the quality and character of the countryside, and existing communities”. It will be important that each RDA carries out a review of its own structure to ensure it has the capacity to take on these additional responsibilities.

Allowing RDAs to delegate activities to local authorities or sub-regional partnerships only when there are happy that sufficient capacity is there to deliver is likely to prove difficult. It is essential to be clear on who to talk to when discussing growth and regeneration. If a patchwork approach emerges across the region where a given responsibility may rest with a local authority or a sub-regional partnership, or perhaps the RDA itself, this will introduce new complexity, potentially damaging to effective working. It will also require the RDA to retain staff to make assessments of whether the local authority or sub-regional partnership is able to deliver on a programme, and staff to deliver that programme where the RDA does not consider capacity is available, thereby countering the move towards a more strategic outlook.

English Heritage would want to opportunity to influence the investment strategy of each RDA.

Q2 Do you agree that local authorities should determine how they set up a local authority leaders’ forum for their region, and that the Government should only intervene if the required criteria are not met or if it failed to operate effectively? If not, what would you propose instead?

English Heritage would hope that it had the same access to the RDAs and leaders’ forums as it had with the Regional Assemblies. Through that access to Regional Assemblies we have been able to advise them on issues relating to maximising the potential of the local historic environment. We would expect that RDAs and Leaders’ forums continue to have access, and make use of, suitable environmental representation.

We believe that government should intervene if it is felt that such advice is not being sought.

Q3 Are the proposed regional accountability and scrutiny proposals proportionate and workable?

The mechanism for electing or appointing representatives to scrutinise the RDA should not be lost and stronger compulsion is required than the brief words in the consultation document to ensure relevant sectors are represented. Currently, a wide range of important regional interests are represented on the Assembly through the community representatives. In particular, these cover the environmental, heritage and cultural sectors which are essential to provide context, balance, and delivery to the ambitious proposals in both the RES and the RSS. It is important that the same historic environmental representation is present on the RDA for the reasons outlined in opening paragraph of our response to this consultation.

The inclusion of social and environmental representatives within both models of proposed regional scrutiny (LA Leadership Forum and the proposed regional
select committee approach) will help to ensure that the focus of regional accountability reflects the wide rostrum of responsibilities which RDAs will be undertaking.

**Q4 Do you agree that the regional strategy needs to cover the elements listed at paragraph 4.13? Are there other matters that should be included in the regional strategy to help in the delivery of key outcomes?**

The protection of the historic environment – both buildings and landscape – needs to be referenced within a regional context. We would suggest adding the following bullet point to the current list:

- ‘Ensuring, through proper consideration to the contribution and constraints of both the natural and historic environment, that any regeneration and/or economic growth is sustainable.’

English Heritage’s regional office in the East of England, as the first region to have a finalised Regional Spatial Strategy, have observed that, a key strength is the serious attempt in the RSS to provide for growth while underlining the importance of achieving environmental protection at the same time. This should not be lost in the new strategy, particularly since environmental issues and quality of life are of increasing public concern, and much more dramatic progress in this area is likely to be called for in future.

**Q5 Do you agree with the way in which we propose to simplify the preparation of the regional strategy, as illustrated in the figure, in particular allowing flexibility for regions to determine detailed processes? If not what other steps might we take?**

The evidence base for the regional strategy should be sufficiently strong to allow a robust Strategic Environmental Appraisal to be carried out. Regional data sets for the cultural heritage- in terms of a strategic understanding and characterisation of the resource - require strengthening to ensure that proper account is taken of the historic environment.

When the process refers to regional partners failing to agree on the draft regional strategy, does it mean the Leaders’ Forum, or regional partners such as English Heritage or Natural England? We would welcome the opportunity for our comments on an integrated strategy to be sent to the Minister along with the strategy given our statutory remit for the historic environment.

Details on pages 25-26 of how the regional planning function will be transferred to the new arrangement are somewhat unclear, and further information is needed about the timing of the sign off and adoption of the current regional spatial strategies, the delegation of Regional Assembly functions to the RDA and the timing of the development and delivery of the Integrated Regional Strategy by the RDA.

We would also like to confirm that there will be sufficient environmental and cultural representation on the independent panels referred to in paragraph 4.23.
Q6   Do you think that the streamlined process would lead to any significant changes in the costs and benefits to the community and other impacts?
It is not clear how the access to Public Examinations for the public and for other stakeholders will be managed to provide the necessary dialogue and testing of the regional strategy.

Experience of Regional Spatial Strategies to date suggests that many have found the process difficult to engage with. A streamlined process is likely to be even harder to influence.

Additionally, English Heritage believes the historic environment is relevant at all spatial scales. There may be a temptation in a streamlined process to delegate aspects to a lower tier. This needs to be avoided - the cultural landscape must be a consideration in strategic, as well as local, planning.

Q7   Which of these options (or any other proposal) is most appropriate?
Option 1, which guarantees the involvement of key stakeholders (through the named partner structure) in the drafting of the assessment of economic conditions, is preferable. Option 2, is likely to result in such a wide variety of assessments, varying in both content and quality, which would make it difficult, or impossible, to develop any national picture. It would also present significant problems to those organisations, such English Heritage, whose engagement in the process would increase its potential benefit. Such regional variation makes any national coordination impossible.

Q8   What additional information or support do local authorities consider valuable for the purposes of preparing submissions?
English Heritage is preparing to launch Heritage at Risk. Through this we hope to highlight and identify where heritage is at risk and where there is an opportunity to make a difference. This includes regeneration and alternative uses for buildings. These statistics should be included within the assessment. Skills is another area which could be covered.

In addition, we would like to highlight the regional Heritage Counts reports which annually publish data on the social, cultural and economic impact of heritage whilst supporting the work of regional cultural observatories and contributing to the State of the Regions reports.

It is essential that information on the wider character of the historic environment is available and that existing local sources of information held at local authority level are augmented and developed on a consistent basis. This will then allow a regional picture to be formed to assist understanding and provide a basis for the single regional strategy. Data gathering and analysis of the historic environment are currently patchy and the Strategic Environmental Assessment process for regional documents requires a bottom up flow of information.
Q9 How should lead authorities engage partners, including district councils, in the preparation of the assessment?
It is important that any guidance is able to be shaped by recent experience. An assessment of the lead authority-named partner engagement during the Local Area Agreement drafting process should be carried out. Lessons can then be learnt from those areas where there was successful engagement and that information can then be used to shape this process. For example, English Heritage has found its named partner role ill defined and that has impacted on our ability to engage with particular Local Area Agreements. Were the model utilised again, we would hope that lessons will have been learnt from the previous process.

Q10 Which partner bodies should be consulted in the preparation of the assessment?
English Heritage, as both a named partner and key stakeholder in the planning process, is surprised not to be on the list included in the consultation document and we consider it essential that we are one of the bodies which need to be consulted. We would, in addition, also propose the addition of CABE to the list of consultees.

Q11 Should any duty apply in London, and, if so, which of the proposed models is most appropriate?
English Heritage supports an assessment of local economic circumstances to provide a robust economic evidence base for London boroughs Sustainable Community Strategies, Local Development Frameworks and Local Areas Agreements.

As the Government’s statutory adviser on the historic environment English Heritage is keen to ensure that the benefits and opportunities through enhancement of the historic environment are made the most of at all stages and levels of the local planning process. English Heritage would therefore welcome the opportunity to comment on London boroughs economic assessments as a ‘partner body’.

We do not believe that it is appropriate for us to comment on the options for taking forward a duty on London boroughs to undertake an economic assessment. Regardless of the option adopted, we would strongly urge Government to include English Heritage as a ‘partner body’ for consultation in any related guidance.

It is vital the economic assessments are based on robust evidence and the contribution the historic environment makes to local economic regeneration and to the economy of London as a whole is recognised. Economic concerns should be balanced with environmental and social objectives, so that genuinely sustainable development is achieved.
Q12 Do you agree that there is value in creating statutory arrangements for sub-regional collaboration on economic development issues beyond MAAs? What form might any new arrangement take?
Not applicable.

Q13 What activities would you like a sub-regional partnership to be able to carry out and what are the constraints on them doing this under the current legislation?
We would hope that the sub-regional partnerships undertake proactive environmental management, recognising its role as a generator of sustainable economic growth.

Q14 How would a sub-regional economic development authority fit into the local authority performance framework?
Not applicable.

Q15 Should there be a duty to cooperate at sub-regional level where a statutory partnership exists? To whom should this apply?
Whilst English Heritage would support extending the Duty to Cooperate, we feel it is important that before any decisions are made the relative success or failure of the duty as part of the LAA process should be fully explored. Was it properly interpreted? What if any variation was there in its operation regionally? And do the partner authorities feel that it helped them make a genuine contribution to the process (also please see response to Q9).

It may be that the duty needs to be tweaked before being extended to a sub-regional level.

19 September 2008

Memorandum submitted by Opportunity Peterborough URC (RDA 93)

Background

This response is given as the experience and comments of Opportunity Peterborough (OP) URC. In giving this response OP needs to declare an interest in the fact that the East of England Development Agency (EEDA) is one of the three founding partners of OP and consequently one of its main ongoing funding partners.

EEDA is represented on the OP Board and as a result there is a regular dialogue between OP, Peterborough City Council (PCC) and EEDA on Peterborough’s strategic objectives, key priorities and projects all of which sit within the framework of the Regional Spatial Strategy, Regional Economic Strategy and locally produced policy, strategy and vision such as the OP lead Integrated Growth Study and the statutory adopted local plan etc.

Detailed Comments
In responding to the BEC enquiry the contents of this paper responds to a select number of the questions set out on the web site http://www.parliament.uk/parliamentary_committees/berr/becpn48.cfm

As follows:

1) The need for a level of economic development/ business/ regeneration policy delivery between central and local government;

Given the ever changing nature of central government policy to respond to changes in national and international legislation, economic conditions etc it is extremely helpful to have an organization with a regional remit that can act as the interface between local and central government in distilling/digesting the changing policies into practical advice at local level. Quite often there is a need to take a region wide perspective on policy etc to ensure the region is performing to its optimum by recognising its strengths and weaknesses and avoiding expensive and unnecessary duplication of effort or initiative.

The real value here is having an organization that can truly maintain that regional perspective and have the resources both in terms of people and finance to maximize opportunities as they arise. A key example would be to have an organization that actively marketed the region as a whole by highlighting the strengths of elements of the region in business, innovation, educational excellence, sustainability credentials, competitiveness, knowledge and skills etc. This could be executed in a cost effective way and does not prevent each sub region/ city running its own local marketing campaign but coordinated under the wider umbrella of the regional pitch.

Another example would be to act as an information exchange for the region e.g. if one city in the region has set up an ESCo to deliver low carbon renewable energy then that knowledge and experience gained could be made available to other regional cities about to embark on the same process and avoid paying for yet another set of consultants to provide the same advice again. It may even be that several cities could come together to commission a much larger piece of work looking at the benefit of a regional ESCo rather than a parochial approach.

There is a very strong need for business to be able to engage in the regional agenda and a region wide body provides the vehicle for this. This could help business develop a strong regional network or forum and again share knowledge, best practice, experience, issues and benefit from say regional procurement contracts etc to make their business more competitive.

A regional debate of business issues is certainly needed as the scale of certain problems may need to be tackled at that level rather than locally e.g. transportation issues, general level of educational attainment and its impact on the skills base of the workforce, business support and consequent survival rates etc all of which are common issues across the region and could act as a deterrent to future investors in the region.
In conclusion a joined up approach at the regional level is essential if the sub regions and cities within it and therefore the region as a whole is to perform to its maximum potential. If not there will be the development of pockets of improvement or excellence which will only encourage the movement of business, investment and population within the region rather than a net gain in the regions economic activity, output and inward investment.

2) The effectiveness of RDAs and their role in adding value;

The general experience of working with EEDA has been a positive one and one which has led to some key improvements/ developments locally in Peterborough. Examples include the input of EEDA staff into the development of key projects such as the proposed 3,000 sq m accommodation block to house the new university centre development by Anglia Ruskin University including a significant funding contribution to this project. EEDA staff also played a key role alongside OP and PCC staff in the development of a Phase I Eco Innovation Centre in central Peterborough to act as a focal point for the Environmental Goods and Services Cluster in Peterborough.

Earlier this year EEDA invited OP to take part in a pilot to deliver an Integrated Development Programme (IDP) which sets out the detailed infrastructure delivery programme to support the city’s growth. This has been a very valuable exercise for OP and PCC in that it has brought all the key infrastructure providers together and forced the debate about the impact of the growth agenda on a variety of hard and soft infrastructure. The IDP is now a very useful tool for local and regional partners to use and develop to direct future infrastructure investment decisions.

EEDA has also been a key partner in the Carbon Challenge project in Peterborough to deliver 342 zero carbon homes in the UK’s largest demonstration project of how to meet the government’s aspiration for all new homes to meet CSH Code 6 by 2016.

The biggest issue that has been experienced in dealings with EEDA has been the relatively high turnover in staff over the past few years and the problems that has created in developing long term relationships, consistency of project team input and the time and expense of inducting new staff into the local growth agenda, vision and priorities. This has probably been a result of the long term economic upturn and it will be interesting to see if the recent downturn will enable EEDA to secure some longer term project staff.

There are also issues around the clarity of funding availability on projects but again this is largely due to the annualised nature of EEDA’s budgets and their reliance on the performance of partners to spend the allocated funding. This places project spend into the vagaries of property deals and other areas of risk which often leads to a hiatus around year end to achieve the spend targets which makes project planning extremely difficult and speculative.
A more programme based funding arrangement (akin to the new Growth Area Funding round) would be of great help to partners and would enable EEDA to engage with local partners with confidence of available funding streams and timing of delivery not being tied to financial year ends.

EEDA’s effectiveness is also hampered by their overall budget allocation. The East of England has the largest infrastructure deficit in the UK, to quote just one indicator, and yet EEDA receive the lowest RDA budget out of all RDA’s. This leaves insufficient funding available to tackle effectively the problems of the region and impacts on the scale of support to local based initiatives to drive forward economic and spatial growth.

This situation is further hampered when the modest budgets made available are further reduced by central government to fund national initiatives at the very time the RDA’s support to the local economy is most needed.

3) The extent of, and need for, their overseas activities;

As OP moves towards a re-branding of Peterborough, we are very keen to work with EEDA on the opportunities for attracting overseas investment to the city. This is placed in the context of recognizing the level of challenge associated with securing overseas investment, especially over recent years, but as Peterborough develops its status as the UK’s Environment Capital, it is hoped this will encourage companies, especially those who are innovators in modern methods of construction, renewable energy etc to engage more closely with Peterborough’s growth agendas and economy. Overseas inward investment is extremely important to the region and we are particularly aware of the considerable investment in the Peterborough sub-region which provides a number of clear benefits including capital investment, new skills, higher value salaries and the opening of wider markets. Established foreign companies often bring further capital inflows and close partnership working with the RDA’s Investor Development team is productive. We have some concerns that the RDA’s Business Development activities within EEI is being directed from the centre to focus more on developing UK export opportunities to the detriment of new business work to deliver new inward investment enquiries to the region. These overseas activities need to be refocused.

19 September 2008
Memorandum submitted by the British Chambers of Commerce (RDA 94)

1.1 The British Chambers of Commerce (BCC) is the national body for a powerful and influential network of Accredited Chambers of Commerce across the UK; a network that directly serves not only its member businesses but the wider business community. Representing 100,000 businesses that together employ five million people, the BCC is the Ultimate Business Network.

1.2 The BCC is delighted to have the opportunity to submit evidence to the Business and Enterprise Select Committee’s inquiry into the future role and responsibilities of the Regional Development Agencies (RDAs). Our network of local Chambers of Commerce uniquely represent the local business voice within our regions and
have a strong interest in ensuring that the right decisions are made at the regional level to ensure economic growth. Our response is a coalition of views on RDAs as a whole, but recognises there are significant differences in the way individual RDAs have operated in their regions.

**Summary of the BCC position**

2.1 The BCC sees the value in having strategic, business-led agencies based in their regions to co-ordinate and drive strategies for regional economic growth. There is however a real diversity of views within the chamber network about the value and effectiveness of each RDA in its respective region.

2.2 A number of Chambers broadly support the role their RDAs have and are playing in co-ordinating the approach to economic development in their region. Successful RDA-led programmes, strategic economic activity on issues which cross Local Authority boundaries and constructive working relationships with the business community are all cited. However, others Chambers point to problems with RDAs acting as arms of central government in the region, with a lack of focus in terms of activities drifting into other areas of policy and delivery and a disappointing leadership of, and engagement with, business. This indicates a real problem in terms of the accountability arrangements for tackling existing problems with RDAs and examples of poor performance.

2.3 Going forward, we believe there is significant value in the Sub-National Review (SNR) proposals to bring together regional economic strategies that include planning, transport and housing issues. We are however very concerned that other developments, such as the processes for sign-off for Local Authority Leaders Forums and delegation of funding will increase the likelihood that the changes will not deliver significant economic benefits.

2.4 We believe that the following reforms would improve the current situation:

- There is significant regional variation in views as to how RDAs have performed, and a lack of information available to make solid, evidence-based assessments of RDA performance as a whole. To assess RDA performance accurately, a region by region analysis of the conduct, activity, business perception and effectiveness of each individual RDA should be conducted;
- RDAs should have their remit clearly defined as being to support regional economic development, to protect them from central government imposing other non-economic priorities upon them and to prevent mission creep into other policy areas;
- There should be much clear lines of accountability for RDA performance. We believe that RDA board membership should be determined in the region, with sign-off by regional ministers, parliamentary scrutiny conducted by the regional select committee and accountability to the business community; and,
- As an important principle, the BCC would like to see procedures in place which would enable regions to take the decision to replace, restructure or even abolish their respective RDAs if they are clearly failing (if suitable workable alternatives can be found).

**Answers to specific questions**

565
The need for a level of economic development/ business/ regeneration policy delivery between central and local government.

3.1 There is real potential value in having regionally based agencies led by business to drive economic growth in their regions.

3.2 A key part of this role is the co-ordination of the development and implementation of an economic vision for the region through an economic strategy for that locality. By effectively bringing together agencies (businesses, government, universities, community and volunteer groups) to develop and implement a vision of an overall strategy for a region, benefits in terms of working toward common goals, finding and exploring opportunities for investment and reducing duplication and waste can be achieved. This should then result in challenging targets and proposals which, having been developed within the region, can then be championed in a coherent fashion by the agency as a source of policy advice to central government.

3.3 Secondly, a regionally based agency can helpfully ensure the efficient delivery of policy in specific areas within a locality in line with the regional strategy. The effectiveness with which infrastructure and services such as business support, skills and transport are delivered within a region, is crucial to how well the economy performs in that locality. By co-ordinating delivery regionally, there should also be efficiency savings with any fragmentation or local variation in quality of services reduced.

3.4 Thirdly business leadership of such a regional body is an important principle for an agency tasked with ensuring the co-ordination of a successful economic development strategy. As the creators of wealth in the region, businesses have the understanding and expertise in terms of what is needed to foster business growth in the region.

3.5 We also recognise that in some areas there is a strong case for devolving delivery to the local or sub-regional level. Clearly functioning economic areas do not necessarily reflect artificial regional (or local) boundaries and are often sub-regional or even cross-regional for different sectors and issues. A number of Chambers have been involved in developing recently signed Multi-Area Agreements and we support this approach. However even in these areas, an element of regional co-ordination of this delegation to help to co-ordinate the structure of this delegation of powers and funding may still be needed.

The effectiveness of RDAs and their role in adding value

4.1 While there is significant regional variation, Chambers do recognise that RDAs have led successful programmes and brought a strategic economic focus on issues which cross-local authority boundaries in some regions. However other Chambers highlight examples of their RDAs acting too often as arms of central government in the region with a lack of focus in terms of drifting into other policy areas that are not about economic growth. In order to make a solid, evidence-based assessment of RDA performance, a region by region analysis of the conduct, performance, business perception and effectiveness of each individual RDA should be conducted.
4.2 In terms of successful projects, Chambers have identified examples of RDAs successfully co-ordinating economically important infrastructure investment e.g. Advantage West Midlands funding of the Birmingham New Street Gateway Plus scheme, or brought a strategic focus e.g. One North East’s most recent Regional Economic Strategy. Also, instances of effective working relationships with the business community and examples of RDAs effectively supporting the delivery of projects by other organisations have also been highlighted.

4.3 The RDA responsibility for leading the Business Support Simplification Programme through Business Link as the primary access point for business support, is a crucial process for companies. While Chambers of Commerce did previously co-ordinate Business Link, and we believe that there are merits in utilising the local knowledge, business membership and private sector expertise Chambers possess (as in the example of Sussex Enterprise), there is little doubt of the need for simplification to take place.

4.4 RDAs are however also seen by some Chambers and businesses as acting too often as arms of central government in the region, lacking focus in terms of drifting into policy areas outside of economic growth and having an overly bureaucratic, public sector approach in their work. RDAs have not had the autonomy to resist central government imposing new initiatives and policies being tasked to them. The full remit of issues is extensive, from oversight of improving access to finance for start ups and growing businesses, and innovation support to supporting under-represented groups as entrepreneurs, attracting inward investment, co-ordinating skills provision, emergency recovery, regeneration, tackling climate change and ensuring cohesion.

4.5 The BCC believes that RDAs should have a clear focus on economic growth and that central government should refrain from allotting them responsibility for the delivery of other government policy priorities which are not core to this objective e.g. environmental policy, equality and diversity policy and social inclusion. Central government should also play its part in allowing RDAs to have the autonomy and funding to deliver on their economic development plans – the recent decision to divert long-term funding for RDAs to housing support measures indicates that this role is still not being taken seriously enough. On their behalf RDAs should also not take on responsibility for work that is not part of their core remit e.g. urban design, sports or languages. This is not because these issues are not important aspects of government policy, but just as organisations who deal with health policy would not be given responsibility for law enforcement as their core remit, so economic development agencies should not be tasked with delivering other policy priorities. We therefore suggest that RDAs should be clearly designated as Regional Economic Development Agencies with their remit prescribed to prevent mission creep and clearly protected from central government placing other non-economic priorities upon them.

4.6 This issue also relates to the role of the Government Offices (GO) for the regions. There is not a great understanding in the business community as to the relative roles and functions of the GOs and the RDAs in terms of their respective remits and responsibilities and how they actually differ. In areas which have been in receipt of EU Objective One funding such as Cornwall, the influence of the GOs has been strongly felt, understood and appreciated by the business community. As this picture changes the RDAs will become more important players in these areas. There needs to be a much clearer articulation of the GO’s function, and where there are aspects of government policy which are not
fundamentally about economic development, at least some of this should be picked up by the GOs.

4.7 Some RDAs have also drifted into practising direct delivery of services which can often be done better by other, often private sector organisations within the region. There have also been reported incidents of RDAs establishing, funding and managing services which directly compete with existing private sector provision. We believe that direct delivery by the RDA should only be considered where there is clear market failure or no alternative means of delivery. We also believe that RDAs should primarily be commissioning, rather than grant awarding bodies, and where such activity might need to be conducted to facilitate economic growth this should be contracted out to other organisations.

4.8 Effective business engagement by RDAs is also a cause of concern. A number of RDAs have processes in place to engage with business, including regular board meetings, day to day contact but this needs to be much more systematic in bringing the broader business community is brought into the process, rather than just specific individual business people. A 2007 BCC survey of Chambers last year found that while 60% of respondents felt that RDAs had made either a lot or a little difference to their regions only 40% believed their RDA consulted effectively with business. While some Chambers have noted a renewed emphasis on business engagement as a result of the SNR process with some Chambers have taken on roles as conduits to reach out to the broader business community in their regions, much more work needs to be done in terms of RDAs building effective relationships with the business community.

4.9 Overall, there is not a clear picture from the information currently publicly available to enable a clear conclusion as to how much extra value RDAs have added. With a total budget of £2.3 Billion for 2007-08, RDAs have substantial resources to deliver on their objective of improving the economic performance of the English Regions and reducing regional economic disparities. While there have been improvements in economic performance, there is little evidence that RDAs have really made a major impact on reducing regional disparites with clear outcomes being communicated to the business community. There are however some regions which are able to operate in a much more cohesive manner due to the relative strength of their regional identity, economic interests, geography, issues, problems and solutions etc, which are much stronger in somewhere like the North East than the South East. What does seem clear is that Government and national agencies will inevitably continue to use a regional basis for their activities as they are much fewer in number than Local Authorities and therefore easier to deal with for national bodies. The issue will be whether these continue to be based in their regions or Whitehall.

RDA expertise

5.1 RDAs were rightly set up to be business-led organisations, reflecting the private sector’s wealth creating role and understanding of what is needed to deliver business growth and economic development in the locality. We think that the business leadership of the RDAs is an important principle which must be retained and built upon with the business community playing a role in championing greater efficiency savings.

5.2 It is important however that these posts are filled with really high quality business people who have experience of running a company. Our members have noticed
in the past few years a tendency for these posts to be filled by people who have limited private sector experience but are also able to demonstrate a background in other social, environmental or regeneration issues. Some regions have indicated a willingness in their RDAs to tackle this issue but this trend should be reversed in every region.

5.3 In order for RDAs to better fulfil their economic development role, it is important that their board membership remains strategic, rather than merely representing different sectoral interests, and demonstrates links into the wider business community. We suggest that in order to facilitate stronger business representation which can articulate and make the case for the region to central government, RDA board membership should be determined in the region utilising the new regional accountability processes. There should be sign-off by regional ministers with parliamentary scrutiny through the regional select committee, rather than the Department for Business, Enterprise and Regulatory Reform.

5.4 The expertise of the RDAs clearly goes beyond their boards however and the experience of business of RDA staff has been mixed across different agencies in terms of their private sector expertise and understanding. This would best be tackled by a clearer definition of their role, which should not involve direct delivery of services, and greater transparency in recruitment, project development and consultation procedures.

The extent of, and need for, their overseas activities

6.1 Currently United Kingdom Trade and Industry (UKTI) co-ordinates our international trade and investment activity across the world in conjunction with the RDAs. As a global movement and brand, the Chambers of Commerce are heavily involved in international trade activities and we find that the United Kingdom’s image and reputation for high quality goods and services is a very effective platform for trade, which should not be diluted.

6.2 There is a real lack clarity and cohesion between the RDAs and UKTI in their overseas activities. Even with some examples of effective RDA activity in terms of attracting inward investment, the potential for English RDAs, Scotland, Wales and Northern Ireland to compete against each in terms of their international representation represents real value for money concerns. There needs to be much better national coordination of the delivery of this activity to reduce overlap and duplication.

The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding.

7.1 While some of the SNR’s proposals for expanding the remit of RDAs to include new functions offer potential improvements to the current system we believe that there remains a risk that the current proposals will fail to deliver significant economic benefits.

7.2 We believe that there is significant potential value in bringing together the two existing regional strategies into a focused, evidence-based regional strategy covering economic, housing, planning and transport issues. Planning around
issues like transport infrastructure is of such crucial importance to regional economies that the separation of them from existing strategies leaves a significant gap and the existence of two separate strategies, often agreed at different times, is an obvious recipe for confusion and inaction. However there is equally a risk that rather than the IRS working to bring planning rightly within the context of a broader economic strategy such a change could merely perpetuate existing disputes about housing targets in Regional Spatial Strategies at the expense of action on the economy.

7.3 While it is clearly important that Local Authorities have a say in regional strategies, we are very concerned about the process for Local Authority Leaders Forums to jointly sign-off the IRS. The development and sign-off process must be streamlined to work faster and better than existing arrangements and we are concerned about the possibility of an objection by a Local Authority holding up sign-off and resulting in damaging delays or even deadlock requiring ministerial intervention. This is particularly worrying as it will be an effective veto for Local Authorities not only over issues currently included in the Regional Spatial Strategy, but also issues currently in the Regional Economic Strategy. We therefore feel that processes, such as a clear majority vote, should be considered. A high benchmark for business engagement in the process should also be set, which the Secretary of State would take into account when signing off regional strategies.

7.4 There also needs to be much greater clarity about the circumstances under which RDAs will be expected to delegate resources to Local Authorities, who are being given a new role in economic development. Many businesses are far from convinced about current levels of capability and expertise within their Local Authorities and where this is the case the RDA will need to help build up the necessary capacity before delegating funding. There is also a strong case for the RDA to seek proof of capacity at the local level before funds can be allotted. It is also crucial that the current business support simplification function of RDAs is not disrupted in this process.

7.5 The additional RDA responsibility for spatial strategy also means they will need to broaden their levels of expertise both at board and executive level so that they can ensure that the IRSs are not only clear, succinct visions for the area but actually set out which sectors and places should be priorities for investment. The model should be the Regional Economic Strategy process rather than the problematic Regional Spatial Strategy model. These additional responsibilities should not however lead to a reduction in the levels of business representation on RDA boards and should seek out additional private sector expertise.

7.6 With regard to EU funding, this is clearly an extension of RDA’s role which while giving greater resources to co-ordinate economic development in the regions also runs the risk of making RDAs larger, grant-making, delivery bodies with a one-size-fits-all approach rather than the strategic, relationship building, facilitators of economic growth that they should be.

The accountability of RDAs

8.1 We believe that RDAs should be held to account for their performance against clear, measurable objectives in terms of economic development. There is however a risk that overly-complex accountability arrangements limit effectiveness and muddle the real issue – a clear view as to how far an RDA has met its targets. RDAs are currently accountable to a series of central government
departments and Parliament, targets based on departmental objectives and regional economic strategies, performance management, corporate plan and Independent Performance Assessments (including the 2006 National Audit Office assessment). The current situation seems to be overly complex and not conducive to RDAs acting with autonomy as the risk-taking business bodies in their region that they should be to drive economic growth.

8.2 Under the SNR it is proposed that accountability arrangements are extended to include new Local Authority Leaders Forums, Regional Select Committees and a role for new Regional Ministers. How the business community (who are not directly represented by the democratic process) will be involved in the new scrutiny and accountability arrangements is by no means clear and is a serious omission. The business community wants to see RDAs operating in a way in which it is clear who is actually in charge of decisions so that they can be held accountable for them. While some accountability is needed at a national level, the new regional level accountability arrangements should lead to a reduction in the number of national level.

8.3 Even if this is not necessary in terms of any current specific RDA’s performance, the BCC would like to see procedures in place which would enable regions to decide to replace, restructure or even abolish their respective RDAs if they are clearly failing. If RDAs are to be the business organisations we would like them to be, they should be accountable for performance as companies are to their shareholders. Clearly if abolition is being considered this would require a wider debate about what powers and responsibilities would need to be transferred to another body, what body this would be and how accountable and effective it would perform as a successor, but in principle, we feel if something is clearly not working there should be the potential for it to be changed.

How RDA performance has been measured in the past and will be measured in future.

9.1 Up until now, RDAs have been tasked with two potentially contradictory objectives: to improve their region’s competitiveness and reduce the imbalance that exists within and between regions. While there has been economic growth across our regions over the last ten years it is difficult to judge how far this has been as a result of RDA activity. There has certainly been no dramatic change in terms of changing the long-standing regional economic disparites across the country. While RDAs do produce statistics about the numbers of jobs created and safeguarded in the region, more information about RDA performance (value for money, internal and administrative costs etc.) should be made publicly available.

9.2 RDA performance should be measured against a clear regional economic growth objective, with specific outcomes agreed and set out in the regional strategy. In the July 2007 SNR document, the Government suggested that each region should have an overarching growth objective underpinned by five outcome focused performance indicators (on productivity, employment rate, skills levels, research and development spending and enterprise). While there are some potential weaknesses with this approach (and relevant statistics on international or long-term economic comparisons and business satisfaction rates would be helpful), on balance, these would be sensible outcomes to measure growth regionally as the basis for RDAs being assessed and scrutinised.

19 September 2008
I am writing in response to your enquiry into the effectiveness of RDAs. I do not know much about the general area of RDAs, however, I can share Aldeburgh Music's experience of working with the East of England Development Agency (EEDA), which may help to answer some of the areas of your investigation.

By way of background, Aldeburgh Music is an international music organisation providing performances, professional development for musicians and education work. We are based in a rural area on the Suffolk coast. We are in the latter stages of a £16m development to create new rehearsal and performance facilities. An independent economic impact study before the project calculated that this project will create 50 direct and indirect jobs and an increase in net household income in the area of over £1,000,000 per annum. The early signs are that these targets will be exceeded.

EEDA have played a crucial role in enabling this project to happen. As a major infrastructure project in a rural area, early on in the project, we lacked credibility in terms of being able to raise money, as there is a pre-disposition that somehow non-metropolitan projects are cheaper and worthy of less support than similar urban-based schemes.

In conjunction with Arts Council England, EEDA realised that a strategy of targeted investment in key regional arts projects could bring significant economic gains to the region. This strategy led to EEDA becoming an early investor in our project, at the critical moment when we needed money to pump prime the project and win us the credibility we needed to fundraise from the private sector.

This meant two crucial things for our project, without which we wouldn't have got off the ground

1) we were able to acquire the land required for our development, before we had to launch a general campaign

2) that EEDA's imprimatur on our project was a catalyst for support from the private sector. This has been instrumental in our raising £9.5 million of support from the private sector - an unprecedented amount for a non-metropolitan arts project.

This is only one example but I do believe that when well run, as EEDA is, with a clear focus on priorities and where to invest, RDAs can make a significant difference - in our case the difference between a project happening or not. To my mind this seems to justify the investment that central government makes to the RDAs.

1 October 2008

Memorandum submitted by Oxford Innovation Ltd (RDA 96)

Introduction

Oxford Innovation Ltd is the UK’s leading operator of Innovation Centres – business incubation premises for technology and knowledge based businesses - and is also Europe’s leading manager of technology Investment Networks that link innovative new technology
businesses with business angels, corporate venturers, Venture Capital Trusts and other venture funds.

Oxford Innovation currently manages 13 Innovation Centres with a total of some 350 companies based in those Centres. Many of these Centres have benefited from public funding to pump prime the activity, with most already being self-financing and others on course to become self-financing over no more than two to three years. A wholly private sector financed Innovation Centre is due to open in late 2008 at Milton Park, Oxfordshire, to be managed by Oxford Innovation.

Our response to this consultation is thus written from an unusual perspective of a company that has a very high proportion of its turnover dependent on entrepreneurs and innovative start-up companies, and which also works with many publicly-funded bodies that are seeking to encourage entrepreneurship, innovation and knowledge transfer.

Over the last ten years we have worked on a wide range of economic development and business support projects for many of the RDAs.

The effectiveness of RDAs and their role in adding value

I am pleased to present three examples of projects that we have worked on with three different RDAs, each of which have been highly effective and have added significant value to the regional economy and business community. The three examples are described in the following sections.

1. BioCity Nottingham

BioCity Nottingham Ltd is a unique example of strong collaboration between a Regional Development Agency (East Midlands Development Agency), two universities (The Nottingham Trent University and the University of Nottingham) and a major international science-based company (BASF plc) to create a major Bioscience and Healthcare Innovation Centre.

BioCity Nottingham was made possible by the donation of pharmaceutical R&D facilities by BASF to Nottingham Trent University. The premises consisting of over 100,000 sq ft of laboratories would cost close to £50 million to build and equip at today's prices. The gift is believed to be the largest-ever corporate donation to a new university.

The Nottingham Trent University wisely decided that it needed to work with partners in order to ensure the success of BioCity Nottingham. The crucial partners in addition to BASF were University of Nottingham with its strong Bioscience and Healthcare research base and East Midlands Development Agency, which had already identified Bioscience and Healthcare as a sector of particular importance to the region. The objective of the partners is to create an "engine" for regional economic development that has a value in excess of £50 million to the regional economy.

A careful process was undertaken to ensure that the four organisations involved could all share common goals in the development of BioCity and the way in which it would seek to
achieve maximum regional economic development effect in the area of Bioscience and Healthcare.

There were many crucial steps in the successful establishment of BioCity Nottingham Ltd, including: BASF's willingness to underwrite running costs until the other partners had the opportunity to develop a robust business plan and secure necessary funding; a well designed and developed regional economic strategy from EMDA that ensured that public funding could be made available to help BioCity Nottingham to get established; the willingness of the two universities to work together for common goals; selection of specialist consultants, Oxford Innovation Ltd, who were capable of facilitating the partners to reach shared goals, to help to secure available funding to turn the ambitious goals into reality and to manage the initial operation of BioCity. BioCity was then in a strong enough position to recruit an outstanding Chief Executive, Dr Glenn Crocker, to lead the future development of the operation.

The result is an initiative that has already attracted over 50 Bioscience and Healthcare companies to establish themselves in BioCity Nottingham (since opening in November 2002). Many more Bioscience and Healthcare companies will be assisted by BioCity Nottingham over the next few years.

The ultimate objective is for BioCity Nottingham to create more than 5,000 jobs in the regional economy.

Because of its location in the middle of the East Side regeneration area of the City of Nottingham, BioCity represents a highly cost effective means of stimulating regeneration of a less prosperous area of Nottingham.

2. The Innovation Technology Centre, South Yorkshire

Oxford Innovation manages several notable Innovation Centres in strategically important locations. These include the Innovation Technology Centre on the Advanced Manufacturing Park between Sheffield and Rotherham, which was once the site of the Orgreave colliery and has now been transformed into a thriving Park uniquely focussed on advanced manufacturing.

The initial focal point for this cluster of activity was the Advanced Manufacturing Research Centre, established jointly by University of Sheffield and Boeing. This has recently expanded into a ‘Factory of the Future’ established by Rolls Royce, the University of Sheffield and Yorkshire Forward.

The Innovation Technology Centre (ITC) provides 27,000 sq ft of premises for innovative start ups in advanced manufacturing, and a superb conference centre serving the Advanced Manufacturing Park and advanced manufacturing business and research establishments in the surrounding region.

The ITC is rapidly building a reputation as the ideal location for innovative companies involved in new materials and other aspects of advanced manufacturing. A range of measures are deployed to help build the community of entrepreneurs, both within the Innovation Centre and extending to the wider community of advanced manufacturing entrepreneurs in South Yorkshire.
A new building, the Environmental Energy Technology Centre (EETC) is currently being built adjacent to the ITC to provide premises particularly for new low-carbon energy technology companies. The Advanced Manufacturing Park, the ITC and the new EETC are the result of a bold investment by Yorkshire Forward which has already transformed the old colliery site and is now being complemented by private investment in further buildings on the Park.

3. Innovation Advisory Service South East

Over the last ten years the Government has done an excellent job in stimulating the supply side to be more willing to spin out companies, and licence their intellectual property. However, much less attention has been paid to the demand side and it is clearly still disappointing that business demand for university knowledge, expertise and intellectual property is still quite low.

This issue was highlighted by the Lambert Review, which led SEEDA to fund a new initiative - the Innovation Advisory Service South East (IAS), managed by Oxford Innovation and aimed at trying to increase demand from business for university knowledge, expertise and intellectual property.

The IAS has been running for less than three years, but already an interim evaluation undertaken for SEEDA has found that the programme has achieved some very significant impacts and led to substantial new business investment in R&D and innovation.

One particular strength of the IAS has been the way it has embraced and promoted the concept of ‘Open Innovation’, working with large businesses that are becoming increasingly receptive to innovation from outside their own R&D labs, and with small and medium sized companies that know they need relationships with large partners in order for their innovations to be commercially successful on a very substantial scale.

Open Innovation is perceived as an increasingly important input to product and process development by many large companies. As Open Innovation gains in popularity, it will lead to large companies thinking more readily of universities and Public Sector Research Establishments as viable sources of new technology, but they will also look at innovative start-ups and SMEs, or indeed at other large businesses, as potential suppliers.

With SEEDA’s encouragement, Oxford Innovation has developed the beginnings of an “Open Innovation market place” in the south east of England. This can potentially have a very positive effect on the economy of a region, by using the presence of large companies within the region, and their willingness to collaborate, as a lever for substantial economic development.

The need for a level of economic development delivery between central and local Government

The three specific examples which we have quoted each illustrate the need for regional rather than local thinking in economic development. In the case of BioCity Nottingham, the economic development effects are primarily local to Nottingham; however, the facilities have attracted bioscience and health care companies from throughout the East Midlands region,
and indeed from further afield, and the BioCity facility now acts as a regional as well as a local resource for bioscience and healthcare companies. Similarly the Advanced Manufacturing Park and the Innovation Technology Centre (and the new Environmental Energy Technology Centre) are regional as well as local resources acting as the flagship for a regional renaissance in manufacturing industry, not simply a means of generating more local employment.

The Innovation Advisory Service South East illustrates even more clearly the value of working on a regional scale. It is only by working on a more substantial scale that it is affordable to have Innovation specialists covering a wide range of sectors and with a wide range of business skills so that a sophisticated service can be provided to some of the high growth potential companies in the region and top level engagement can be achieved with the technology-based multi-nationals of the region.

We are currently working in detail with SEEDA to ensure that the best features of the Innovation Advisory Service South East are preserved as the review of Sub-National Economic Development and Regeneration goes forward. The challenge is to maintain the economies of scale and the range of specialist skills that can be achieved by a regional service while linking to local delivery. SEEDA has consulted widely and taken the view that the best way forward is to establish local “Innovation and Growth Teams” that will be funded by SEEDA but closely accountable to local government and to require that many of their existing programmes, including the Innovation Advisory Service, “will be delivered through sub-regional Innovation Teams” as stated in their Corporate Plan 2008-11.

1 October 2008

**Memorandum submitted by Chemical Industries Association (RDA 97)**

**Introduction**

The Chemical Industries Association is pleased to have the opportunity to make a submission to the Committee about the role of Regional Development Agencies.

The CIA is the leading representative and employers’ body for the UK chemical industry, with 150 members at over 200 manufacturing sites. Some sites produce bulk chemicals; others make smaller volumes of speciality chemicals.

Turnover of the UK chemicals sector in 2006 was £57 billion (including merchanted goods). It accounted for 1.5% of UK GDP and almost 12% of manufacturing’s gross value added. [Source: Office for National Statistics (ONS), Annual Business Inquiry.] It employs some 185,000 highly skilled people directly and supports several hundred thousand jobs throughout the broader economy. The chemical industry typically
contributes an annual surplus of £5bn to the UK’s balance of payments [Source: ONS].

The industry is global both in terms of markets and ownership, with over 65% of CIA’s membership being foreign “headquartered”. All our members rely directly or indirectly on non UK-business and they complete globally for these contracts. Any significant imbalance between the UK business climate and other markets can therefore lead to the loss of UK trade and investment.

The CIA does not have much experience of working directly with Regional Development Agencies but we do work closely with the RDA funded Regional Chemical Initiatives (RCIs).

**The need for regional delivery**

1) The chemical industry is concentrated in three key regions, the North West of England, the North East and Scotland. Companies in these areas benefit from being a priority within the regional structure. There is also significant industry in the South and South East but because it is not clustered it does not have the distinct identity to help it attract support through the regional structure.

2) The creation of the RCIs such as – Yorkshire Chemical Focus, NEPIC, and Chemicals Northwest by the RDA’s has been of value to many chemical business in the those areas.

3) Smaller companies in particular benefit from the “one stop shop” role the RCIs play, especially as an interface between companies and public sector schemes to benefit them. They also give companies access to useful networks, best practice sharing and, general local business collaboration.

4) They are also a useful platform to spread messages to local firms on national policy issues such as health, safety and environment. Regional government funding of the RCIs also allows for attractive membership fees, which helps ensure that many small chemical companies do participate.

5) These are extremely useful services, with the RCIs acting as very valuable regional delivery mechanisms.

**The effectiveness of RDAs and their role in adding value**

6) The perception of RDA effectiveness amongst CIA membership is not consistent.

7) Within the regions where the chemical industry has as strong presence many companies value the RCIs. Other companies are scathing about the relevance of RDAs, especially for an industry that competes globally rather than regionally.

8) The best evidence that the RDAs who have a focus on chemicals and fund a RCI add value is the discontent amongst SMEs in the south of England who do not get support from their RDAs. This means there is not a level playing field for businesses
that are in areas where the industry is more dispersed and as a result is not given priority by the RDA. This is an issue that needs addressing, especially if there were to be an increase in the budget and remit of the RDA’s as this would increase the potential to distort the market place.

9) Where the RDA’s add value is through the work of the RCIs delivering national policy locally and in the sharing of good practice.

10) Byway of examples, the CIA has worked closely with Chemicals Northwest to deliver workshops on responsible energy use and the EU Emissions Trading Scheme. This is a good example of where the RCI’s regional network has helped us to deliver national policy issues with international implications.

11) Similarly we are working with NEPIC to spread the word about new European chemical legislation called REACH. We have recruited a REACH Ambassador to alert businesses in the North East through the NEPIC network, to their possible responsibilities under REACH and to sign post them to the help they need.

12) The National Skills Academy for the Process Industries (NSAPI) is another good example of where national-level thinking – through the Chemistry Leadership Council – has progressed to national/regional collaboration in delivering the Academy. This represents a good example of the RCIs, CIA and national Government working well together.

**The extent of, and need for, RDA overseas activities**

13) The view of the CIA is that with chemicals being a truly global business, support for companies to explore and exploit overseas markets is welcome.

14) However a key issue for the chemical industry is that regions should not be competing against each other in the international arena. Government funded overseas activities should focus on promoting what UK Plc has to offer and not the rivalry between regions.

15) The reality is that when companies are assessing where to invest they are not choosing between UK regions they are comparing the UK to its European and Asian rivals. An apparent disconnect within the UK is not a helpful image to portray and is an inefficient use of resources.

16) Anecdotally we hear of trade missions from one RDA following hot on the heels of another with no attempt at co-ordination. This does not give potential foreign investors the perception that the UK is a dynamic and convenient place to do business if they have to deal with each region and its complexities separately.

17) The remit of the RDAs should require them take into account the international interests of the industry as a whole when planning their regional activity.

18) The best use of RDA overseas funding has been when one of the RDA’s has done some co-ordination of trade support for the chemical industry. This function could be provided by existing bodies at a national level.
Expanding RDA remit including the delivery of EU funding

19) The key priority for any change in remit for the RDAs verses central government, agencies and local government is greater clarity for business about who does what.

20) At the moment there seems to be a great deal of overlap in remits, which means wasteful competition on some issues whilst others are neglected. With the remits of RDAs often, unclear businesses are not able to make best use of the services they already offer.

21) If the RDAs gain new functions, including the delivery of EU funding then the issue of a level playing field for businesses must be addressed. We would also be cautious about the danger of double funding.

22) There are already inconsistencies between the level of support available to chemical companies in the south and north of the UK. It would be unfortunate if an increased imbalance further eroded the ability of southern-based companies to compete because they are not the dominant economic driver for the region.

23) We strongly believe that the remit when it comes to business should remain using local networks to deliver practical business support and spreading of best practice. We do not believe that the remit should be formally widened to include lobbying on public policy, which is already happening informally. We do not believe this is an appropriate use of public funds and any move towards delivering EU funding would need to be matched by very clear terms of reference and accountability.

The accountability of RDAs

24) As a national trade association it remains very difficult for CIA to judge the effectiveness of RDAs. Our relationships are good with the regional chemical initiatives but it would be impossible for us to give a considered view on whether the RDA structure provides good value for money.

25) We are not clear where they get their mandate to act as a lobbying influence and how business can shape the views that they put forward.

Conclusion

26) In conclusion the chemical industry values the funding that has gone into the RCIs to improve business competitiveness. We would point in particular to the support for best practice sharing, local industrial (and academic) collaboration and the ability of the RCIs to help deliver local messages on national/international policy and legislative issues.

27) On the assumption that there are key performance indicators in place, we would support a continuation of funding for local business support and networks. In giving
this support we would also plea for a simplification and rationalisation of business support schemes and structures, with clear remits for all delivery mechanisms.

28) If the RDA structure and its delivery arms were to be disbanded, the CIA does believe that it would still be able to work well with businesses in the regions - in part a consequence of, and tribute to, the good work done by the RCIs. We would want to see the funding for local business support remain regardless of how it is administered.

1 October 2008

Memorandum submitted by Nottinghamshire County Council (RDA 98)

Nottinghamshire County Council welcomes the opportunity to submit evidence to the Business and Enterprise Committee’s Inquiry into the role of Regional Development Agencies (RDAs) and the implications the Government’s review of sub national economic development and regeneration may have on that role. Our evidence focuses on those areas of the Committee’s Inquiry which the County Council believes to be the most important within the context of our strong commitment to lead and deliver economic well-being and prosperity in Nottinghamshire.

The Government’s proposals for taking forward the Sub-National Review (SNR) involve retaining RDAs and extending their responsibilities whilst at the same time strengthening the role for local government in local economic development and regeneration. The County Council strongly supports the latter but considers the proposal to create a statutory economic assessment duty for upper tier authorities does not go far enough and there should be duty for upper tier authorities to lead, promote and deliver economic development and regeneration more generally in their areas, together with other authorities and partners.

Moreover, if SNR is to genuinely facilitate the place-shaping role of democratically elected local authorities, there must be a substantial reduction in the bureaucracy associated with regional initiatives and a significant devolution of RDA budgets and programmes to upper tier local authorities, who retain the strategic overview and partnership lead for economic development in their areas. There should be a clear presumption of subsidiarity, with a duty on RDAs to devolve funding to local authorities, not merely to delegate. Only in exceptional circumstances should devolution not take place for instance where an authority or area has been judged to be performing weakly through the existing Comprehensive Performance Assessment and future Comprehensive Area Assessment process.

The County Council has reservations over the proposal to extend RDA responsibilities. We believe the focus of public policy-making and delivery should be vested with elected levels of Government - with central and local government. We remain concerned that the proposals to transfer key powers and functions to RDAs give rise to an unacceptable democratic deficit. We believe as a point of principle that powers and functions should transfer to elected local government, not unelected RDAs. However, if new roles are to be assumed by RDAs, they must fully commit to democratic and partnership engagement and build upon the inclusive arrangements that currently exist. This is particularly the case with the Regional Planning Body role where there is a long history of co-operative working and open dialogue.
• Turning to the integrated regional strategy, it is important to note that local councils, with their partners, already determine economic development priorities for their areas through Sustainable Community Strategies and Local and Multi Area Agreements. It is important that these priorities inform both the RDAs’ support activity and the development of integrated regional strategies. The strategies must therefore be owned by local government and it is imperative that the duty to prepare and agree the integrated regional strategy should be placed equally on the RDA and Local Government in the region, and strategies should be submitted to Ministers only when they are jointly agreed.

• Finally, I should point out that the County Council is a key partner in the County Council Network (CCN) and is supportive of its submission to this Inquiry.

1 October 2008

Memorandum submitted by Birmingham, Coventry and Black Country City Region (RDA 99)

The Sub-National Review of Economic Development and Regeneration (SNR) highlights the importance of decisions being taken at the right geographic level. Often these will be sub-regional rather than regional. Most important amongst the sub regions are the core city regions – the main economic drivers of the nation’s prosperity.

As such, the City Region is a significant sub-regional partnership. The other eleven member organisations of the City Region will continue to work with AWM to ensure that funding is delegated to the most appropriate groupings in line with agreed regional, sub-regional and local priorities. The City Region provides a forum for the urban local authorities of the West Midlands to discuss directly with AWM how to best direct our collective resources to achieve these outcomes and to secure value for money.

The RDA here in the West Midlands has played a significant and valuable role in supporting the emergence and development of our City Region partnership259. We value its expertise and it’s inclusive, team player approach. The Chairman of AWM is one of the twelve members of the City Region Board. His commitment and experience is of great value to the Board. As an organisation AWM has consistently challenged the City Region to adopt an ambitious and proactive programme of work designed to improve the levels of business and personal prosperity in the urban core of the West Midlands. AWM has played a leading role in developing a strategy and plan to increase the levels of foreign direct investment in the City Region, and their new Regional Economic Strategy (Connecting Success) captures the challenges that Birmingham and the City Region faces.

Over time we envisage the core city regions becoming increasingly independent and well resourced as they take a lead role in delivering economic development in the regions. This will be an evolutionary approach and the RDAs will clearly be a vital part of taking our ambitions forward.

259 The City Region is a partnership comprised of the local authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Telford and Wrekin, Walsall and Wolverhampton, the West Midlands Regional Assembly, AWM, the West Midlands Learning and Skills Council and the Business Community. Key partners for the City Region are JobCentre Plus and our Universities.
1 October 2008

Memorandum from South West Regional Development Agency (RDA 100)

INQUIRY INTO THE ROLE AND EFFECTIVENESS OF RDAs

Evidence to the House of Commons Business and Enterprise Select Committee Submitted by the South West Regional Development Agency

The South West RDA is pleased to be able to submit evidence to the Business and Enterprise Select Committee’s inquiry into the role and effectiveness of the Regional Development Agencies. The Committee’s inquiry comes at a time of considerable change both in terms of the external economic conditions affecting the UK economy and also the changes made to the role of the RDAs that were set out in the Government’s Review of Sub-National Economic Development and Regeneration.

This submission should be read in conjunction with the collective RDA network memorandum to the Committee.

1. About the South West RDA

1.1 The South West is the largest region in England, with over 18% of the national total land area. The South West peninsula extends over 350km, from the South West tip of Cornwall to the northern border of Gloucestershire and the eastern borders of Dorset.

1.2 Since the South West RDA was established, the Agency has sought to lead the development of a sustainable economy in the region, investing to unlock the region’s business potential. The RDA is focused on helping to achieve the goals and aspirations set out in its Regional Economic Strategy (RES) within the framework of the Regional Spatial Strategy. The South West RDA has an annual budget of around £180m.

2 The need for a level of economic development/business/regeneration policy delivery between central and local government

2.1 The need for a means of addressing economic development arises from an understanding that persistent inequalities in the respective performances of the different English regions, in conjunction with intra-regional disparities, can only be tackled by joined up and coherent actions at the local, regional and national level. Regional level policy delivery involves understanding current economic conditions at different spatial levels, preparing economies for the challenges ahead, and tackling market failure at a level above the local but below the national levels. While some interventions are delivered at regional level, other interventions will best be delivered at different spatial levels. The critical issue is identifying and agreeing the most appropriate level for interventions to take place at different spatial levels.
2.2 Addressing economic development issues from a regional perspective enables a more context specific, strategic and fine-grained approach driven by the specific conditions affecting a region and the needs and aspirations of its stakeholders. Such an approach is not possible at the national level which is more distant and finds it more difficult to identify and develop region specific policies. Moreover, a regional approach provides economies of scale, expertise and strategic insight that are not available at a purely local level.

2.3 By their nature, locally-focused policy interventions are not designed to tackle broader issues which may affect an area beyond a specific locality or political boundary. City-Regional governance structures and Multi Area Agreements also have the potential to deal with cross boundary issues.

2.4 Prior to the establishment of the RDAs, there was a wide range of local and regional mechanisms and agencies all with competing or contradictory mandates addressing certain aspects of the economy. Indeed, one the reasons provided for established the RDAs in the first place was to slim down the often bewildering array of different initiatives, agencies and actors operating at this level. If nothing else, this demonstrates the need for a level of policy delivery at a regional level. Other actors are also well placed to deliver policy at a regional level.

2.5 RDAs seek to address their core objectives and maximise their added value by:

- **Triggering investment** by supporting projects that can be catalytic for an area. The Agency’s investments in Gloucester, through the Gloucester Heritage URC (Appendix case study 1), and in the cultural renaissance of Bristol Harbourside (Appendix case study 2) are two such examples.

- **Identifying and plugging gaps in skills.** In the South West the establishment of the Marine Training Centres in Poole, Plymouth and Falmouth (Appendix case study 3) were in recognition that a shortage of skills was the greatest barrier to growth in the Marine sector.

- Helping to spread new ideas to support business through **innovation.** The Agency’s support for the South West Rural Enterprise Gateway (Appendix case study 4) is an example of an initiative that provided region-wide support to help land based industries adapt to change. Part of the support included knowledge transfer in association with University of Plymouth and the Royal Agricultural College.

- Tackling market failure, taking managed risks and pursuing opportunities to **accelerate economic development** that are best addressed at the regional level, such as through the Agency’s investment in the groundbreaking renewable energy project Wave Hub. (Appendix case study 5)

- **Intervening when there is insufficient scope or capability** at a local level or where existing political boundaries may deter joint action, such as the
• Developing **flexible responses** that are region and locality specific and which draw on and reflect the views expertise and knowledge of local and regional agents, including stakeholders from the local community, local businesses and non-profit organisations, such as the Agency’s role in bringing together stakeholders for the region’s sustainable communities plan, The Way Ahead. (Appendix case study 7)

• Providing **advantages of scale** in the accumulation of knowledge, **capacity** and intelligence which can be shared across the region. The build up of regional research and intelligence functions in the regional evidence base through the South West Observatory is a good example.

• Focusing on **regional priorities** that cut across specific localities such as sectoral issues around tourism, aerospace and skills.

• Taking a **leadership** role. The South West RDA’s new corporate plan, for example, has an ambitious target of being net zero carbon in its investment portfolio by 2013.

• **Influencing central government** policies to take into account the need for regionally differentiated solutions and better target policy delivery in every region and locality. The Agency’s involvement in the Regional Funding Allocations exercise is one example.

• Increasing the ability to **benchmark** regional and local performance – which improves monitoring of these agencies by the electorate and other parts of Government. This can improve incentives to increase efficiency of public service delivery and encourage the adoption of innovative policy solutions.

3 **The effectiveness of RDAs and their role in adding value**

3.1 As the National RDA submission shows, RDAs have delivered their targets year on year, contributing to the growth of the regions’ economies. Along with other RDAs, the South West RDA’s performance was assessed by the National Audit Office (NAO) in November 2006. The Independent Performance Assessment (IPA) found that the South West RDA was “performing well” and identified a number of key strengths as well as some areas in need of improvement. The RDA has developed a comprehensive programme to take on board the areas in need for further development since then.

3.2 Work is currently underway to evaluate the economic impact of RDAs within the regions. As the National RDA submission states, ‘the RDA Impact Evaluation Study currently being delivered by Price Waterhouse Coopers on behalf of BERR will provide an assessment of the impact of the RDAs and is
expected to be published at the end of November 2008. Findings from this study will be provided to the Committee once available.’

3.3 With regards added value, the South West RDA works alongside and in collaboration with its partners in the private, public and voluntary sectors. Through its strategic investments, influence and leverage, the Agency focuses on four key priorities:
  • **boosting economic growth** through increasing productivity,
  • **unlocking the region’s business potential**,
  • **investing in places** to help them fulfil their potential, promote cohesive communities and widen participation in the economy, and
  • encouraging development within environmental limits and preparing the region for a **low carbon future**.

3.4 Given that the South West RDA’s budget is modest in comparison to the size of the regional economy, a key principle guiding all the Agency’s investments are that they should add value (for example, by connecting agendas, creating critical mass and building capacity).

3.5 The Agency is able to bring key public sector partners together to move forward an agreed long-term strategy and this level of stability can bring the private sector along in its wake. An example of this is the Agency’s work in South Bristol, which it has identified as a priority as a place with the potential to make significant contributions to the economic performance of the sub-region. The Agency is working with and investing alongside a range of public and private sector partners to guide, define and enable the regeneration and development of South Bristol. The work ranges from involvement in the production of overall strategies to investment in projects. A notable current project is Hengrove Park where the Agency is investing in the provision of site infrastructure and public realm works which will enable the development of a series of major public buildings, workspace and homes.

3.6 The Agency is able to add value through influencing or championing policies or initiatives at the regional, national and international levels. Within the region, South West RDA’s knowledge of the economy and blockages to growth has led to the development of innovative solutions to bring forward the development of key sites in the South West and promote sustainable growth. The RDAs investment in Osprey Quay is a good example of a project where the Agency’s investment has led to the significant regeneration of a deprived area, by creating a high quality environment and putting in place the infrastructure building blocks to give the private sector confidence to invest. (Appendix case study 8)

3.7 Within Europe, the South West RDA has achieved considerable success in developing new initiatives that have drawn in additional funding and are helping to spread innovative ideas across the continent. The RAPIDE project (Regional Action Plans for Innovation Development and Enterprise) is one such example. The project which has been developed by the South West RDA and funded through European co-financing, is designed to capitalise on the innovation taking place in Europe’s regions and to enable the public sector to
support this in the most effective way. This project is the first of its kind in Europe, with networks of European regions working directly with the Commission and very much focused on delivery. (Appendix case study 9)

3.8 The South West RDA plays a key role in helping to broker agreements between regional stakeholders, often of significant regional economic importance. A key example of this is the role the Agency has played in developing the region’s sustainable development plan – The Way Ahead. The regional policy context and impetus of *The Way Ahead* has added value at both a strategic and local delivery level in terms of both economic development and regeneration policy delivery. (Appendix case study 7).

3.9 The RDA’s status as a Non Departmental Public Body (NDPB) enables it to develop long term development strategies that are not subject to short-term political calculations. For example, it has helped to identify workable solutions to particular projects that have not progressed due to political reasons. One such example is SPark in the Bristol conurbation, where local partners had discussed the establishment of a science park for twenty years without progress. The Agency brokered a solution and invested to secure the land acquisition (22 hectares of land in North Bristol close to the M5) so that the construction of phase 1 could go ahead. (Appendix case study 6). NDPB status enables the Agency to take appropriate investment risks that have the potential for significant gain and which Whitehall or local authorities would find more difficult. RDAs are also able to act with speed in response to economic shocks such as last year’s floods.

4 RDA Expertise

4.1 Non-departmental public bodies (NDPBs) have long history within the British administrative system as arms-length bodies accountable through ministers to Parliament. NDPBs promote the specialisation of functions as well as the distancing of daily operations from political interference. The NDPB model encourages the specialisation and professionalisation of staff operating in complex fields of policy. RDAs can therefore be seen as a concentration of specialist expertise and knowledge in economic development at a spatial level that provides sufficient economies of scale. RDAs act as catalysts for further investment, have the capacity to undertake large projects, have the ability to connect businesses with each other and with new ideas (through universities) and the comprehension to help business navigate the credit crunch. The RDA’s staff complement includes people from business, economists, surveyors, environmental experts, planners, engineers, administrators, communicators and marketers. The Agency employs staff that have particular knowledge and insight into business sectors that are particularly important in the region such as tourism, advanced engineering and renewable energy.

Aerospace

4.2 In the South West, aerospace is a critical sector, directly employing 43,000 people in the region with a total of 150,000 through the supply chain. The South West RDA is the lead agency within the RDA network for this industry
and has played a critical role in several key areas. South West RDA also co-chairs the Aerospace and Defence Implementation Group, a forum for national and regional engagement, along with BERR. In addition, South West RDA represents the region in a number of national aerospace groups, including the National Aerospace Technology Strategy Group (Ministerial level), Aerospace Technology Strategy Group, Aerospace Knowledge Transfer Network (KTN) Steering Group and a range of Society of British Aerospace Companies (SBAC) Boards, Committees and Networks related to skills, supply chain, technology and the environment. (Appendix case study 10)

Planning and Transport
4.3 The South West Regional Development Agency has applied its planning and transport expertise to ensure synergy across the Regional Spatial Strategy, Regional Economic Strategy and Regional Transport Strategy. The alignment of these key strategies creates an optimal regional policy framework that will best support the long-term economic development of the region and the best evidence base on which to base public sector investment.

4.4 RDAs became statutory consultees for major developments in 2003. A recent review of the South West RDA’s role undertaken by Savills concluded that the Agency’s performance as statutory consultee was significantly better than other consultees. It also recommended that the Agency’s criteria could be usefully reviewed to ensure a better alignment with the revised Regional Economic Strategy. This work is now underway.

4.5 The RDA has identified and plugged crucial gaps in regional knowledge and expanded the regional evidence base. This enhanced regional intelligence is essential for the effective targeting of nationally administered public funds, such as the Transport Infrastructure Fund and Regional Funding Allocations. It also enables confident decision-making for the long-term through the Agency’s Regional Infrastructure Fund (Appendix case study 12). Such funding plays an essential role in supporting the sustainable development of the region.

Renewable energy
4.6 The Regional Economic Strategy (RES) for South West England identifies, Environmental Technologies (including Renewable Energy) as one of the eight priority sectors selected for specific intervention. The South West RDA has developed a good understanding of the South West’s strengths in relation to Renewable Energy enabling a targeted approach to its projects. In September 2007, the South West RDA Board agreed to build on the RDA’s existing renewable energy demonstrator programme (developed in 2002) and prioritise and support the emerging energy technologies of wave, tidal, bio-energy, micro-generation and offshore wind in the future. (Appendix case study 11).

5 The extent of and need for overseas offices
5.1 The job of our overseas team is to ensure that South West England’s strengths are promoted effectively as many overseas investors have little awareness of regional strengths beyond London and South East England. The staff in these offices have a strong personal knowledge of the region giving them credibility with inward investors who need hard facts relevant to their investment decisions. The RDA remains concerned that if left solely to UKTI, much of the investment secured will be focused on London and the South East.

5.2 Inward investment is an important component of long-term economic success for all regions, which benefit from new employment opportunities and the technology exchange between foreign and locally-owned businesses. It is widely acknowledged that foreign owned companies tend to be much more productive, pay higher wages and spend more on training.

5.3 There are currently more than 1,500 foreign-owned companies in South West England, including major firms such as HP Labs, Orange, Honda, Airbus, Imerys, Borders Books, Becton Dickinson, Pall, Princess Yachts, Wrigley, Curtiss Wright and Barden Corporation. The South West RDA works with all these businesses within the region – and many more – helping them to set up, overcome challenges and grow.

5.4 In the last financial year our overseas team helped to secure investments, worth more than £100m to the region. Data for the last financial year also shows that of the 65 inward investments to the South West, UKTI were involved in 9, whilst the Agency’s overseas team were involved in an additional 19 decisions.

6 The consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding

Delivery of EU funding
6.1 The RDA has taken on new roles as Intermediate Body for the European Regional Development Fund (ERDF) programmes and delivery body for the economic and social aspect of the Rural Development Programme England (RDPE). These bring with them major opportunities and challenges.

6.2 There is a significant opportunity to add value to regional strategies and programmes, such as those related to low carbon economy and simplification of business support services. The RDA is also able to work much more closely with sub-regional partners in aligning EU programmes with, for example, Local Area Agreements and sub-regional economic strategies. The Agency’s work in the Cornwall Convergence area provides an example of how it has brought partners together and provided a clear ambition for the sub-region. This is crucial to the successful delivery of the programme.

6.3 However, in Cornwall and the Isles of Scilly, partners’ expectations that the Agency will provide the lion’s share of match funding for ERDF from our single pot are a challenge both in terms of reputational risk and the likely
squeeze on other planned investments to the remainder of the region. Currency fluctuations also present a risk to delivery.

**Sub National Review**

6.4 As the National RDA submission states, RDAs have consistently demonstrated a capacity to assimilate new responsibilities efficiently, providing cost savings in administration budgets at the point of transfer and delivering more effective services. The RDAs welcome the opportunity to play a full and proactive role in the implementation of the SNR and, in their response to *Prosperous Places*, reiterated their support for the move towards a Single Integrated Regional Strategy (SIRS).

6.5 It is imperative that SNR implementation protects and enhances the benefits of the business-led RDA model. There are also challenges within the governance model described by the SNR, central to which is the pivotal relationship between the RDAs and local government, requiring clarification of the role between RDA Boards and the emerging local authority Leader’s Forum.

7 **The accountability of RDAs**

7.1 The RDA faces a complex accountability framework. Some of this enables BERR/Secretary of State to properly assess the performance of the RDA, including a revamped Independent Performance Assessment (IPA); annual audits; 6-monthly performance reviews; corporate plan reviews and an evaluation framework measuring RDA performance against strategic objectives. These mechanisms have been established to ensure that the RDA is delivering its core objectives. These sit alongside other scrutiny at a regional and parliamentary level, within the European Union and externally through such mechanisms as freedom of information requests and media reports.

7.2 While acknowledging concerns about a ‘democratic deficit’ at regional level, the RDA believes that the NDPB model has a number of advantages. It enables the RDAs to take managed risks, to maximise private sector investment and leverage, to make tough choices on investment priorities, and to operate over economic and political cycles while remaining subject to a rigorous accountability regime and external scrutiny. The challenge is to ensure that these benefits can be maintained following implementation of the SNR where the work of RDAs will be subject to still closer scrutiny and greater political influence.

7.3 Post-SNR, RDAs will remain formally accountable to Parliament via the BERR Secretary of State. Given the primacy of this accountability relationship, the RDA welcomes the establishment of some form of Parliamentary scrutiny to enable Parliamentarians to scrutinise the work of the RDA and other regional bodies particularly in relation to its enhanced strategic focus. Clear terms of reference will be important to ensure that Parliamentary scrutiny remains regional and strategic in scope and does not focus unduly on specific projects or constituency concerns.
7.4 The Modernisation of the House of Commons Select Committee has recommended 9 regional select committees each meeting up to 6 times per year, along with 2 Grand Committees of the Regions. The RDA welcomes this additional scrutiny, recognising that the Agency should hold itself up to account to its partners and stakeholders. However, the RDA remains concerned that the level of scrutiny will not be commensurate with its budget (£180m) or current level of activity in the region. “Indeed, at a time when this Agency is being asked to reduce its administration budget by some 20% in real terms over the CSR period, it could be argued that the aggregate administrative burden arising from accountability and scrutiny should be reducing accordingly.”

8 How RDA performance has been measured in the past and will be measured in future

8.1 Please refer to the national RDA submission, which sets out how RDA performance management has been measured in the past and how it has evolved into its present form.

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260 From South West RDA’s response to the Government’s consultation on the SNR: Prosperous Places
Appendix – South West RDA Case Studies

1 Gloucester Heritage URC

The scale of the task required to rejuvenate a city like Gloucester, containing areas of evident deprivation and social need, but steeped in layer upon layer of history and architectural heritage cannot be underestimated. At an early stage the Agency recognised success would require a single-minded partnership approach over a 10-year period. It was therefore the RDA that promoted the establishment of Gloucester Heritage Urban Regeneration Company (GHURC) in 2004.

The objectives focussed on providing 2,000 plus new homes, extensive office, commercial and development opportunities in a vibrant waterside location. In successfully promoting a return of people to live within the heart of Gloucester, the Agency has laid a strong foundation to secure a wider urban renaissance within the city. No one lived within the core docks area in 1999. By the summer of 2006 over 500 residents enjoyed living in the vibrant docks quarter, many living within apartments created within the imposing Listed Victorian warehouses which had lain derelict for over ten years prior to the Agency's intervention.

GHURC has brought enhanced capacity to deliver regeneration within Gloucester at an accelerated pace, but is also ensuring an integrated approach to maximise the benefits of regeneration for local people. Critically, GHURC has ensured that a number of long-standing barriers to renewal, such as infrastructure deficiencies and wider flood protection needs are tackled promptly in a co-ordinated way. It is an excellent example of the way in which focused public sector investment can be used to unlock very substantial resources from private business.

GHURC is on program to achieve its 10-year targets of reclaiming over 100 acres of brownfield land in the city, restoring over 80 historic buildings, delivering over 3,000 city centre homes and creating at least 2,000 jobs.

The RDA secured the new GLOSCAT campus within Gloucester Docks with a relatively modest investment. This will be one of the highest quality new FE Colleges in the country. In the process the RDA has assisted in attacking a key problem in Gloucester, which suffers from poor educational attainment within the public educational sector.

South West RDA role:
The RDA has been actively promoting regeneration within the heart of Gloucester since its establishment in 1999. It actively promoted the establishment of the Gloucester Heritage URC in 2004.

It acquired 4 hectares (10 acres) of land in the core docks in November 2001. The land, included 125,000 sq. ft. of Grade II listed warehouses suitable for conversion to a variety of uses including residential, leisure and commercial. The land purchase initiated a large-scale regeneration and mixed-use development programme for the Docks and surrounding areas of Gloucester with a timescale of 10 years.

2 Bristol Harbourside
Bristol’s Harbourside area is under-going multi-million pound ‘cultural renaissance’ that is establishing it as one of Europe’s leading quarters for the arts and creative industries. The Arnolfini and Watershed centres, two of the beneficiaries of RDA, Arts Council and Bristol City Council investment, are now amongst the UK’s most exciting and successful arts centres. They provide cutting-edge programmes of visual arts exhibitions, cinema, performance, dance, literature, music, animation, festivals, outreach and education work, as well as support the city’s thriving creative industries sector.

The project has stimulated mixed-use investment and development activity in an area with great potential but subject to significant physical and financial constraints. The area is now fully delivering its role as a driver of the regeneration of the city centre. The project will generate over 3,000 jobs, 400+ homes, 50,000m² workspace and circa £240m of private investment.

**South West RDA role:**
The RDA has played a range of roles including site remediation and servicing; public realm funding, developer selection; master-planning; brokering & communication, for approximately £21m of total RDA investment. The scheme includes public realm, housing, leisure, employment and retail uses.

Its intervention has helped to create the conditions for private investment in a key regeneration area. It has worked in partnership with landowners, the local authority, developers, investors and users. Without our intervention the project would have taken place piecemeal, at a slower pace and to a lower quality.

### 3 Marine Training Centres
The South West RDA has been instrumental in developing a network of ‘Centres of Marine Training Excellence’ based around significant clusters of marine industry activity in Falmouth, Plymouth and Bournemouth & Poole.

South West RDA identified the Marine sector as one of its established priority sectors in the Regional Economic Strategy because of its comparative advantage and further potential to meet expanding global demand. The RDA took the strategic decision to establish Marine South West (MSW) in 1999 as a delivery body for Marine sector programmes. MSW discovered that skills shortages remained the biggest barrier to growth for the sector and that the mainstream delivery of training was not meeting their needs. In response, South West RDA funded the research ‘Skills Needs of the Marine and Maritime Sector in the South West of England’. The research recommended the creation of a network of three training centres to provide for the identified skill needs of the marine and maritime sector and this formed the heart of the MSW programme funded by South West RDA.

The centres were designed to be demand-led, based in or near a “prime” employer, be developing skills in the supply chain, served by a private/public partnership to ensure provision is not duplicated or otherwise inefficient or deficient and a genuine network...
– meeting local needs but acting together to maximise advantage and economies of scale.

The Poole Marine centre gives a clear example of how the South West RDA has helped the supply chain to be engaged. In the first year, Sunseeker (the ‘prime’ business) was supplying 60% of the centre apprentice training throughput. In the second training year, Sunseeker’s contribution was only 40% but the actual number remained the same, demonstrating a greater take up from the smaller companies. Since September 2004, 2800 people have participated in training and career options activity. Contacts have been established with 800 marine-related companies and the centre provides a range of specific and corporate courses for some of these companies.

**South West RDA role:**
The Poole Marine Training Centre was established by the South West RDA in conjunction with Marine South West and the private sector. The South West RDA invested £800K in Poole and an additional £1.7m in the Plymouth and Falmouth Centres.

4 South West Rural Enterprise Gateway
South West Rural Enterprise Gateway (SWREG) is a region-wide business support project helping land-based industries adapt to economic change.

It is a complex project with a range of interventions with mainly land based businesses. The se include knowledge transfer through a contract with University of Plymouth and the Royal Agricultural College, reactively providing reports and information for groups, informing them of new research and information proactively and keeping the Business Links staff and website updated and informed.

The project has generated a great deal of interest and support within the region and outside. The contact with the Knowledge base has been very successful and groups are using this in a range of ways, for example, the biofuels group setting up a business with the University of the West of England on algal production for energy. There are a number of new collaborative businesses and many new enterprises. SWREG is designed to give businesses the information to make decisions for themselves, and to change the culture of the land-based sector it engages with.

SWREG has been recognised as an exemplar project nationally with a number of collaborative businesses and new enterprises resulting from engagement with this previously hard-to-reach, sector.

**South West RDA role:**
The project was developed in 2004 by the RDA as part of the Strategy for Sustainable Farming and Food Regional Implementation Plan. The project has been running since August 2004.

5 Wave Hub
Wave Hub is a groundbreaking renewable energy project that aims to create the world’s first large scale wave energy farm by constructing an electrical ‘socket’ on
the seabed around 10 nautical miles off the North Cornwall coast. Companies developing wave energy conversion devices (WECs) will be able to plug their devices into Wave Hub and up to 20MW of green power will be transmitted through a sub-sea cable to the local distribution network.

Planning approval has been received for the Wave Hub and the RDA is now working with both device developers and suppliers to reach financial close for the project. The Agency anticipates installation by Spring 2010 ensuring that the region leads the world in the development of wave energy technology. (For more info see www.wavehub.co.uk)

**South West RDA role:** The Agency intervened in this emerging business sector where the market was not prepared to get involved because of unquantifiable risks. The Agency has therefore been able to accelerate a development that will help to future-proof the SW economy by promoting new and emerging technologies while addressing the challenge of climate change through alternative energy supplies.

6 **SPark Bristol and Bath Science Park**
Local partners had discussed the creation of a science park in Bristol for over twenty years, but failed to make it happen. It took the intervention of the South West RDA to broker a new proposal which will create approximately 6,000 high value jobs and support the economic development of our priority sectors.

The science park is expected to make the South West even more attractive to business creating in excess of 6,000 highly skilled, high value jobs when fully completed. Acting as a major hub for science and technology in the north of the region, demand for the park will come from the established key sectors in the South West; aerospace and defence, digital technologies and biotechnology.

SPark is its single largest project in the region. It is also the largest new science park to be developed in the UK. The Agency bought the 22 hectare site, which lies between the M4 and the Avon ring road, in 2004. Setting up a world-class science park in Bristol has been an aspiration for the region for over 20 years.

**South West RDA role:**
The RDA's investment in the project totals more than £30 million. The Agency has secured planning permission over the last 12 months, enabling the private sector to start on site shortly with site infrastructure and the first science park innovation centre. The Agency has formed a partnership with 3 universities (Bristol, Bath and UWE) to provide support services with the developer.

7 **The Way Ahead**
The initiative was developed in 2005 to implement the Government’s *Sustainable Communities Plan* across the South West. It brought together a range of regional partners such as the South West Regional Development Agency, the South West Regional Assembly, Local Authorities and the Government Office for the South West. It also looked to key regional policy and planning documents such as the *Regional Economic Strategy*, the *draft Regional Spatial Strategy* and *Integrated Regional Strategy*. 

594
The Way Ahead instigated much needed debate and decision-making about growth in the region which then led to the identification of the region’s Key Growth Areas. Although complex, this process created coherence and consensus about delivering and managing growth in the region, which did not exist prior to The Way Ahead. It has provided a clear framework for regional resource allocation and also provided national government with priorities for national funding streams.

This framework has also helped Local Authorities, by setting a consistent regional strategic context, in particular it has attracted additional funding for the Key Growth Areas from national government programmes, such as the New Growth Points. Regional prioritisation provides appropriate scale and credibility for securing funding and commitment which is beyond the capacity of local jurisdictions.

The Way Ahead also brings together various regional groupings which have enabled unprecedented strategic engagement to take place between the South West Regional Development Agency, key central government infrastructure providers, private developer interests, and local authority planning and regeneration departments. These groupings have also facilitated regional and local networking, information exchange and dissemination of good practice. This networking is particularly important for encouraging cross-boundary working, in particular as economic activity transcends geographical and administrative boundaries. The regional enabling role, combined with strategic overview and intelligence is extremely valuable for enhancing local delivery.

Local Authorities have also benefited from the increased focus on their growth plans through The Way Ahead. Local Authorities’ development plans now have to meet regional aspirations and work within a framework of regional economic interdependency. The strategic overview, scrutiny and drive provided by bodies such as the South West Regional Development Agency are essential for raising the bar on regional productivity and sustainable economic growth.

South West RDA role: The Agency has played a crucial role in brokering the agreement, providing the advice and expertise needed and taking an important regional overview.

8 Osprey Quay

Osprey Quay is a 33 hectare brownfield site on the waterfront in Portland (formally the RNAS Portland naval helicopter station). The South West RDA played a key role in responding to a series of defence closures in Weymouth & Portland. Three major closures through the 1990's were estimated to have caused the loss of 4500 jobs. The last site to close was the Royal Naval Air Station at Portland in late 1999, this site was purchased by the South West RDA early the following year in order to help regenerate the area which had suffered an economic down-turn due to the defence closures. The site focuses on creating mixed-use facilities for marine-related industries, helping to benefit the residents and businesses of the Isle of Portland and neighbouring areas.

The waterfront site offered the opportunity to lift the physical environment at the entrance to the Island of Portland, a community that suffered from deprivation, whilst at the same time developing the marine and tourism sectors of the region.
Another key component of Osprey Quay is the National Sailing Academy project at Weymouth - the South West RDA's work in developing the sailing academy ensured the success of the Olympic bid.

The redevelopment of Osprey Quay continues, with the private sector now taking the lead, South West RDA having created a high quality environment, and put in place the infrastructure building blocks to give the private sector confidence to invest.

**South West RDA role:**
An inclusive process of master planning, infrastructure and public realm works was instigated by the RDA during 2002-2004. The South West RDA helped to provide new workspace, developed to high environmental standards by private developers, for use by the marine sector. This provoked strong private sector interest and investment which had not occurred before in the area.

An example of early success was the South West RDA’s involvement in the attraction of the Hunter Marine Corporation from the US who established their European HQ at the site in early 2001, adapting existing buildings. The company is now the largest sailing boat manufacturer in the UK.

9 RAPIDE
RAPIDE: Regional Action Plans for Innovation Development and Enterprise, which has been developed by the South West RDA and funded through European co-financing, is designed to capitalise on the innovation taking place in Europe’s regions and to enable the public sector to support this in the most effective way. This project is the first of its kind in Europe, with networks of European regions working directly with the Commission and very much focused on delivery.

The South West RDA will be working with its partner regions, and with stakeholders across the South West, to develop regional action plans to optimize the use of mainstream Structural Funds for boosting regional economies with innovation. Alongside the work at the regional level, RAPIDE will contribute directly to driving forward Europe’s knowledge economy. RAPIDE’s partners represent 11 EU Member States, and the network will bring together strategic leaders and innovation experts to focus on existing good practices in each of the partner regions. Each region will then develop peer-reviewed regional action plans setting out how the good practice explored through the network will be implemented in their Structural Funds programmes.

The network will garner the experience of a wide-range of partners involved in the innovation agenda, as well as from within the European Commission who are providing expertise directly to the project.

**South West RDA role:** The Agency is the Lead Partner for RAPIDE, and worked to establish the network of regions. The RDA hosted a conference in Cornwall in June 2007 to kick off the development of the bid for and then worked with partner regions to refine the proposal. The Agency’s approach of going ‘beyond best practice,’ interrogating good practice case studies and drawing out the transferable elements,
has chimed with the Commission’s wish to see interregional work really deliver tangible results over the next five years.

10 Aerospace

i) Coordination from national to local partners

South West RDA has worked closely with the Society for British Aerospace Companies (SBAC) on Supply Chain 21 (SC21), a national industry-wide strategic change programme which aims to accelerate the competitiveness of the UK’s aerospace industry by raising the performance of its supply chains. SC21 compliments the objectives of the UK Government's Defence Industrial Strategy which recognises that the supplier networks need to be modernised.

South West RDA is providing a critical role in meeting the challenge of translating a national programme to ‘end-user’ SMEs. The Agency works in close partnership with the regional trade organisation, the West of England Aerospace Forum (WEAF), and other regional partners such as the South West Manufacturing Advisory Service (SW MAS) to promote the national initiative and provide funding to engage SMEs in this critical initiative at regional level.

ii) Business Development

The South West has one of the largest concentrations of aerospace companies in the world, with a large number of prime contractors located in the region and up to 800 supply chain companies.

Over the past 3 years the South West RDA has invested approx. £20 million in aerospace technology programmes, contributing to major industry-led national projects. One key example is the £103 million private-public partnership to develop the Next Generation Composite Wing which will develop low-cost composite manufacturing technologies enabling high volume wing manufacture for next generation single-aisle aircraft. The South West RDA has committed £8 million to this public private partnership to ensure that the South West region maintains its competitive position, retains its world class technological capabilities, continues to drive collaboration between industry and academia, and continues to develop its highly skilled workforce. Specifically the South West RDA is working very closely with regional stakeholders to support the objectives of the project and to enable South West companies to respond to future market opportunities. The South West RDA is also the aerospace lead on the national committees that coordinate national stakeholder involvement on this project. This work is essential to ensure the future success of the industry not just in the region, but in the UK.

In addition to technology investments, the South West RDA also supports skills and supply chain initiatives, in partnership with industry and with WEAF.

11 Renewable Energy

Over the past few years the RDA has committed over £30 million to supporting new energy technologies. Some of the major projects and initiatives that the South West RDA has funded to date include:
• **Wave Hub**: Wave Hub is a groundbreaking renewable energy project that aims to create the world’s first large scale wave energy farm by constructing an electrical ‘socket’ on the seabed around 10 nautical miles off the North Cornwall coast. Companies developing wave energy conversion devices (WECs) will be able to plug their devices into Wave Hub and up to 20MW of green power will be transmitted through a sub-sea cable to the local distribution network.

• **Sustainable Development Commission (SDC) Study “Tidal Power in the UK”**: The South West, and in particular the Severn Estuary, has unique tidal resources and tidal power may have a key role to play in the development of a sustainable economy in the region. This is why we co-funded the Sustainable Development Commission's tidal power report, “Turning the Tide: Tidal Power in the UK” ([http://www.sd-commission.org.uk/pages/tidal.html](http://www.sd-commission.org.uk/pages/tidal.html)), published in the autumn of 2007.

In January 2008, the Government announced a two-year feasibility study following on from the SDC study. The South West RDA is part of the cross-Government team that is involved in this study. Preliminary findings are due later in 2008.

• **SW Bioheat Programme**: The South West Bioheat Programme aims to stimulate the bioheat industry in the South West through increasing the number of systems on the ground, supporting fuel suppliers and providing recognised training programmes across the region. It is the first such regional initiative and it is estimated that this intensive support will lead to an additional 32 MW of installed capacity which will equate to around 30 new bioheat systems on the ground. It will generate an investment of £8 million on capital equipment, the creation of 48 new jobs and a sustainable market for local woodfuel worth an estimated £2.4 million per year.

The South West RDA has been awarded £3 million from DEFRA to invest in a range of Bioheat projects as a direct result of the SW Bioheat Programme. DEFRA has released £3 million from its Bio-energy capital grant scheme to help make these projects a reality. (For more info see [http://www.regensw.co.uk/about-renewable-energy/biomass/south-west-bioheat.php](http://www.regensw.co.uk/about-renewable-energy/biomass/south-west-bioheat.php) and [http://www.southwestrda.org.uk/what-we-do/business-growth/inward-investment/news/viewNews.asp?id=2425](http://www.southwestrda.org.uk/what-we-do/business-growth/inward-investment/news/viewNews.asp?id=2425)).

**Regen SW**: Regen SW is the sustainable energy agency for South West England, core funded by the South West RDA. Regen’s mission is to speed up
• the transition to a low-carbon economy in South West England by:
  A: Unlocking sustainable energy business opportunities
  B: Accelerating the uptake of the region’s renewable energy resources
  C: Championing effective energy demand reduction initiatives in the region

Regen SW helps develop all aspects of the sustainable energy industry in the South West by giving independent advice to decision makers; acting as a sounding board for developers; supporting demonstrator projects across a
range of technologies at both micro and utility scale; and stimulating an informed public debate about sustainable energy.

Regen SW is a not-for-profit company and is based in Exeter. Geographically it covers the seven counties of the South West: Cornwall, Devon, Dorset, Gloucestershire, Former Avon, and Wiltshire. (For more info see [http://www.regensw.co.uk/](http://www.regensw.co.uk/))

### 12 Regional Infrastructure Fund

Launched on 12 March by the South West RDA, the Regional Infrastructure Fund (RIF) is the first of its kind in the country. It will provide seed investment, to ensure major infrastructure projects in the region are delivered in a timely manner, helping to unblock obstacles that the private sector simply cannot do. It is a method of ‘forward-funding’ financial contributions to infrastructure projects enabling the full funding package required to ensure they are in place earlier. These contributions are then recouped by the public purse at a later stage.

An investment panel drawn from the public and private sectors will advise the Agency on all aspects of potential investments from the RIF. The fund is set to revolutionise the development of important regeneration projects in the South West of England.

**South West RDA role:** The Agency devised the fund as part of the region’s sustainable communities plan The Way Ahead. The RIF was supported with funding allocated from the Regional Funding Allocation and the South West RDA played a crucial role in negotiations with HM Treasury to ensure the fund could operate.

### Other case study examples

**Best Practice – Beacon Network**

The south west is the largest of the English regions, but with the lowest population density. To counteract the challenge of developing effective business networks across a widespread area, in 2004 South West RDA established the Beacon network for high performing businesses in the region. This is a £2.15m investment over 6 years. There are now 212 Beacon companies and this number is expected to grow to around 250 with senior managers meet every 2 months to stimulate new thinking on a diverse range of problems. South West RDA is working to spread the learnings from Beacon companies across the wider business community; initially this has resulted in themed events open to all SMEs, with further initiatives in development. Having identified the need and brokered a solution, South West RDA is now studying how Beacon can be made a self-funding network.

A Beacon member recognised the benefit this network provides. "We're very pleased and proud to have been awarded Beacon status. [Beacon] is also proving to be a very valuable network for the exchange of knowledge and expertise. I recently spoke at a Beacon seminar on energy and efficiency which was an important forum bringing together business people from various sectors to discuss the topics and increase understanding of the issues involved.”
South West RDA role: identified the need to establish an effective network, set up and funded Beacon, sourced and manages a provider operating an account team to service the network, & now leading move to self-sufficiency.

East of Exeter Growth Area
This is the major housing and business expansion area for the city adjacent to the M5. It will contain 7000 homes and community facilities, a science park and business parks, Exeter Airport and a multi-modal freight terminal. SWRDA has provided forward funding of £40m to provide strategic infrastructure including motorway junction improvements, employment land and a new railway station to allow the development to proceed in advance of private sector planning contributions which are held up by slower market conditions. The Agency has used the Regional Infrastructure Fund in part to do this which provides advance infrastructure funding for major schemes and is repaid from developer contributions when new housing is completed. The RIF is designed to ensure strategic economic initiatives such as East of Exeter do not stall while the market is adjusting to tougher conditions.

South West RDA role: direct funding, coordination across stakeholders, maintaining momentum in challenging economic conditions, and where appropriate working with partners to alleviate risk

Business Link: delivering increased efficiency at a local level
Since assuming responsibility for the Business Link support service in 2005, South West RDA has driven a programme to improve efficiency and release more funding to front line services. This has included leading a rationalisation from 6 providers in the region to two (Peninsula Enterprise in the south and a consortium of Northern Arc and WSX in the north). South West RDA has also introduced a common regional marketing strategy and common customer relationship management, neither of which existed prior to RDA involvement.

In total, with static total funding since 2005/6 South West RDA has helped deliver an increase of 26.7% in businesses assisted in 2007/8 vs 2004/5, with a further 4.6 percentage point increase planned for 2008/9. This will bring the total SMEs assisted to 93,000 this year and reduce the cost per assist by almost 25% from 2004/5 to 2008/9.

South West RDA role: introduction of more comprehensive contract and performance management processes using rigorous setting of targets to drive improved performance and efficient use of resources

Brokerage in Skills Development
SWRDA worked with Honda UK in Swindon, an employer of 4,800 people with turnover at the site close to £3 billion, to address a shortage of engineers with the right skills, as well as a shortage of students who want to take engineering as a career. SWRDA was able to bring together the National Skills Academy and the Learning & Skills Council to establish what skills and training might be available and how local education providers could work with businesses in the future. An initial study was
followed by discussions with Honda to work out a practical way forward. This support was recognised by Mike Godfrey of Honda who said “It would have been difficult to co-ordinate many disparate bodies without the RDA’s intervention.”

In collaboration with other partners, Honda has decided to explore working with local education providers. Mike Godfrey has said of this “From our meetings with the RDA and the other organizations, we’ve got certain parties interested so that we can now build on that to establish something which is going to be of use. That will enable us to fulfill our aims but at the same time ensure that the colleges and schools achieve what they need to achieve.”

South West RDA role: brokered the solution with the different stakeholders involved, helped to create a framework with a major regional and national employer from which other businesses in the area and educational establishments can benefit.

19 September 2008

Memorandum submitted by Wychavon District Council

I welcome the Business and Enterprise Committee’s review of the future role and responsibilities of regional development agencies within the context of the future implementation of the sub national review. In response I would like to share my own considerations of future arrangements. As a starting point I have carried out a review of how economic development is delivered today in the district of Wychavon compared with arrangements in the late 1990s prior to the creation of the regional development agencies.

Wychavon: Setting the Context

The district of Wychavon is located in south east Worcestershire within the West Midlands. We have a growing population of over 112,000 in a largely rural area with the three growing towns of Droitwich Spa, Evesham and Pershore. Unemployment traditionally is lower than the regional and national averages but the local economy is historically associated with lower than average wages and challenges with access to services. In many economic ways it is typical of many rural districts in England and could be summarised as “economically doing ok but has the real potential to be achieving so much more.” Consequently it’s the sort of area that can make a significant contribution towards meeting our identified regional output gap of £10 billion.

Late 1990s Local Economic Development Activities

During the 1990s Wychavon District Council had developed a range of economic development activities including business start up support (grants and small industrial units), commercial property search and inward investment marketing activities. In terms of partnership working close links existed with other Worcestershire wide based organisations such as Business Link, Chamber of Commerce, County Council and other district councils. However, in contrast links with regional and national economic bodies was very limited. This reflected the districts perception as a relatively successful district with low levels of identified needs.
The approach taken at this time had success with supporting a range of businesses which was reflected by good progress with the development of a number of significant local business parks on the edge of our towns and a general decline in unemployment levels. However, very few transformational projects were being implemented and a number such as the re-opening of Droitwich Canal had been talked about for many years but very little progress was being made.

Devastating flooding in Easter 1998 affected many parts of the district, especially Evesham town centre. In dealing with the aftermath of the floods no support came forward from regional and national bodies and parts of Evesham town centre (Port Street and Waterside) remained derelict and vacant for 3 to 4 years. The flood recovery work highlighted that large parts of our town centres, not just those areas directly flooded, had suffered from a long term decline in their local economic importance and environmental quality.

Local Economic Development Activities 2000 until Today

The regional development agencies, Advantage West Midlands in our case, came into operation in 1999. As designed the Agency has had a significant impact on co-ordinating and supporting economic regeneration activity within the whole region, including areas such as Wychavon which had previously largely been excluded from government funding. In the intervening years a positive relationship has been developed and has helped with a range of initiatives. Listed below are a number of local case studies:

- Evesham and Pershore Market Town Partnerships – agency developed programme has resulted in the development of two strong and successful partnerships that have delivered a range of projects and initiatives that have made a major contribution to the economies and quality of life within these two towns and their hinterland. Direct financial support from the agency has helped draw in substantial additional sources of funding to help support a number of transformational projects that have already taken place such as Evesham riverside and Pershore’s Number 8 Community Arts Centre. In addition it has helped give momentum to developing major projects such as the Evesham High Street enhancement scheme. Both partnerships are going strong today and have a sustainable and ambitious future despite the main programme locally finishing in 2006.

- Droitwich canal project has recently started and will involve restoring a 7.5 miles canal linking the Worcester and Birmingham Canal with the River Severn. In doing this the project will open up a range of town centre brownfield sites for new business and residential development and provide a major boost to local tourism. The agency is one of the key funders and it’s financial support has helped bring forward this long held objective closer to reality.

- Broadband – in common with many areas there was strong demand a number of years ago by many rural businesses to secure affordable access to broadband connections. In partnership with the Council the agency provided substantial support (financial and technical) to get a pilot broadband service established in part of the district. The success of this and other pilot schemes in the region helped convinced BT of the business benefit of rolling out
broadband across the region so all of our exchanges are now enabled. The agency performed a significant role in lobbying BT to do this.

- Worcester Technology Park – in recognition of strong demand by major local technology businesses for expansion land the agency is currently undertaking a strong lead in the securing and delivery of a major new regionally significant employment site. The success of the project is absolutely key to securing substantial numbers of existing high value jobs and has the potential to attract many new jobs. The agency has brought to the project resources to provide effective co-ordination and a range of specialist technical support.

- Flooding July 2007 – in common with many other parts of the country the district suffered major damage and disruption created by last year’s floods. On this occasion the agency was quick to provide support with the clear up and repair of key public spaces and advice and financial support to individual businesses. Compared to 1998 those areas affected by the floods have recovered much quicker.

When comparing with our previous way of working I have to say that our regional development agency has provided well needed financial support for a range of projects but more significantly it has helped the district raise it’s ambitions with regards to type, scale and quality of projects, helped shape our sustainable local partnerships, encouraged us to think more strategically and work with a much a wider range of partners.

This combination has strengthened our local economy which should be in a stronger position to withstand the current economic uncertainties. I am pleased to report that our residents now benefit from an average household income slightly above the national average.

**Looking to the Future**

The sub national review proposals clearly have far reaching implications on the way local economic regeneration is delivered in the future. Reflecting on experiences over the last 20 years I would like to share the following comments in relation to the inquiry’s focus of attention:

1. **Need for a level of economic development/business/regeneration policy delivery between central and local government.**

The delegation of area based funds to a local area would be welcomed and in my experience of operating the Market Towns Programme – which has limited delegation powers - has already proven to be a great success. However, capacity to deliver at the local government level varies and in some areas will need support over the coming years to ensure minimum capacity levels are in place so that quality delivery is achieved. The delegation of skilled staff’ resources from the agencies should follow the funds to the local area. It is essential at a district level that we don’t see contract monitoring requirements with the region replaced with requirements from both the region and the county level.

There are a number of high level specialist support functions such as major project delivery (e.g. significant property development, large scale infrastructure schemes,
contaminated land development), regional policy development and research, climate change and international investment, which I believe will continue to be best placed to be delivered at the regional level.

2. Effectiveness of RDAs and their role in adding value

As illustrated in my brief case studies the RDA has been effective and value added. The challenge in the future is to build on this success by delegating area based funds to the local area without unnecessary bureaucracy but maintain a strong regional presence for specialist economic regeneration activities.

3. RDA Expertise

Specialist expertise such as ICT was absolutely essential in delivering the success with broadband this will be needed in the future to ensure high speed and reliable services exist in the future. In addition the progress with the Worcester Technology project has significantly required the property development skills of the agency.

4. Overseas activities

Although totally new inward investment from abroad has declined significantly we are still dependent on established international companies continuing to invest within the UK. Therefore overseas activity is still required but needs to be at an appropriate level.

5. Consequences of expanding RDAs remit

The RDAs have had a strong economic development focus and I believe that this has contributed to much of it’s effectiveness. The development of a single integrated economic, spatial, social and environmental strategy for each region is to be welcomed and hopefully will improve the quality and speed of delivery. However, transferring the role of regional planning body from the regional assemblies to the RDAs raises many potential dangers, including:

- Too large of a task with many difficult challenges resulting in policy development dominating and delivery losing out;
- Conflict of interest. The agencies perform a key role in directly delivering major property development. If they also control planning policy development they are in danger of being accused by some parties of having a perceived self interest.

6. Accountability of RDAs

Lack of democratic accountability is a major concern. The transfer of regional planning powers to the RDAs creates a real democratic deficit as there is a concern that the democratic element, the Forum of Leaders, can be overridden by the government. It is proposed that the principle way that the RDAs will be held to account is to government ministers. Accountability to the elected councils in the region should be equally important.
7. How RDA performance has been measured in the past and will be measured in the future

The RDA locally has involved partners in the sharing of performance measures through a number of activities including its annual report, annual conference and specific stakeholder audit activities (e.g. training performance). At a national level the National Audit Office has audited each RDAs performance and local partners have been involved in this process. The Regional Assemblies have also had the role to hold the RDAs to account.

In my experience the key measures have focused on the tier one outputs from government based largely on employment creation activities. Even though I support the continuation of an economic regeneration focus for RDAs I do believe that their key measures in the future should be based on a much broader approach.

19 September 2008

Memorandum submitted by from the Northwest Regional Development Agency (RDA 102)

The North West Regional Development Agency (NWDA) welcomes the opportunity to provide evidence to the select committee. This paper complements the National RDA Network response.

This submission provides a specific Northwest perspective and flavour to the questions raised by the inquiry and provide some specific examples of how, in the Northwest, the NWDA is working with partner and adding real value in driving the regional economy and providing a good returns on taxpayers’ investment.

This paper is structured according to the questions raised by the committee.

1. Overview of the NWDA Role and responsibilities

1.1 The Northwest Regional Development Agency (NWDA) role is to lead the economic development and regeneration of England's Northwest. It is currently responsible for:

- Supporting business growth and encouraging investment
- Matching skills provision to employer needs
- Creating the conditions for economic growth
- Connecting the region through effective transport and communication infrastructure
- Promoting the region’s outstanding quality of life

1.2 The Northwest Regional Development Agency (NWDA) is overseen by a private sector-led Board. The Board is responsible for setting the strategic direction of the Agency across all areas of its activity. The Board ensures that the Agency delivers its strategic remit of developing a Regional Economic Strategy (RES) on
behalf of the region and that it delivers the priorities within the strategy for which it is responsible.

1.3 The current RES was launched in March 2006. Agreed by all major partners and sub-regions, it sets out a clear vision for the region’s economy and identifies the priority actions required to meet that vision, based on clear evidence and detailed analysis of the challenges and opportunities facing the region. The North West reviews progress against the RES every six months and reviews its priorities every 2 years.

1.4 The Region is currently working on the successor document to the RES – the new Regional Strategy, announced by Government in its Review of Sub-National Economic Development and Regeneration. This will bring spatial, environmental and infrastructure priorities together with sustainable economic development goals for the first time.

1.5 The production and implementation of the strategy is being led by the Agency, closely involving the Regional Leader’s Forum of Local Authorities. The Strategy will be approved by the region’s Local Authorities. Wider partners are engaged in its development through an advisory group of private and public sector partners, who will lead on relevant elements of the strategy. Consultation, as with previous strategies, will be extensive and inclusive involving over 4,000 organisations including intensive engagement with business.

1.6 Alongside this strategic role, NWDA uses its funding to:

1.6.1 Deliver physical infrastructure and employment sites, working with the region’s local authorities and through a variety of joint delivery vehicles including Urban Regeneration Companies, Economic Development Companies and partnerships with the private sector.

1.6.2 Deliver business support services in accordance with the principles of Business Support Simplification – using the new regional Business Link as a primary gateway to services

1.6.3 Attract Foreign Direct Investment to the region through our work with UKTI. This activity has saved or brought in over 14,500 jobs to the region in 07/08.

1.6.4 Fostering innovation and scientific advance - building on the globally competitive science assets and research based business that exists in the region. NWDA has played a leading role in supporting groundbreaking developments such as Daresbury International Science and Technology Park and our key nuclear, biotech, chemical and advanced manufacturing sectors.

1.6.5 Support Local Authority and Business partnerships that reflect the region’s economic geography, ensuring prioritisation within the sub-region’s of Greater Manchester, Merseyside, Lancashire, Cumbria and Cheshire.
1.66 Provide strategic leadership of the tourism sector within the region. The Agency gives both core and project funding to the region’s 5 Tourist Boards, as well as funding a range of focused tourism and project activity. Core funded activity covers sub-regional strategic leadership work by each Tourist Board, strategic and tactical marketing and work to improve the flow and quality of visitor information / services and to raise the quality, productivity and profitability of tourism businesses. The Agency has taken a national lead role in a number of areas, including the current review of VisitBritain’s role, and work to improve tourism statistics through Partners for England.

1.67 Support employment and skills needs in the region both to grow the size of the workforce and to deal with the severe challenges of worklessness. We do this in conjunction with statutory agencies such as the LSC and Job Centre Plus, supporting City Employment strategies, skills and leadership programmes as well as developing the HE/FE facilities in the region.

1.7 In the seven years since the NWDA was established we have:

- Created or safeguarded 170,000 jobs
- Created 9,000 new businesses
- Reclaimed 3,500 hectares of Brownfield land
- Levered £2 billion of private investment

19 September 2008
2. The need for a level of economic development and regeneration policy delivery between central and local government

2.0 The Northwest is an £111 billion economy with 6.8 million people and 230,000 firms. It is the largest regional economy outside London and the Greater Southeast. The Northwest has specific sector strengths that make it an important economic unit for Government and Business.

2.1 Within the Northwest, there are 5 sub regions which include the city regions of Merseyside and Greater Manchester – functional economic geographies in their own right, but with sectors and labour markets that are not self contained.

2.2 Many of the drivers of economic development do not respect administrative boundaries (e.g. transport, housing and employment) and are often best tackled at the level at which any market failure may occur.

2.3 In the most part, regions represent, for their populations, a sense shared understanding about business, culture and identity. The Northwest is no different. Where prioritisation about investment needs to take place, here in the Northwest we work collectively with central and local government, through mechanisms like the RES and the leaders’ forum to make those tough choices as a region, rather than have them imposed.

2.4 The NWDA focuses its resources on market failures or region wide priorities that are not funded by national Government Agencies (such as the LSC, HighwaysAgency or English Partnerships). It also has a clear commitment to focus its leadership capacity to deliver priorities that no one local agency or authority can achieve on its own. For example, by helping determine, in mediacity, the best site in the Northwest for the largest digital and creative hub outside London; driving development and regeneration in Ancoats, a historic and fragmented city centre location or bringing together partners to link HE/FE provision with local businesses and communities in Burnley to maximise economic and social impact.

**Mediacity:UK**

The NWDA played a pivotal role in helping to bring the BBC to Salford. As well as ensuring, that the move was supported by £30m funding for vital local infrastructure, the RDA was responsible for working above the competing local partners to help the BBC find a site to suit their needs at the heart of a new media cluster for the North and the UK.

The mediacity site is a transformational action in the Regional Economic Strategy but it is not all about the BBC - they are an important part of it, but the RDA recognised quickly that the opportunity afforded by the Salford Quays site was to generate a critical mass of creative and digital businesses as a hub for the north. Mediacity promises £300M of private sector investment in the first phase alone.

The RDA demonstrated decisive leadership and took a lead role with local partners, chairing the task group and used its financial clout and leverage to facilitate confidence for both the BBC move and future of mediacity by securing investment in transport infrastructure and public realm on the site.

The development will ultimately span a 2000 acre site providing jobs for over 15,000 employees on over 7m sq ft of business floorspace. Opportunities for over 1000 businesses will be provided. The initial BBC move is expected to provide around 2,400 new jobs.

**Ancoats**

At over £70M of investment, the Ancoats Urban Village is one of the largest funded initiatives by NWDA. Its effect on regeneration has been evidenced by significant outputs and huge leverage on private investment. Without NWDA strategic leadership and intervention, this would not have happened.

The project will deliver significant outputs, including: 1,800 new residential properties; 50,000 square metres of new business floorspace and a new light rail station. It is expected to provide around 1,200 new jobs.
Burnley HE/FE

The Race Riots in 2001 put Burnley into the spotlight for all the wrong reasons. Since then, the council and partners have been working to address some of the fundamental causes – low levels of employment, skills and aspiration in all local communities.

The development of proposals in 2007 for a new HE/FE campus gave an opportunity to make transformational change in the town, but this was not going to happen without specific intervention. NWDA brought together all the key stakeholders together and challenged partners to be more ambitious about plans for the college and the wider economy of Burnley.

As a result the Forum produced an Enterprise Strategy Action Plan which firmly embedded the HE/FE plans in a wider context - tackling the skills gaps experienced by the local business base and the need for more and higher value employment.

The HE/FE campus is already on site partly funded by £9.8m NWDA funding together with plans for a neighbouring enterprise centre. Strong links have been made with the new business park on the old Michelin Tyre warehouse site with an anchor tenant already providing 150 new jobs in aircraft manufacturing. There are also plans for further incubator space on this site.
The effectiveness of RDAs and their role in adding value

3.0 The Northwest Development Agency has been identified by the National Audit Office as performing strongly in adding value to our investments (people, business and place) as well as our strategic leadership in the region. A detailed annex showing NWDA performance against government outputs targets is attached at Annex A

Strategic leadership

3.1 Whilst funding intervention is often required where market failures exist, often, the barrier to growth is the lack of leadership and failure to overcome local differences. It is in these situations where a regional body can make significant progress be galvanising support and demonstrating strategic leadership.

Strategic Leadership – West Cumbria

West Cumbria is an area which, despite significant strength in both the defence and nuclear sector, has suffered years of decline. There was no history of effective cross boundary working or clear vision and prioritisation for the area. The decommissioning of Sellafield represented a significant challenge and opportunity, but required a completely new approach.

NWDA supported partners in working together to develop an integrated masterplan for West Cumbria. NWDA’s role was to provide the economic analysis, evidence and challenge required to enable partners to identify the business strengths and strategic importance of West Cumbria’s expertise in energy, environmental remediation and engineering. NWDA brought Local Partners and Whitehall Departments together to identify clear priorities based on strong evidence. The launch of “Energy Coast” masterplan, by Secretary of State John Hutton, confirms the commitment of all parties to work together to achieve transformational change in the area's economy based on its unique potential to contribute to the UK’s strategic energy and environmental policy aims.

In doing so, NWDA refocused the objectives of the existing delivery structures including Urban Regeneration Company - West Lakes Renaissance to reflect the new challenges and opportunities emerging as a result of decommissioning and new renewable and nuclear energy generation and waste management. NWDA Board has an agreed investment programme for WLR of £180million over a 10 year period.

Specific projects delivered by the new partnerships include:
- Securing the Nuclear Decommissioning Authority (NDA) headquarters in West Lakes
- Broadband accessibility to 99.4% of Cumbria homes and businesses (£18.2M NWDA investment),
- The University of Cumbria
- A Nuclear Training Facility linked to the National Skills Academy for Nuclear (£6 million NWDA investment).
- Government support for a National Nuclear Laboratory, based on the assets already available in West Cumbria.
Another feature of RDAs which demonstrates their significant added value is their ability to bring partners together to jointly own priorities, and focus on development outside their usual sphere. This example of the NWDA’s role in developing the RES with the region shows the importance of having a body above the local level leading this work.

**Partnership - Regional Economic Strategy**

Whilst the NWDA is charged with leading on the development of regional strategies, The Northwest Regional Economic Strategy is developed and owned by the region. An Advisory Group of 25 significant regional partners, including representatives from sub regions, public, private, voluntary and community sectors was set up at the outset of the RES process. This group considered the specification for the evidence base, debated the initial “Issues” paper and was actively involved in drafting large elements of the strategy.

RES is seen as a strategy for all economic development activity within the region, not just an NWDA document

RES has a small number of specific actions with a lead responsibility assigned to each. Targets and performance indicators have also been agreed by all partners for each element of the RES so it can be truly performance managed, with quarterly monitoring and an annual progress report having been produced

As a consequence of the way we engage partners throughout the process and despite differences of opinion between partners, NWDA is able to broker agreement between all regional partners and end up with a focused document making tough choices, but one to which all regions partners signed their agreement.

**People**

Economic growth in all regions is driven by a skilled workforce in productive employment. RDAs, whilst not the primary funder of either these themes, have a key role to play in prioritising action for the region in order to grow our skills and workforce in line with the economy. Regional Skills and Employment Boards are one way the NWDA demonstrates leadership here.

**People - Regional Skills and Employment Partnership**

The Northwest Regional Skills and Employment Board was set up to provide leadership on skills and employment at a regional level and includes a range of stakeholders including JC+, universities and the LSC. NWDA accepts that it cannot make progress on skills and employment alone, and has an important leadership role in connecting skills priorities with the RES and align partners funding and priorities with regions economic and business needs.

The main role of the group is to agree a shared evidence base on skills issues for the region, and set out a series of priorities for action. Regional and sub regional bodies such as LSC, sub regional partnerships and universities can use the priorities to direct their strategies and local commissioning activity. Although RDA funding is relatively small in comparison to the LSC and JC+ but is flexible enough to fund across skills and employment and ensure a focus on the economic benefit of intervention, striking a balance between growing the overall size of the workforce and driving innovation and productivity through higher level skills.

NWDA has been able to bring the partnership together and use the group to advise on Regional Funding Allocations and act as a sounding board for the skills and employment aspects of the Regional Economic Strategy. The RSEP will also have a key role to play in relation to those MAA & EDC areas that want to take greater local control over local skills.
Business
3.4 NWDA delivers the Government’s business support objectives in the Northwest. With expertise in key regional sectors and a business led board, NWDA can provide the simplification of business support and the flexible funding across policy areas which business need in order to improve productivity and competitiveness. Manufacturing is still a vital sector in the North West, and the example below demonstrates how the NWDA adds real value to ensure that a national programme is right for the requirements of Northwest businesses.

Business - Manufacturing
Manufacturing businesses in the UK had a total turnover of over £459 billion in 2005. The largest contribution of over £60 billion came from the North West region. The sector employs around 400,000 people (which represent 12% of the total workforce) and produces 18.4% of the region’s total GVA output. Productivity (GVA per worker) is £48,500 in manufacturing, compared to an average GVA per worker figure in the region of below £32,0001.

Nationally, BERR supports the Manufacturing Advisory Service which helps manufacturing businesses to improve their productivity and performance. Recognising the significant variations in the manufacturing environment around the UK, this is a delivered by regional MAS bodies.

Given the importance of the Sector in the Northwest, the NWDA recognised the importance of adding additional support to the NW MAS programme. 5 objectives were chosen for additional support: Process improvement, Innovation, investment, skills and image under the NW ‘Agenda for Change’. ‘Agenda for Change’ was independently evaluated for Government by DTZ consulting in 2007 and the analysis demonstrated how particularly well received MAS was in the Northwest and how performance in the region is particularly strong compared to MAS nationally.

By 2008 the NW, over 1,135 productivity projects had been undertaken, safeguarding or creating over 8,000 jobs with close to £200m of sales created or safeguarded by the intervention. This year, the government has begun to determine the next iteration of MAS and have already determined to include significant parts of the Agenda for change programme led by the Northwest. NWDA is again looking to supplement this new MAS offer based on business feedback from the NW.

Place
3.5 Successful places are fundamental to a strong economy. The Northwest’s towns and cities and rural areas are important not just as places for employment and business, but also places which offer a high quality of life which in turn attracts and retains skilled workers and new investment. NWDA works closely with the local partners who know these places best, in order to maximise the impact of investment from a wide range of organisations and the impact of national policy. The two examples below demonstrate different aspects of the NWDA’s role in this respect – taking a lead role in developing the visitor economy and working closely with Liverpool to deliver the capital of culture.
Place – Liverpool Capital of Culture ‘08

Liverpool European Capital of Culture 08 - The Agency has played a pivotal role in first securing the title for Liverpool (by showing the bid was supported by the entire region including brokering an endorsement by Manchester). NWDA then brought other parts of the region together to develop their own specific themes for 08, based on their existing strengths and visitor offer: Cumbria Year of Adventure, Cheshire Year of Gardens, Manchester Year of Sport and Lancashire’s year of Food.

This is expected to generate an addition £100M of economic value to the regional economy, £50M in Merseyside alone.

Without Agency leadership Capital of Culture would not have generated this regional impact. The Agency was also influential in helping to bring the Turner Prize to Liverpool (the first time it has been held outside of London) which generated an economic impact of £1.3M and other key international events (including La Machine and MTV Europe Awards).

Visitor attractions are seeing increases of 100% in visitor numbers, over 6 million visits have been made to cultural events and one quarter of these are first time visitors to the city. Mid year research shows that the economic impact is likely to be substantially higher than forecast.
Expertise

4.0  The NWDA is a significant source of economic development, spatial and sustainability expertise for the region. One of its principle roles is to provide services including research and economic intelligence to the region including our sub regional partners. Specific areas of expertise include:

4.1  Research

4.11  The Northwest has one of 9 Regional Observatories which have been developed in the English regions to support regional policy making, through the provision of high quality information and analysis.

Its main functions are:-

- Providing data analysis and research
- Produce briefings on national policy and macroeconomic developments
- Helping to disseminate and widen access to intelligence
- Conducting research to fill data gaps
- Answering information and intelligence enquiries
- Regional economic forecasting

4.12  NWDA is currently developing and consulting on the evidence base for the next regional strategy – and have demonstrated an ability to absorb new aspects into this research – for example the inclusion of a strong spatial and transport element in the next regional strategy,

4.2  Public Private Partnership

4.2.1  The NWDA, in common with other RDAs is taking advantage of working more closely with the private sector in terms on fits property portfolio. The PPP concept allows the RDA to tighten its focus on its core activity of delivering the RES whilst maintaining direct strategic control of investment assets. The private sector investment and business acumen helps drive up value and create a capital receipts stream for re-investment into other strategic sites across the region.

Case Study 7- Public Private Partnership

In December 2006, NorwePP, a public private partnership, was launched by the NWDA and Ashtenne Industrial Fund (AIF) to manage and develop the Agency’s portfolio of commercial property. AIF was selected in September 2006 as preferred bidder and the 50-50 joint venture gives AIF an equal stake in the portfolio.

NorwePP holds 42 commercial properties situated across the Northwest region, but mostly in Merseyside and West Cumbria.

The use of private sector expertise and finance will improve the performance of the portfolio, particularly in respect of providing accommodation for companies to create employment within the region. NWDA-allocated resources in managing these properties will be channeled into the strategic development of sites, to meet the regeneration objectives set out in the Regional Economic Strategy (RES).
4.3 Equality and Diversity

4.3.1 The NWDA provides leadership for the region on tackling equality and diversity issues in the North West Economy. This involves careful targeting of its mainstream programmes, as well as funding specific actions aimed at groups at risk of disadvantage and exclusion. This work includes:

- Establishing the Migrant Workers Northwest Institute, to support businesses and migrant workers in the region
- A £30m Business Start up programme with 50% of business starts to be achieved from women and BME communities
- A £10m Leadership and Management programmes aimed at BME and women employees in business, which are currently underrepresented in senior and leadership roles
- Supporting people out of worklessness and into work, including specific actions with NHS Northwest on mental health related worklessness
- Strengthening the region’s understanding of, and approach to tackling, hate crime and violence

5.0 The extent of and need for overseas activity

5.1 The National RDA response sets out the rational and business case for RDAs operating overseas offices.

5.2 Foreign direct investment is an important driver of the NW economy. A recent report (July 08) for the NWDA showed that the 2000+ foreign owned companies in the NW (less than 1% of the business base in the region) accounts for 17.3% of our regional GVA, 11.6% of all jobs and that these companies pay 25% higher salaries than indigenous firms.

5.3 In 2007/08 the Northwest attracted 156 foreign direct investment projects of which the public sector was involved in 91 (58%). These projects created/safeguarded 14,656 jobs and led to £10+ billion of investment in the region. **Over 50% of these projects came from locations where the NW has representation.** If the UKTI data for involved successful inward investment projects to England is dissected, then RDAs were involved in 75% of the projects and 84% of the associated jobs.

5.4 2007/08 was a particularly good year for the Northwest in terms of Inward Investment; the region reported an 8% increase in the number of FDI projects in comparison to 2006/07. Nearly all targets from the NWDA internationalisation strategy were achieved.

<table>
<thead>
<tr>
<th>NWDA’s Internationalisation Strategy Target</th>
<th>Achieved in 2007/08</th>
</tr>
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</table>

615
150 FDI pa by 2010. 

17% of FDI should be primarily R&D pa. 

25% of FDI should have average salaries of £30k pa or more. 

17% of FDI should come from high growth markets India and China

156 FDI in 2007/08

20% of FDI were primarily R&D

32% of FDI had salaries of £30K

13% of FDI came from India and China

5.5 It is also worth recognising the value for money created by NWDA representation overseas. A recent report on the Foreign Direct Investment success highlights value created in terms of cost per job. Figures for Far East/Australasia are similar to UKTI and represent an order of magnitude better value for money than most other economic development/support programmes.

<table>
<thead>
<tr>
<th>Key overseas Market</th>
<th>NWDA Investment</th>
<th>Created by the NOE Teams</th>
<th>Cost per Job</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of FDI</td>
<td>Total Jobs</td>
<td>Total Capex</td>
</tr>
<tr>
<td>USA &amp; Canada</td>
<td>£640k</td>
<td>15</td>
<td>1142</td>
</tr>
<tr>
<td>Japan</td>
<td>£195K</td>
<td>5</td>
<td>31</td>
</tr>
<tr>
<td>Australia &amp; NZ</td>
<td>£78k</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td>7</td>
<td>29</td>
</tr>
</tbody>
</table>

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261 For which we had average salary data.
Case Study 8 – Bank of New York

The Bank of New York is the oldest bank in the United States and one of the largest banking groups in the world, with US$10.8 trillion of assets under custody.

In November 2004, it selected Manchester to be the location for a new operations centre. The Bank leased 91,000 sq. ft of office space at the prestigious One Piccadilly Gardens in the centre of the city. Measured in the tens of millions of US dollars, the investment is expected to create up to 750 jobs by the end of 2008.

The move was driven by a growing requirement to service the Bank's rapidly developing UK and European business. It was also aligned with its strategy of spreading its facilities across the UK, rather than concentrating them in one place.

Jackie Williams, managing director of the Bank of New York's Manchester office, says that “regional agencies, such as the NWDA worked hard to understand the Bank’s needs. The result was a comprehensive package of information that made a compelling case for Manchester”

Williams says that the “final element in the decision was the support that the Bank received from the local investment, regional development and training bodies, including the NWDA, MIDAS, Manchester City Council and Manchester Enterprises.”

"The work of our public sector partners was very important in influencing not only our final decision, but much of the activity that has been going on since then. It would have been a much more challenging step to take without that support," says Williams.
6.0 The consequences of expanding RDA remit to include new functions, as proposed by the SNR, including the delivery of ERDF

6.1 Sub National Review

Regional Strategy

6.12 The Sub National Review proposes to replace both the RSS and RES with a single Regional Strategy. This is a major opportunity for the Northwest and was proposed in the region’s submission to the SNR, which was endorsed by the region’s Local Authorities and private sector partners.

6.13 Partners in the Northwest have already agreed appropriate Local Authority, GONW and RDA engagement at a regional level. A new Regional Leaders Forum has been established and partners have already decided to roll the partial review of the RSS into the production of the first regional strategy in England. This will be developed jointly by the RDA and Leaders Forum, and work has already commenced on preparing the evidence base, and by December this year, working closely with regional partners, the first issues and principles paper will be released for consultation.

6.14 NWDA and the Leaders’ Forum planning team are already working closely together to ensure that the preparation of this strategy works seamlessly, no matter who ends up being the planning body.

Strategic commissioning

6.15 The Sub National Review was clear that aside from the additional responsibilities for the RDAs such as the regional strategy and regional planning body status, the RDAs should move to a more “Strategic and commissioning” operating model. NWDA’s proposals for implementing the objectives of the SNR and meeting changing economic conditions are set out in its Corporate Plan, approved by Ministers in July 2008.

6.16 This involves a comprehensive change to the way we run our investment, moving towards a programme management structure in preparation for delegation of project level decisions where appropriate and where capacity exists. NWDA is also rightsizing and restructuring to align the operation of the Agency to its new Corporate Plan.

6.17 We are also working closely with Sub regions and other partners such as Economic Development Companies, the new Homes and Communities Agency set up team and MAA partners to establish a process for joint investment planning. The intention is to work with these areas to clearly identify which investment from all major partners is hitting local priorities, and to ensure this investment is aligned to produce maximum impact.
6.2 ERDF

6.21 The Northwest ERDF Programme 2007-13, known as the Northwest Operational Programme (NWOP), has a single set of objectives that supports the EU ‘Growth and Jobs’ agenda and is aligned to the Northwest Regional Economic Strategy. With a total of £521m funding, the ERDF Programme in the Northwest will enhance the competitiveness of the regions economy by supporting the creation of the right conditions for growth in employment and enterprise.

6.22 The NWOP has 4 Priorities and 11 Action Areas, and aims to create 26,700 net additional jobs, improve the region’s annual Gross Value Added (GVA) by £1.17 billion, and ensure a 25% reduction in additional CO2 emissions generated from Programme investments. The investment frameworks associated with the NWOP are linked and aligned to the NWDA corporate plan to ensure maximum opportunities to match investment.

6.23 NWDA has taken on this role from the Government Office, again something for which the Agency and the region have been asking. It makes sense that a programme based on the Lisbon Agenda of competitiveness and complimentary to EU ‘Growth and Jobs’ agenda is clearly linked to the regional growth strategy.

6.24 Besides the strategic significance of bringing the RDA Single Programme and ERDF together, significant savings are to be made by use of the same approval procedure and the fact that applicants are now able to make a single application for ERDF and RDA match.

6.3 Rural Development Programme for England

6.31 The NWDA is now delivering the socio economic elements of the RDPE programme. We are also looking to integrate the support under the Rural Development programme more widely with other public sector investment and to focus it through a strategic approach, addressing longer term needs, through proactive project commissioning working with and supporting entrepreneurial businesses.

6.32 As part of a focus on local needs and priorities, NWDA has adopted a strong Sub Regional approach (known as ‘Leader’ and implemented by Local Area Groups) adopted Local Area Groups will deliver approximately 50% NWDA’s RDPE Budget (£35m).External regional panel to approve the Local Area Groups and their Local Development Strategies has been established.

6.33 NWDA is clearly well placed to align the stated goals of the RDPE Regional Programme (below) with those wider economic priorities in the RES:

- Improving the competitiveness of the farming and forestry sectors
- Improving the environment and countryside
- Rural quality of life and diversification of the rural economy
7.0 The Accountability of RDAs

7.1 As with many NDPS, accountability is often raised as a concern for RDAs. But in truth, the weight of scrutiny of regional development agencies is higher than many national NDPS (due to regional scrutiny) and is increasing. Existing forms of scrutiny include the formal scrutiny role of the Regional Leaders Forum (4NW in the case of NWDA) the presence of local authority leaders on the NWDA Board as well as the formal accountability to BERR Ministers, both on outputs and outcomes as well as government policy.

7.2 The sub national review proposed to increase the level of scrutiny with the development of a parliamentary regional select committee and a regional grand committee as well as appointment of a regional minister. The fact that some RDAs use mechanisms such as URCs to deliver their programme is also often overlooked. URCs provide Local authorities a unique opportunity to scrutinise and demonstrate accountability for regeneration investment in their areas. For the NWDA this represents around ¼ of the single programme budget.

Scrutiny

7.3 The main mechanism of formal scrutiny of the NWDA to date has been the remit of the NWRA (now the leaders’ forum 4NW). In the Northwest this scrutiny relationship has been a powerful mechanism for ensuring economic and social partners can add real value to the Agency’s work. This is evolving as we move towards a new regional strategy and engage 4NW in the earliest part of strategy formulation.

7.4 In recent years scrutiny has included:

- Inquiry into Equality & Diversity and Environmental Sustainability in NW RES. April 08
- Scrutiny Inquiry into the Relationship between the NWDA and Sub Regional Partnerships in the NW. Aug.07
- Scrutinising the "Business" Theme of the NWDA RES. Oct 07
- Scrutiny of the Quality of Life Theme of the RES.

The challenge will be how this fits with the new regional select committee proposals and how we avoid overburdening the agencies with too much scrutiny. One of the issues will be how a regional and cross departmental select committee works with existing departmental Select Committees.

7.5 Performance assessment

7.51 RDAs are also subject to performance assessment – the most recent for the Northwest took place through the NAO in November ’06
7.52 Findings - Agency scored 20 out of a possible maximum of 24 points - performing strongly overall. The NAO found that NWDA had a clear vision with a track record of success, effective managerial leadership and strong progress in identifying and agreeing priorities for the region. At the time there was a need to improve performance management and to build on evaluation processes.
## NWDA OUTPUT ACHIEVEMENTS AGAINST TARGET

<table>
<thead>
<tr>
<th></th>
<th>Jobs created or safeguarded (no.)</th>
<th>New businesses created (no.)</th>
<th>Brownfield land reclaimed (ha.)</th>
<th>New &amp; refurbished floorspace (sq m)</th>
<th>Private sector investment (£M)</th>
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<td>1999/00</td>
<td>Target: 27,800, Actual: 33,340</td>
<td>2,700, 2,333</td>
<td>540, 1,203</td>
<td>1,000,000, 1,005,900</td>
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<td>120,000, 97,181</td>
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<td>2002/03</td>
<td>Target: 15,732, Note 3: 27,223</td>
<td>418, 603</td>
<td>442, 488</td>
<td>88,207, 282,226</td>
<td>Note 1, Note 1</td>
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<td>2003/04</td>
<td>Target: 12,460, Actual: 25,081</td>
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<td>112,308, 179,447</td>
<td>208, 238</td>
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<tr>
<td>2005/06</td>
<td>Target: 11,500, Note 4: 15,738</td>
<td>1,680, 2,770</td>
<td>310, 327</td>
<td>Note 2, Note 2</td>
<td>103, 231</td>
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<tr>
<td>2006/07</td>
<td>Target: 12,750, Actual: 20,205</td>
<td>1,720, 3,306</td>
<td>245, 299</td>
<td>Note 2, Note 2</td>
<td>122, 258</td>
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<tr>
<td>2007/08</td>
<td>Target: 13,350, Actual: 17,749</td>
<td>1,760, 1,965</td>
<td>238, 291</td>
<td>Note 2, Note 2</td>
<td>118, 284</td>
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<tr>
<td>All years</td>
<td>Target: 169,765, Actual: 230,851</td>
<td>13,607, 17,416</td>
<td>3,506, 4,417</td>
<td>2,115,259, 2,442,761</td>
<td>1,685, 2,733</td>
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</tbody>
</table>

Note 1 - Government dropped requirement to collect this data in 2002/03
Note 2 - Excluded from national Tasking Framework for RDAs
Note 3 - New Tier 3 Output Framework introduced which changed some output definitions, impacting on output numbers
Note 4 - New RDA Tasking Framework introduced which changed some output definitions, impacting on output numbers
Memorandum submitted by Wiltshire County Council (RDA 103)

Introduction
Wiltshire County Council welcomes the opportunity to submit evidence to the BERR Parliamentary Select Committee on the above subject. As Wiltshire officially becomes a unitary authority in April 2009 many of the issues surrounding this topic area have assumed greater significance.

- the need for a level of economic development/ business/ regeneration policy delivery between central and local government;

WCC consider it appropriate to have a regional tier of strategic economic development, business and regeneration policy between central and local government. For example we acknowledge the need for strategic thinking in terms of travel to work areas (ttwa); commuting patterns and businesses location decisions are not tied to a, for example, local authority boundary. These are best assessed analysed and shaped into policies at a regional level. We also acknowledge a need for a regional agency that can resolve and mediate cross boundary issues.

We are also aware of further changes in the role and responsibilities of RDAs that may arise after the next general election. We consider that any functional responsibilities could be met by the RDAs but we contend that these should be in the context of a strategic ‘lean’ agency rather than as a service delivery agency.

- the effectiveness of RDAs and their role in adding value;

This is a difficult question to respond to in that what would be a comparator organisation in which to evaluate their effectiveness against?

There is a role as a ‘critical friend’ which can negate against what could sometimes be regarded as ‘parochial views’ of local authorities and the ability of a regional body to assess comparative relationship amongst local authorities.

There is a reasonable argument that the leadership role of the private sector on RDA Boards will ensure real ‘buy-in’ from the private sector, something that public sector organisations generally have struggled to develop. However whether this private sector leadership role has led to an increase in the ‘take-up’ of publicly funded economic development programmes is yet to be evaluated given the relative ‘immaturity’ of RDAs as organisations.

One major issue / challenge that does need addressing surrounds the apparent lack of liaison between RDA investments and the major Local Authority capital and revenue investment in, for example, the Schools for the Future programme which are in themselves drivers of economic activity. A lack of interface may indeed negatively impact of policy directives to bring together the economic drivers within an area.

- RDA expertise;
This is difficult to measure – much of the technical expertise framing the work of RDAs is ‘bought in’ from consultants – e.g. spatial & economic development & workspace strategies. In this sense the expertise is through a commissioning role therefore RDA expertise is difficult to quantify. We do however recognise that SWRDA has developed expertise through, for example, their aerospace and tourism sector programmes.

- **the extent of, and need for, their overseas activities;**

  The best way to measure the benefit derived from their overseas activities may be through an independent evaluation of the effectiveness of the overseas offices and their relationship with UKTI / Chamber of Commerce offices also operating in similar environs. You should also note the decision of the new Mayor of London to close the LDA overseas offices.

- **the consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding;**

  We are aware that the main EU programmes – Competitiveness (ERDF / Objective 2) has transferred from GOs to the RDA – there is merit in the alignment of EU / UK Government Economic Development & Regeneration programmes. Certainly there should be an advantage in terms of streamlining and a reduction in the administration / bureaucracy of programmes.

  However, in the SW, the requirement to match the Cornwall Convergence Programme has led to a skewing of RDA funding away from the rest of the region, leaving the RDA with little potential to deliver the SNR proposals for sub-regional delegation. It would be better if Convergence funding was matched by central Govt, rather than imposing the cost on other parts of the region of a poorly performing area.

- **the accountability of RDAs;**

  This has and remains a major concern for LA’s – the lack of democratic accountability. Particularly in terms of planning decisions – the sheer geographical coverage of the English RDA areas makes it very difficult to agree with current government thinking. As ‘place shapers’ this function should rest at a sub regional / county level. There is already a high level of expertise within local authorities to develop and deliver economic development and regeneration programmes given the sheer volume of services delivered by Local Authorities which already have much greater levels of scrutiny and accountability than RDAs. The SNR and delegation of budgetary responsibilites should be ‘policed’ to ensure that the RDAs do not commission their programmes through third party organisations in order to maintain control. The role of upper tier Local Authorities in providing a full scrutiny and oversight function needs to be ratified in the SNR outcome.

- **how RDA performance has been measured in the past and will be measured in future.**
The key question here is how meaningful are the current measures and outputs by which RDAs are evaluated? We would propose new KPI’s / outputs that are meaningful and critically are aligned with Local Area and Multi Area Agreements. This would further contribute to Central Governments desire to see pooling of resources from the various publicly funded organisations that impact on local authority areas. The net result should be improved service provision at the ‘coal face’ for the actual intended beneficiaries of economic development and regeneration.

19 September 2008

Memorandum submitted by Lancashire County Council (RDA 104)

Lancashire County Council welcomes this opportunity to join the Business and Enterprise Committee’s inquiry into the role of regional development agencies (RDAs) and implications of the Government’s review of sub national economic development and regeneration.

The issue of the need for a level of policy delivery between central and local government should focus on the possible quality of engagement afforded by an additional level of bureaucracy. If regional agencies simply act as another “top-down” agent of central government their collective contribution will be reduced. We would want to see RDAs working more as partners with local government.

1. The effectiveness of RDAs and their role in adding value; RDA expertise.

Since their inception, the RDAs (and the entire “regional project”) have struggled to earn credibility in some circles, especially given the amount of resources devoted to them. In addition, confusion about the precise nature of their work has been a common theme of studies of RDA effectiveness.

In 2000, a Joseph Rowntree Foundation study “Regional agencies and area-based regeneration,” concluded that RDAs “have yet to establish good, working relationships with local regeneration partnerships, voluntary organisations and community groups. There is some suspicion that RDAs will find themselves caught in the middle between conflicting central and local priorities.” The study argued that “the role of the RDAs remains ambiguous. It is difficult to see them as devolutionary since they have limited autonomy and the regional chambers have as yet only limited political purchase. It is equally difficult to see them responding effectively to regional inequalities since their tasks are identical.” The study did claim that true regional governance has many advantages but would require greater clarification and support from central government if it were to succeed.

In 2005, the Institute of Directors called on the RDAs to concentrate on a smaller number of priorities. Concluding that their remit is “too wide” the study said that RDAs need to make better use of existing support organisations rather than creating their own. RDAs often “replicate the work of other government quangos, such as the Learning & Skills Council.” According to the study, “IoD member experience of
dealing with the RDAs is mixed, with less than a third actually understanding why they exist at all.”


2. The extent of, and need for, RDAs’ overseas activities.

Lancashire County Council is well versed in building lasting ties with overseas partners. Our office in Brussels has been operational since 1990 and we have developed extensive ties with other local authorities in Europe, Africa and Asia. Our efforts to attract inward investment into the County have occurred independently of RDA involvement. There could well be a clear need for RDA-led action on overseas investment but it should take place in conjunction with existing activity undertaken by local authorities. Currently, there is little or no evidence of the existing benefit of RDA activity overseas. Lancashire County Council would welcome evidence of such benefits of RDA international activity.

In addition to the divergence on overseas activity between RDAs and local authorities, there is also a good deal of confusion over the role of UK Trade & Investment, the Government organisation that helps businesses locate in the UK and grow internationally. It is unclear whether there is an official connection between the two agencies or whether there could be areas of duplication.

3. The consequences of expanding RDA remit to include new functions, as proposed by the sub national review (SNR), and the accountability of RDAs

Government proposals outline that RDAs are to become more strategic bodies in line with a programme based, rather than a project based approach, and will be expected to increase devolved delivery to partners where appropriate. Proposals state that RDAs will need to ensure that capacity exists at sub regional and local level and as capacity increases, an increasing amount of funding will be delegated to local authorities to deliver outcomes in those areas of intervention where they are best placed to deliver.

Lancashire supports this approach. We agree that delivery should be devolved to the appropriate spatial area. However, we have very serious concerns about the reality of devolution from the RDAs. Recent comments from the NWDA have not indicated a significant change in its position. Devolution is the cornerstone of change in economic development and will enable local authority action. RDAs should be mandated to devolve resources to the sub regional level.

The NWDA’s new commissioning function will alter the agency’s relations with whomever it commissions services. As a result, local authorities are jostling for position so that they can access RDA funding for commissioned projects – skills or business support, for example – and deliver the attendant services. So, these changes affect the relationship between local authorities and the regional agencies. Moreover, the RDAs’ new remit extends even to EU funding streams in addition to the Regional Economic Strategy (soon to become the Regional Integrated Strategy) and the Regional Funding Allocation. The allotment of all of these funding pots to RDA
control represents a combination of considerable financial and decision-making power.

However, it is not clear whether the NWDA fully accepts, or is aware of, the consequences of these new practices. The agency appears to be reluctant to devolve funding to the extent required by the sub-national review. It is possible that regional development agencies will require additional incentives or motivations in order to follow through on the promise of the SNR. Regional agencies should be monitored closely so that local authorities can be assured that devolution of funding is a reality.

The NWDA will need to undergo significant changes in the way it operates and make devolved funding a real priority. The Government should consult with local authorities to define what should be devolved and monitor RDAs’ moves towards this. We also believe that in assessing local authority capacity RDAs should engage with local authorities and use CPA and CAA as existing, rigorous and independent assessments rather than developing their own.

In the North West, the North West Regional Assembly (NWRA) was reconstituted this summer as “4NW” to act as the local authority leadership forum for the North West. For this to operate effectively it is imperative that the proposed new powers of RDAs are complemented by arrangements to ensure that RDAs engage effectively with local authorities leaders’. Engagement with local authorities’ leaders’ forums should be a vital aspect of performance assessments of RDAs. This will help to reduce some of the ‘democratic deficit’ caused by proposals to transfer regional planning powers from regional assemblies to RDAs.

The Government proposes that in the case of regional partners failing to agree a draft strategy, the RDA would submit the draft to Ministers noting points of disagreement, and they would take any outstanding decisions. This, however, could damage the intent for local authorities to be closely involved in the preparation of regional strategies, and removes the incentive for RDAs to engage with local authorities. In order for regional strategies to be implemented effectively, through shared vision and ownership, there needs to be a greater onus on RDAs to better engage local authorities with any disagreements over the content of regional strategy being resolved within the regional before ministerial submission. Furthermore, given the sub-national review’s focus to engage local authorities to stimulate economic growth and strengthen accountability, there needs to be the involvement of local authorities beyond the ‘sign off’ stage. Local authorities need to be involved at all times to ensure full ownership and delivery.

4NW will be working with the NWDA to develop the Integrated Regional Strategy and also scrutinise the work of the NWDA. It is understood that the conflict of interest between the executive function and scrutiny function will in part be resolved by the development of a separate sub committee for scrutiny comprising of members not on executive committees. However, this process and capacity needs to be strengthened. The SNR consultation does make reference to the use of local authority scrutiny functions to scrutinise the work of the NWDA – we believe that this is crucial and that scrutiny would be better undertaken at a sub regional as well as regional level.

The government’s SNR consultation sees the parliamentary accountability for RDAs
as being through BERR. However, we believe this to be an inadequate approach given the scale of the change of the new roles to be adopted by RDAs. We propose that accountability for RDAs should be joint accountability between BERR and CLG. This is also more consistent with the logic of both BERR and CLG needing to approve the new regional strategies – as set out by the new process for developing regional strategies in the consultation document.

A further concern of the Lancashire sub region is the capacity of RDAs to deliver as outlined above. The SNR does not set out how RDAs will cope with significantly increased powers, especially in engaging and assessing local authorities and preparing the regional strategy – this will require additional skills and expertise.

There is a lack of clarity in the SNR that the Government needs to address. It needs to make clear 1) how RDAs will engage, and be accountable in, their region, 2) how they will increase capacity to deal with the new role and, 3) how and when funding will be devolved to sub regions.

In response to commentary within the SNR consultation regarding RDAs to remain principally ‘business led’ we retain some degree of caution given their new wider role – for which a solely ‘business led’ approach may not necessarily be appropriate in all regions. RDAs should ensure that they are organised in way which adequately reflects the needs of both local authorities and the interests of businesses in their area. Given that local authority needs and business interests will differ between regions there should not be a one-size-fits-all approach to the composition and running of RDAs.

Proposals to transfer regional planning powers from regional assemblies to RDAs will result in an increased ‘democratic deficit’ - it remains unclear how this will be rectified. However, assuming that the proposals are implemented as outlined in the SNR, then local government should be able to undertake scrutiny of NWDA. NW would coordinate scrutiny of the RDA, at both regional and sub regional levels, and this should include a requirement for the NWDA to respond constructively to any scrutiny reviews.

Accountability of RDAs to the Secretary of State for BERR as outlined in the consultation document is insufficient given the significance of change to the RDA role. Accountability to CLG jointly with BERR should be the way in which RDAs will be held to account – with opportunity for local government to scrutinise RDAs through leaders’ forums as outlined above. This inquiry by the Business and Economic Committee could go a long way toward answering questions about BERR’s future role in relation to RDA scrutiny and accountability.

We support both the Local Government Association (LGA) and County Council Network (CCN) view that accountability to the elected councils in the region should be an important element of the implementation proposals. The local authorities’ leaders’ forum must be fully representative of each sub-region and local authorities should be fully engaged in every stage of the process (including any negotiations between the region and central Government). In addition scrutiny should focus on the operation and priority/ budget setting process of the NWDA, and not just management and delivery of projects/ programmes.
Also, the current role of regional ministers in keeping RDAs accountable remains unclear, as RDAs will be scrutinised by BERR. Proposed regional select committees and the dichotomy of RDA scrutiny both in Whitehall and the regions (through local leaders’ forums) pose the threat of more confusion to come.

However, despite these concerns, real change and benefits to the community will only occur if RDAs devolve funding to provide local authorities with the rationale for more effective involvement in, and increased aim for, economic development. Non delegation should occur only in exceptional circumstances. To ensure significant changes in the form of benefits accruing in communities devolved funding needs to be a priority for RDAs. Devolution is a fundamental driver of successful economic development within localities, and the incentive for local authorities. The Government should consult with local authorities to define what should be devolved and monitor RDAs’ moves towards devolvement.

4. Delivery of EU funding

As noted above, new RDA responsibilities for EU funding bring with them new challenges for regional working. For example, the North West European Regional Development Funding Operational Programme (NWOP) was formally launched by the NWDA in February 2008. In theory, RDAs have a key role in devolving funding to local authorities but the fact remains that this is partnership funding. There is concern from Lancashire partners over the NWDA’s management of the ERDF programme, which appears un-coordinated, resulting in an inconsistent approach to the management of the programme.

There is concern that the NWDA is not taking heed of previous work by the Lancashire Economic Partnership (LEP) and sub regional partners in prioritising projects. In the transfer of authority for the disbursement of the ERDF from Government Office North West to the NWDA, a good deal of best practice built up over years appears to have been lost. The NWDA also faces time pressures in approving projects by year’s end, or risks losing ERDF funds. There is, therefore, a good deal of justifiable concern over the NWDA’s ability and capacity to achieve this in the allotted timescale. Despite receiving assurances from NWDA executives, this state of affairs illustrates the reluctance of the NWDA to devolve funding, the lack of transparency in the funding process and the need for clearer lines of authority.

5. How RDA performance has been measured in the past and will be measured in future

RDA performance is currently measured at a macro level by the effect of RDA activity on regional Gross Value-Added (GVA) figures. There are a number of issues related to the use of this measurement. The first is how RDAs responds to issues of need and opportunity. For example, the NWDA could discover that its GVA targets are achievable by concentrating on Greater Manchester or Liverpool and its environs alone. There would be nothing to stop the RDA from ignoring Lancashire, or other areas of the North West, which may more deserving of investment (based upon opportunity and need). There is a clear need for the RDAs to balance need and opportunity more effectively.
Linked to this issue is the reliance on Gross Value-Added as the seemingly sole determinant of investment action or success. GVA was originally intended as a way of measuring output during World War II, not economic prosperity. Its continued use is due more to the lack of suitable alternatives than any intrinsic claims to supremacy as a measure of economic well-being. The latest government consultation on proposed changes to the Local Authority Business Growth Initiative suggests that – at the local level – GVA alone is not an accurate snapshot of economic well-being.

There are a number of problems with the GVA metric worth considering. After a certain average income level is reached (approximately £15,000 p.a.), the relationship between income and well-being breaks down as marginal utility decreases. GVA also does not take account of environmental damage caused by economic activity and indeed does not account for any negative externalities.

The entire issue of measuring RDA activity is a difficult one. What is the exact relationship between cause (investment) and effect (impact)? The link between RDA investment and its impact on the real world economy is of necessary interest to local authorities and questions could be asked about how closely RDA claims are examined. There needs to be a greater level of assuredness that regional and local funding priorities are in alignment and that decisions are based on local, economic need. The Committee’s inquiry may shed some light on the current degree of evaluation of RDAs and the level of their attention to detail where local issues are concerned.

19 September 2008
Memorandum submitted by Natural England (RDA 105)

Executive Summary

Natural England has considered the Government’s proposed changes to regional organisations and processes set out in the ‘Sub National Review’ and we find the Select Committee’s Inquiry into the role of the RDA’s both timely and welcome.

We believe this is an opportunity to redefine the strategic objectives of RDAs so that they focus on delivering sustainable development, pursuing the goal of economic growth whilst taking the natural environment seriously and emphasising the social and environmental justice benefits of a healthy natural environment. In particular Natural England proposes that:

- There should be a strong link between central and local government on policy delivery to ensure that national priorities for the environment are clearly seen as a commitment for delivery by the RDAs;
- RDAs are given a clear steer that their role in adding value includes ensuring sustainable development outcomes and that RDAs should set out clear indicators for how they expect the quality of development and the regional environment to improve;
- RDAs should form strong partnerships with Natural England and the Environment Agency (the government’s statutory environmental advisors), to deliver the proposed national core sustainability framework in their region and use their strategic environmental advice to raise the quality of the natural environment;
- RDAs should take the opportunity to improve environmental outcomes by enhancing the coherence and co-ordination in each region between different EU funding instruments through bringing together these funding streams under a single regional framework;
- The performance measurement of RDAs should closely reflect the distinctive new circumstances under which they will operate and adopt assessment techniques which use
the concept of economic, social and environmental well-being rather than a narrow measure of GVA to monitor performance and inform policy.

1.0 Introduction

1.1 Natural England is a statutory body created in 2006 under the Natural Environment and Rural Communities Act and charged with the responsibility to ensure that England’s unique natural environment, including its flora, fauna, land and seascapes, geology and soils are protected and improved.

1.2 Natural England’s purpose is to ensure that the natural environment is conserved, enhanced and managed for the benefit of present and future generations, thereby contributing to sustainable development.

1.3 Natural England is a national body with strong regional presence, delivering positive outcomes for the natural environment through a range of programmes and delivery mechanisms, not least of which is the dispersement of some £2.9bn over 2007-2013 of European funded agri-environment schemes directly to land managers. Natural England works with a wide range of local and regional partners – including the Regional Development Agencies – and has a duty to co-operate and engage with local authorities in their place making role. The recent SNR proposals further emphasise this duty of co-operation at local and regional level.

2.0 Main Comments – arranged in order of the brief for the Inquiry

2.1 The need for a level of economic development/ business/ regeneration policy delivery between central and local government

2.1.1 Natural England agrees that central and local government need to have a strong and active relationship over policy delivery. It should not be so tightly defined that it constrains meeting the distinctive needs of regions, but is sufficient to ensure that Government policy for the natural environment is being delivered effectively as an integral part of a regional economic and regeneration agenda.

2.1.2 We believe there is a key risk that individual RDAs, through their new roles under the SNR proposals, might emphasise economic performance over sustainable development and the quality of the natural environment. In turn there is the possibility that the spending programmes of RDAs and local authorities (and other regional stakeholders) will be framed within the context of an integrated regional strategy that may not address significant natural environmental issues. This would fail to deliver Government policy for sustainable development.

2.1.3 The economic development/business/regeneration policy delivery relationship between central and local government should seek to ensure that the natural environment, including the delivery of PSA targets, is considered as an integral part of delivery and that separate regional initiatives in these areas contribute to and do not undermine the coherence of Government policy.

2.1.4 This relationship should also define the policy linkages and ensure a balanced agenda which delivers equitably across the whole sustainable development agenda. This should look more roundly at the value of the environment to economic development and, in particular, the role of ecosystem services in supporting the regional economy and community well-being.
2.1.5 This principle applies also to the delivery of EU Structural Funds programmes, which is highly decentralised to the regions and local partners, and the Rural Development Programme which is a shared responsibility between Natural England and the RDAs. Through these programmes the RDAs are required to deliver sustainable development and should include a focus on a range of environmental outcomes. It is important that opportunities for consistently delivering environmental outcomes are realised by RDAs with the partners.

2.1.6 Environmental policy operates to a clear set of national and internationally agreed standards and targets and the national delivery of most aspects of EU environment policy is led by DEFRA, Natural England and the Environment Agency. In order to ensure that this policy is delivered properly at the regional and local level, Natural England would urge that the RDAs should agree a common understanding of the environmental priorities and targets with Government and its agencies, so that they can be actively coordinated and promoted through the delivery of all regional priorities, plans and programmes.

2.1.7 Natural England is a national body with a strong regional structure and so we are well placed to advise the RDAs on the delivery of national targets for the natural environment and their integration with regional development and social priorities.

2.2 The effectiveness of RDAs and their role in adding value

2.2.1 The SNR proposals will challenge whether RDAs are operating effectively and adding significant value to deliver sustainable development in their region. It radically changes the responsibilities of RDAs and should require that RDAs establish new expectations of the quality of development and outcomes from regional investment.

2.2.2 As a result of their not being given clear direction on the delivery of sustainable development and high quality environmental outcomes, RDAs have, to a certain extent, been ‘piggy in the middle’. For example, in 2006, Natural England gave evidence to a National Audit Office review of RDAs, expressing concern that Advantage West Midlands (AWM) was not being effective in ensuring sustainable development outcomes. NAO stated that this view contradicted business interviewees, who reported that they were being pushed to consider the sustainable development agenda, which raised issues of whether businesses were moving as fast as they were able.

2.2.3 Unfortunately, there is some evidence which suggests that even the RDAs are not clear on what value they were adding, as a result of inadequate monitoring of strategic added value (SAV). GHK consultancy, assessing the SAV of AWM for the review of the Regional Economic Strategy in 2006, concluded that it was extremely difficult to demonstrate some aspects of SAV, particularly in relation to outcomes from spend as their monitoring and tracking systems were inadequate. A key issue in future, therefore, will be how sustainable environment and development ambitions are set out and monitored through any new Tasking Output Framework.

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262 Evaluation of the West Midlands Economic Strategy (GHK Consulting with input on housing from Centre for Urban & Regional Studies, University of Birmingham). Set out the development of the WMES and key issues and priorities. Examines the Strategic Added Value (that is leadership, influence and coordination) provided by elements of the WMES. Reflects on key issues and considerations for future WMES development, including a summary of key emerging policy challenges.
2.2.4 RDAs should, therefore, through regional strategies and refreshed investment programmes, set out clear indicators for how they expect the quality of development and the regional environment to improve. This will allow government and regional stakeholders to judge the value being added by RDAs over current practice and for future delivery; future scrutiny should consequently be examining RDA’s record in adding value to the delivery of social integration and well-being, and environmental benefits through regional investment.

2.2.5 As RDAs devolve activity and funds to local authorities, their other critical role in adding value will be to provide the strategic regional and sub-regional steer and guidance for local delivery. Additionally, the terms and conditions under which funds and responsibility are delegated will need to ensure that natural environment and social outcomes are a requirement of delivery, as part of the achievement of sustainable development.

2.3 RDA expertise

Technical Skill Sets

2.3.1 Natural England believes the RDAs, understandably, have limited skills sets to address the spectrum of work required for preparing Integrated Regional Strategies (IRS), particularly to address Spatial Strategy, as well as the wider challenge of delivering integrated economic, social and environmental well-being. Under the SNR proposals, this lack of expertise may be further exposed as IRS are expected to at least consider all the other ‘regionally adopted second tier’ strategies.

2.3.2 In particular, RDAs lack ‘in-house’ forward planning and spatial planning expertise and, again understandably, have an even more limited appreciation of delivery of policy through effective development control. The RDAs will have to build capacity and capability to understand these aspects of planning. At the moment Natural England invests considerable resources in reviewing planning applications for development proposals and assuring environmental quality. In the light of this experience, Natural England would expect the RDAs to use the new regional strategies as an opportunity for improving the standard of development.

2.3.3 The ability of RDAs to access external expertise and bring that into their decision-making processes in a joined-up way is particularly important in reference to environmental challenges within regional development. For example, catchment flood management, landscape-scale improvements to biodiversity and climate change adaptation will demand sub-regional or regional level expertise which the RDAs will not generally possess. These challenges are also an opportunity to deliver significant environmental solutions to national and regional priorities, as they are often linked to economic development and regeneration challenges such as improving the quality of place to attract investment.

2.3.4 Natural England has observed good practice, for example, in Yorkshire Forward’s investment in external capacity such as the Regional Environment Forum and, as a principle, RDAs should be asked to actively seek the expertise from its regional and local stakeholders.

2.3.5 In particular, RDAs should invite Natural England, the Environment Agency (the Government’s statutory environmental advisors), Local Authorities and other stakeholders (such as the Sustainable Development Commission) to help interpret and deliver the proposed national core sustainability framework in their region. In turn, the strategic environmental advice should inform RDA and local authority practice to
ensure projects deliver exemplary standards of carbon management, resource protection and a high quality natural environment.

2.3.6 Natural England will wish to work with RDAs in developing their capacity and the capacity of local authorities to address natural environment issues as part of their roles in delivering outcomes.

**RDA Boards**

2.3.7 We suggest that the composition of RDA Boards needs to demonstrate the inclusion of a wider agenda. The appointment of RDA Board members has generally been of those with skills and experience in business rather than with a wider skill set that reflects the potential new roles of RDAs for housing, planning, sustainable development and wider regeneration. Government should ensure the RDA Boards consist of members with extensive experience in sustainable development and the natural environment to complement business and economic development skills.

**Evidence and Regional Observatories**

2.3.8 We welcome the importance attached to developing evidence-led integrated strategies under SNR. In the absence of Regional Assemblies, the RDAs role in assuring the quality of the evidence base will be crucial for sound decision making. RDAs should be asked to fully support the development of current and future knowledge capacity at local and regional levels, particularly through the Regional Observatories (RO’s) or equivalents. Not all regions have RO’s and where they do exist there are significant variations in the level of support they receive, which leads to variations in the quality of the evidence base.

2.4 **The extent of, and need for, their overseas activities**

*No comments.*

2.5 **The consequences of expanding the RDA remit to include new functions, as proposed by the Sub National Review, including the delivery of EU funding**

2.5.1 **Challenge of integrating spatial, environmental and economic strategies**

We believe the importance of ensuring a healthy natural environment must not be squeezed by the emphasis given to economic development and economic growth in SNR and nor should it be restricted by the current capability of the RDAs. RDAs need to see their new role and especially the new single integrated strategies, as facilitating delivery across the whole of the sustainable development agenda.

2.5.2 There is the consequent risk that the spending programmes of RDAs, local authorities and other regional stakeholders may fail to deliver sustainable development and address significant environmental issues unless they are framed within the context of properly integrated regional strategies.

2.5.3 RDAs should be given clear direction to produce the new strategies in line with the guidance in PPS1 (Delivering Sustainable Development, 2005) which promotes integration. Para 1.3 of PPS1 states "Development plans should ensure that sustainable development is pursued in an integrated manner, in line with the principles for sustainable development set out in the UK strategy".

2.5.4 To give confidence that development outcomes will be environmentally sustainable, RDAs will need to be very open and inclusive in preparation of the strategies and in
their decision making processes. RDAs should exploit the opportunity to work with Natural England and the Environment Agency as statutory environmental advisors in preparing regional strategies, programme design and with scrutiny processes. This will support Government’s efforts to align the efforts of national and regional agencies and deliver its PSA 7, 20, 27 and 28 targets on regional economic performance, housing, the natural environment and climate change.

**European Funding**

2.5.5 The RDAs already deliver, or significantly influence, through Regional Economic Strategies, the spend of a substantial proportion of EU funding. Sustainable Development and integrated approaches are a requirement for the delivery of these European Funds and have needed the engagement of the environmental agencies. For example, the Rural Development Plan for England, co-financed by EAFRD has required the RDAs, Natural England and Forestry Commission to work together to develop “Regional Implementation Plans”. These plans, intended to ensure integration across the four “Axes” (objectives), were guided in part by the Regional Economic Strategies. For the Structural fund Programmes, Natural England or other environmental agencies and stakeholders are sometimes represented on the Programme Monitoring Committee.

2.5.6 The use of the Regional Economic Strategies to guide RDPE, ERDF and ESF spend and the importance of the EAFRD for incentivising land managers to deliver environmental priorities (which is approx 80% of RDPE fund) will in future sit alongside the importance of environmental considerations to Regional Spatial Strategies. This strongly suggests that the new integrated regional strategies will need to fully embrace the environmental dimension and that these new strategies will be important in determining European funding priorities.

2.5.7 In principle, Natural England believes that bringing together these funding streams under a single regional framework offers the opportunity to enhance coherence and co-ordination in each region between different EU funding instruments. This will require the RDAs to work even more closely with Natural England given that agri-environment schemes form the largest single component of Axis 2 of the England Rural Development Programme and are currently delivered by Natural England through its regional structure.

2.5.8 Axis 2 has a clear set of national objectives, driven in part by national and international environmental targets and obligations. Natural England believes that this delivery arrangement strikes the correct balance between local and national delivery. There is potential for further integration of the delivery of agri-environment schemes with regional priorities and so securing more public benefits from these funds. The regional framework set by RDAs needs to respect and make appropriate contributions to key national and international environmental targets.

2.5.9 It is unclear how or whether the SNR will impact on other EU funding. There are EU centrally managed funds for which a case could be made for greater regional control. For example, the Competitiveness and Innovation Programme which provides funding inter alia for eco-innovation, and support for SME’s in the forestry and agro-

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263 For the period 2007-2013 RDAs will be delivering £2500m European Regional Development Fund (ERDF) and £620m European Agricultural Fund for Rural Development (EAFRD) monies (based on Axis 1 and 3 budget) (Total English EAFRD Budget - £3890m). The English ESF Programme, influenced by the Regional Economic Strategy, is £4000m (£2000m ESF, £2000m national funds), distributed regionally through the Learning and Skills Council. The CAP Pillar 1 budget is £20950m distributed through the RPA. All figures approx and exchange rate dependent.

264 Managed centrally by DG Enterprise on the basis of annual EU wide calls.
food sectors. The current tender system makes integration with other EU funding streams difficult.

**Linking integrated strategies and regional investment**

2.5.10 Under the SNR proposals, RDAs will have a significantly different role, well beyond their current business-led economic development role. RDAs will have the opportunity to bring forward regional strategies setting out a 15-20 year vision for a region. Natural England suggests that RDAs must include a vision for the protection and enhancement of the natural environment as part of an integrated strategic approach to economic development and the natural environment. The single or integrated regional strategies (IRS) should set out the major environmental challenges that regions need to address - we set out the scope and nature of these challenges in our response to the SNR consultation which ended in June 2008. RDAs should, as a consequence, then set out a framework for investment programmes to enhance the region's environmental assets, especially those which will allow the region to help deliver economic growth and to adapt to major environmental challenges such as climate change.

2.5.11 Natural England strongly supports the proposal for improving the local evidence base through the new duty on local authorities to undertake economic assessments. RDAs should have an obligation to ensure that the improved evidence base for an area includes reviewing the contribution that the environment makes to well-being and could make to economic prosperity at the local level.

**Integration of Regional delivery through the spatial levels**

2.5.12 The SNR makes reference to the local authority performance management framework and a new role for local authorities in undertaking local economic assessments. This reinforces the challenge for RDAs to ensure the alignment of priorities and delivery at all spatial levels from national to regional and local.

2.5.13 RDAs, working with local authorities and other stakeholders, can explicitly link the different spatial levels around the Place Making agenda (set out in Government’s ‘Creating Strong, Safe and Prosperous Communities’). In the Place Making agenda, there is an ambition of aligning all investment resources from regional agencies and local authorities to meet community needs. The single regional strategies will also become the focus for concentrating the efforts of many, not just RDA programmes, on regional priorities. This would align national and regional priorities with regional and sub-regional investment programmes and performance management of the delivery by local authorities and other bodies.

2.5.14 RDAs will, therefore, need to create confidence amongst all stakeholders that stakeholders’ own delivery objectives will also be met through closer collaboration and alignment. From Natural England’s perspective, this should be achieved through RDAs actively seeking agreement on local, regional and national environmental priorities.

**Sub Regional and Programme-based delivery**

2.5.15 We welcome the new emphasis on the role of RDAs becoming programme based, in the expectation that a more strategic role will allow them to embrace the critical environmental challenges faced by regions. The design of regional funding programmes and delivery plans should explicitly embed the enhancement of the natural environment as a required outcome. RDAs should have the confidence of setting out environmental quality ambitions alongside economic targets and to avoid previous weaknesses of treating environmental sustainability as a separate theme.
2.5.16 The RDAs should use the lessons of the EU infrastructural programmes (such as described in ‘The Effectiveness Of EU Structural Funds In Delivering The Government's Environmental Objectives, Defra 2005 – The Fraser Report) to inform the design of regional funding programmes on how best to integrate environmental considerations into mainstream funding programmes; as one the Competent Environmental Authorities for EU funding programmes, Natural England would be pleased to work with RDAs to develop best practice.

2.5.17 Natural England supports the proposal in SNR for a statutory status of collaborative arrangements across sub-regions, which can be for purposes wider than purely economic development. RDAs have a significant role in facilitating the use of this tool by local authorities and others and Natural England would urge that RDAs should support them as a means of tackling environmental issues that also cross administrative boundaries. In doing so, RDAs will need a greater understanding of the role and value of ecosystems in providing services which support economic activity and which contribute to social well-being. The joint work that the North West Regional Development Agency is doing with Natural England in the Natural Economy Northwest Project is a demonstration of how the environmental assets of the region complement economic objectives through investment, for example, in green infrastructure, landscape scale environmental enhancement and habitat creation.

2.6 The accountability of RDAs

2.6.1 Regional Assemblies were able to consider regional social and environmental issues through their development of the RSS and scrutiny of RDAs. Whilst Natural England welcomes the proposal for independent examination of IRS along the lines of the current model used for RSS, this kind of scrutiny is toward the end of the process and is, therefore, less powerful than embedding sustainable development at the fore of future strategies. To be properly accountable, RDAs should establish clear and transparent fora and processes in their region to ensure that social and environmental stakeholder expertise fully informs and shapes the design. RDAs might consider new arrangements, such as using the Regional Sustainable Development Roundtables or establishing in each region an external advisory Sustainable Development Panel.

2.6.2 We suggest that RDAs should work closely with the Audit Commission in their role as auditor for the place making agenda and so link the different spatial levels of delivery. RDA driven strategies need to reflect the strategic environmental priorities of the region and a clear alignment of delivery programmes with environmental objectives, drilling these down to Local Area Agreements (LAA) and to the discharge of Comprehensive Area Assessment (CAA) by the Audit Commission.

2.6.3 We recommend as good practice the Yorkshire and Humberside Scrutiny Process alongside “Progress in the Region”, an annual report in the region that in some detail looks at all aspects of quality of life.

2.7 How RDA performance has been measured in the past and will be measured in future

2.7.1 We suggest the performance measurement of RDAs should closely reflect the distinctive new circumstances under which RDAs will operate. Not to do so would result in highly unbalanced working. RDAs should set out a wider measure of
success which includes not only economic but also other factors which contribute to regional and community wellbeing, including those things for which currently it is difficult to get a monetary value, such as the role of ecosystem services in underpinning economic development.

2.7.2 Natural England would therefore ask RDAs (and local authorities) to adopt assessment techniques which use the concept of economic, social and environmental well-being rather than a narrow measure of GVA to monitor performance and inform policy. A potentially good model is emerging from the East Midlands Development Agency, which is leading in developing the Index of Sustainable Economic Wellbeing and which has already been picked up by seven of the nine RDAs. This model uses robust data sets to measure well-being, though EMDA recognise that more could be done, and Natural England is working with EMDA to further explore the potential of this model and develop the social and environmental indicators.

2.7.3 Regional strategies will need to set out environmental standards which will be expected to be achieved by the end of the 20 year period, as well as the environmental limits which will determine the acceptability of growth. The strategies should set out clear baselines and challenging targets for the quality of the natural environment, carbon management and climate change adaptation etc for programmes and for delivery projects that flow from the new strategies. It is on these that the RDA and the region should be measured.

2.7.4 We support the extension of the EIP model into the new arrangements and that SEA will be used, subject to adequately integrating other assessments such as the Habitat Regulations.

2.7.5 We suggest that RDAs, in their new role, should be required to be exemplars of sustainable development policy and practice.

3.0 Conclusion

3.1 The Government should, therefore, take this opportunity to redefine the strategic objectives of RDAs so that they focus on delivering sustainable development. RDAs should be charged with pursuing the goal of economic growth whilst taking the natural environment seriously and emphasising the social and environmental justice benefits of a healthy natural environment. In particular Natural England believes RDAs should set out a clear direction for how they expect the quality of development and the regional environment to improve and that they adopt approaches and assessment techniques which use the concept of economic, social and environmental well-being rather than a narrow measure of GVA to monitor performance and inform policy.

19 September 2008

Memorandum submitted by Goodrich Control Systems Ltd (RDA 106)

Business & Enterprise Committee - RDAs Inquiry, Advantage West Midlands.

We wish to express our support for the role which AWM plays in supporting the sustainability and growth of the aerospace industry in this region.

We count ourselves fortunate to be within a RDA area which has strong leadership and a very visible and logical engagement system with the key industries. AWM have taken a lead in
pulling together regional businesses through an Aerospace Cluster Opportunity Group, and the Midlands Aerospace Alliance which spans West & East Midlands. These two groups provide different functions and have been instrumental in strengthening the local network of aerospace businesses over the last few years, providing a voice for all sizes of aerospace business in the Midlands with government and larger industrial players.

We also appreciate both AWM’s support in the development of an SFIE grant, which has helped Goodrich to install a new engine controls test facility in Birmingham, and their support of the National Aerospace Technology Strategy and programmes like the Environmentally Friendly Engine which are fundamental to the future of our business.

Within the wider context of aerospace in the midlands of particular value in the last few years have been programmes for technology exploitation and supply chain improvement helping smaller businesses partner with the larger aerospace companies to begin and accelerate their journey up the value chain. A large project in current development is for the Midlands Technology Centre for advanced joining and fabrication mentioned in the Government manufacturing strategy document. This project will provide a unique facility to engage major manufacturers working together at the forefront of advanced manufacturing techniques. The MTC project would not have reached this stage of evolution without the strategic view and leadership of AWM staff.

8 October 2008

Memorandum submitted by SEEDA (RDA 107)
This paper is the response of the South East England Development Agency (SEEDA) to the Business and Enterprise Committee inquiry into the role of regional development agencies (RDAs) and the implications the Government's review of sub national economic development and regeneration (SNR) may have on that role.

Section 1: Introductory overview of RDAs’ roles, responsibilities and contributions
1.1 As highlighted by the RDA national submission, Regional Development Agencies (RDAs) were formed in April 1999 with the purpose of furthering economic development and regeneration, promoting employment and business investment and competitiveness, enhancing skills development, and contributing to sustainable development. The principle of partnership is integral to the purpose, role and remit of SEEDA, ensuring all relevant local and regional interests contribute effectively to an integrated and coherent strategic programme in the region.

1.2 The South East is one of the most economically successful regions in the country, regularly achieving higher growth rates in Gross Value Added (GVA), higher economic activity rates and lower unemployment rates than any other region. Now a £180 billion economy, the South East contributed a net £17.5 billion (tax take minus public spending) to the UK exchequer in 2007. However the South East shows as great a diversity in opportunity and achievement as any English region, with life expectancy varying by almost 23 years depending on place of birth. Furthermore the sheer size of the South East means substantial numbers of deprived residents, with almost 500,000 living in areas among the 20% most deprived nationally; over 900,000 people of working age who are economically inactive; almost 200,000 residents claiming income support; and over 1 million people of working age with very low literacy skills. In this context, the role of the Regional Development Agency is not to subsidise, but to underpin the infrastructure of success, skills and connectivity – and
to lift performance by enabling markets to work better by addressing information gaps, improving networks and addressing the barriers to opportunity.

1.3 The RDAs budget of £190m in total in 2007-08 can have impact in an economy of £180bn on in partnership with others and selectively. At SEEDA’s formation, the South East lacked any common identity or shared vision, had no regional structures other than the Government Office and showed little enthusiasm for working together. Our priority, therefore, was to seek engagement and agreement around a common strategy (the Regional Economic Strategy) that would ensure growth in the region continued at sustainable levels, would invest in maintaining success and economic growth, reduce gaps in prosperity within the region, and lift under-performance. Through the subsequent growth in the role of RDAs, this has proved a robust focus for the work of SEEDA and our many partners across the region – 74 local authorities (including 19 county and unitary authorities), 83 MP’s and 10 MEP’s, regional offices of national quangos, universities and higher education institutions, a multitude of business organisations representing the estimated 740,000 enterprises (including 5,100 foreign-owned companies), and many voluntary and community bodies.

1.4 As the primary body to further economic development and regeneration in the South East, SEEDA has always sought to work in partnership with the private, public and voluntary sectors. Annex I provides an overview of case studies which demonstrate collaboration across local areas and pinpoint SEEDAs vital co-ordinating role. Annex I includes, for example:

- Chatham Maritime, Kent – a flagship development project where SEEDA has helped to create a new sustainable community at this 140-hectare site. The site was almost completely vacant when SEEDA took it over in 1999 after the closure of the docks in 1984, with the loss of a total of 14,000 jobs (7,000 direct, and 7,000 indirect). Now two-thirds complete, over 1,000 new homes have been built in a joint venture with Countryside Properties on St Mary’s Island, 3,500 new jobs have been created and three universities brought together with a further education college on a new campus for 4,000 local students. Partners recognise the catalytic role of SEEDA’s contribution in bringing new life and respecting the historic character of the adjacent World Heritage Site nominee;

- Hastings and Bexhill Five Point Plan – rejection of the Hastings & Bexhill A21 bypass in 2001 spurred SEEDA to create a strong partnership with local leaders. This secured £70m funding to drive investments which, according to an independent evaluation, have added an extra £25 million a year to the economy of the area and lifted incomes from 69.37% to 74.86% of the South East average in the first 3 years. The Five Point Plan has been highlighted by the Government as an exemplar for carrying forward urban renaissance;

- Computer Clubs for Girls – an innovative, award-winning programme conceived and developed by SEEDA with e-skills UK, the Sector Skills Council for IT and Telecoms. The clubs are run voluntarily by schools, outside of school hours, and raise the interest and ICT skills of 10-14 year old girls, transforming their attitudes to careers in IT. SEEDA’s financial and strategic backing has enabled the programme to be piloted in over 200 South East schools with such good results that DfES funded a 4-year, £8.8m national roll-out, benefiting over 100,000 girls to date.
Alphasat – SEEDA with the London and East of England Development Agencies invested £36 million to secure investment in a European Space Agency satellite programme with a budget of €500m, securing 500 high technology jobs within the Greater South East and global leadership for the UK. The RDA collaboration helps to illustrate just how effectively RDAs can generate investment, business, jobs and success for UK plc.

Section 2: The need for a level of economic development and regeneration policy between central and local government

2.1 The South East has specific challenges and opportunities that can only be solved with regional knowledge and understanding:

- even though the South East is seen as performing strongly in the context of the UK, it lags behind the best performing European and global regions on a wide set of competitiveness indicators. For example, according to the World Knowledge Competitiveness Index 2008 compiled by the Centre for International Competitiveness at the University of Wales Institute, Cardiff the South East:
  - Is the 74th most competitive region in the world
  - Is the 111th most productive region in the world
  - Has the 82nd highest GDP per capita in the world
  - Has the 61st highest economic activity in the world
  - Is ranked 70th on a number of patents per head in Europe (out of 145 regions that include developed and some developing countries including some Chinese and Indian regions).

According to the European Knowledge Competitiveness Index 2006/07 compiled by the Centre for International Competitiveness at the University of Wales Institute, Cardiff the South East is:

- The 16th most competitive region in Europe
- It is 51th most productive region in Europe
- It has 20th highest GDP per capita in Europe
- It has 13th lowest unemployment rate in Europe
- It is ranked 18th on a number of patents per head in Europe (out of 118 European regions)

- the gap in economic performance within the region is as great as that between the North and South of England with competitiveness in Kent and East Sussex being between 10 and 20 percent below the UK average;

- market failures, low skills and poor infrastructure in many parts of the region contribute to this gap; and

- high levels of economic exclusion are visible across the region, even in the most prosperous areas, where relative poverty makes absolute disadvantage particularly acute and threatening to community cohesion and sustainable economic growth.

2.2 32% of the region is classified as a Area of Outstanding Natural Beauty. High levels of affluence existing alongside the poorest communities mean that support for jobs and housing grant will not be forthcoming if the environment and quality of life is perceived to be threatened.

2.3 The creation of RDAs has allowed regions to capitalise on their own indigenous strengths, whilst providing the critical mass to bring together partners across the boundaries of county and unitary authorities. Equally, some strategic issues are too big for individual county or unitary authorities. The regional scale is an appropriate one for the coordination of sector and area policies, and for stimulating innovation and the provision of higher level skills. Having both policy breadth and area focus enables SEEDA, uniquely, to co-ordinate decision-making between local and national organisations, ensuring they maximise the opportunities to work together towards a common economic development objective and which, most
importantly, meet the needs of the region. As a business-driven organisation, this breadth and focus is properly targeted on sustainable economic growth throughout the RES.

2.4 In the past a myriad of government policies, programmes and projects were implemented at the regional level (with a considerable cost to the public purse). Following the introduction of the Single Programme funding mechanism for RDAs, SEEDA has been able to deploy flexibly a toolbox of specialised resources that complement those of our partners. We are able to draw together and support capacity at the local level, working across boundaries and joining-up policy areas.

2.5 Increasing emphasis is currently being placed on the city-region (rather than the region) as the focus of policy intervention. It is argued that cities are the hubs of the knowledge economy and even in a region with no major city, beyond the influence of London, this is the case. But this does not imply the redundancy of the region as a scale for economic intervention. Regional level institutions can play a particular role in promoting collaboration between urban areas and in managing the relationships between urban and rural areas in sustainable ways, and SEEDA has worked hard to make this a reality. SEEDA has worked with sub-regional partnerships to develop coherent regional co-ordination – working closely with local authorities to create the South East Diamonds for Investment and Growth, which brings together the largest eight urban centres in the region, including the Partnership for Urban South Hampshire, a group of 11 local authorities which successfully secured one of the 7 first-round Multi Area Agreements with the Government. SEEDA also works closely with EEDA and the LDA as the GSE – the UK’s global mega-city region.

Section 3: The effectiveness of RDAs and their role in adding value and how RDA performance has been measured in the past and will be measured in the future

3.1 Ultimately, the key measure of the value of RDAs is the impact they have in securing progress against the objectives agreed in Regional Economic Strategies, whether through their own achievements or (more often) through the actions of others. The Tasking Framework includes a set of 6 core outputs with 4 mandatory components to provide common elements to measure Agency performance. SEEDA sets target ranges against these outputs in our Corporate Plan and reports on our achievement. The core outputs are used in conjunction with SEEDA’s strategic added value to help understand the impact of projects and other activities on the Regional Economic Strategy and regional outcomes.

3.2 SEEDA maintained a strong performance against its output targets over the duration of its last Corporate Plan (2005-08):

<table>
<thead>
<tr>
<th></th>
<th>Target 2005-08</th>
<th>Achieved 2005-08</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUSINESSES SUPPORTED</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jobs created or safeguarded</td>
<td>14,800</td>
<td>18,000</td>
<td>+22%</td>
</tr>
<tr>
<td>Number of people helped to get work</td>
<td>17,200</td>
<td>32,000</td>
<td>+86%</td>
</tr>
<tr>
<td>Businesses created or attracted to the region</td>
<td>7,000</td>
<td>7,600</td>
<td>+8%</td>
</tr>
<tr>
<td>Businesses assisted in improving performance</td>
<td>100,000</td>
<td>132,000</td>
<td>+32%</td>
</tr>
<tr>
<td>Businesses collaborating with the knowledge base</td>
<td>2,300</td>
<td>3,900</td>
<td>+70%</td>
</tr>
</tbody>
</table>

642
### INVESTMENT IN PLACES

<table>
<thead>
<tr>
<th>Investment levered (£m)</th>
<th>580</th>
<th>630</th>
<th>+9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Investment levered from private sector</td>
<td>50</td>
<td>48</td>
<td>-4%</td>
</tr>
<tr>
<td>Brownfield land remediated (ha)</td>
<td>240</td>
<td>200</td>
<td>-17%</td>
</tr>
</tbody>
</table>

### PEOPLE ASSISTED

<table>
<thead>
<tr>
<th>People assisted in skills development</th>
<th>88,000</th>
<th>142,000</th>
<th>+61%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults gaining basic skills</td>
<td>9,000</td>
<td>9,800</td>
<td>+9%</td>
</tr>
<tr>
<td>Adults gaining at least NVQ Level 2</td>
<td>1,200</td>
<td>1,400</td>
<td>+17%</td>
</tr>
</tbody>
</table>

3.3 SEEDA welcomes the move to the new Sponsorship and Impact Evaluation Framework. We recognise the importance of focusing on the outcomes and impact of RDAs’ work, and have ensured that we can relate the achievements in our current (2008-11) Corporate Plan to the high level objectives of the Regional Economic Strategy.

### Section 4: RDA expertise

4.1 SEEDA’s responsibilities within the region means it is able to attract, and call on the services of a wide range of experts – from its business-led Board and partnerships, through to its staff with business and entrepreneurial experience spanning a whole host of disciplines, including planners, economists, surveyors and developers. SEEDA are also fortunate in that many of its staff have experience of working at relatively high levels within central and local government and quangos.

4.2 Economic development and regeneration is the core function of RDAs. This contrasts with other agencies including local authorities who have a number of roles. Within the ‘broad church’ of economic development and regeneration, RDAs are able to take a holistic, joined up approach, not tried before at the regional scale in the UK. SEEDA’s key strengths are:

- the ability to join up policy agendas (for example making the links between place-based development and broader agendas such as innovation, skills, enterprise and sustainable development);
- the ability to link national, pan-regional, regional, sub-regional and local priorities to ensure alignment and focus (for example through supporting the growth ambitions of the Partnership for Urban South Hampshire, and through agreeing the Thames Gateway Economic Development Investment Plan with Central and Local Government); and
- development of an evidence base, supplemented with direct access to business networks through our Investor Development Managers, our contracts with Business Link operators and the Manufacturing Advisory Service, and our work with Enterprise Hubs and Sector Consortia, as well as through sub-regional economic partnerships and direct links with business representative organisations such as the CBI, IoD, BCCI, FSB and EEI. This informs regional priorities for action and provides essential feedback on Government policy.
Section 5: The extent of, and need for, RDA overseas activities

5.1 The national RDA submission describes the overall approach of RDAs, together with evidence of the effectiveness of this approach. SEEDA’s particular focus has been on securing strong trade, innovation and investment linkages with businesses in a small number of globally successful and advanced regions with similar profiles and aims as the South East. Much of the focus is on targeting and securing business investment that would not otherwise be drawn to the UK. SEEDA invests in 11 representatives in 11 locations to promote the South East as a location to businesses in these regions, working closely with UKTI and sharing leads with other UK regions where they are more appropriate to the needs of a particular investor. In total, SEEDA have 600 account-managed companies, of which around 400 are foreign direct investments.

5.2 According to a study carried out by SQW for SEEDA in October 2007, entitled “Economic Impact Assessment and Evaluation of FDI Programmes on the South East Economy”:

- foreign-owned businesses in the South East are responsible for £45.5bn of GVA in the economy and support 825,000 jobs in the region. This is 27% of the region’s GVA and 21% of employment;
- productivity, as measured by GVA per employee, is 75% higher in foreign-owned companies than in UK-owned ones;
- foreign-owned companies in the region are some of the most productive in the country – with only those in London and Scotland having a higher GVA per employee;
- the average turnover of foreign-owned enterprises in the South East is around £28m compared to an average of £840,000 for UK-owned enterprises; and
- during the three-year period 2005/06 to 2007/08, SEEDA has supported 222 companies from overseas set up operations in the South East, creating 7,584 new jobs and safeguarding another 4,374 jobs.

5.3 The aftercare provided by SEEDA’s IDMs, who work closely with the top 400 foreign investors is therefore crucial and linked to parent companies by SEEDA’s overseas representatives.

5.4 Wherever possible, SEEDA’s overseas representatives are co-located with UKTI and Consular staff and work on a “Team UK” basis. In India, for example, SEEDA is funding a post jointly with SWERDA (South West England Regional Development Agency) with the post-holder employed by, and accommodated with UKTI in the British Consulate. This collaborative approach means we are able to target scarce resources to opportunities identified in fast-developing markets. SEEDA’s overseas representation provides potential investors with a detailed understanding of the business opportunities in the South East. The overseas representatives are able to connect new investors into the region’s business networks and knowledge base that provide access to potential suppliers, customers and expert advice. The recent Boeing investment demonstrates how SEEDA was able to introduce the company to business opportunities in the region. SEEDA worked with Boeing and UK Trade and Investment (UKTI) for the last five years to influence the company’s decision to establish a new product development simulation laboratory on the QinetiQ campus at Farnborough. Strong international competition was fought off by SEEDA by providing introductions to key companies through the SEEDA funded Farnborough Aerospace Consortia.
Section 6: The consequences of expanding RDA remit to include functions as proposed by SNR, including delivery of EU funding

6.1 The RDAs remit has been expanded regularly since 1999 (as set out in the national RDA submission). ERDF has been less available to the South East that to other regions but we have attracted £18 million (2007-13) to fund a programme of business support developed with the involvement of local authorities to promote competitiveness in South East England whilst contributing to reducing the region's ecological footprint. Early activities being sought include support for sustainable procurement and sustainable construction. SEEDA is one of the few RDAs to co-finance ESF in order to deliver the regionally agreed ESF framework and provide skills support for sectors such as aerospace, marine and environmental technologies and promoting enterprise creation as a route out of worklessness. In both cases SEEDA’s involvement in managing and having a strategic role in planning these EU funds has strengthened the alignment of both these programmes to the RES and their ability to reflect changes in policy and circumstances.

6.2 The high level message from the SNR is clear: the aim is to strengthen and simplify the strategic role of the RDA while delegating more programme funding to local partners including local authorities in order to achieve maximum impact for sustainable economic growth. SEEDA welcomes the opportunity to secure coherence across the scope of Regional Economic Strategies and Regional Spatial Strategies and was already working closely with the Regional Assembly to create a Single Delivery Plan supported by Regional Funding Advice and a Regional Infrastructure Fund. Whilst the SNR aims could support this work, the consequence of controversy and uncertainty has been to set it back and early resolution is important.

Section 7: The accountability of SEEDA

7.1 SEEDA is a non-departmental public body. It is directly accountable through the Secretary of State for Business, Enterprise and Regulatory Reform to Parliament. Staff are accountable through our individual RDA Boards, which are business-led, with representatives across a range of organisations, including local government, the voluntary sector, as well as the private sector. SEEDA’s accounts are scrutinised by the National Audit Office and signed off by the Comptroller and Director General.

7.2 RDAs are also accountable to this region and are scrutinised by the Regional Assemblies. SEEDA’s Chair and Chief Executive attend an annual ‘holding to account’ session with Assembly members in full plenary and SEEDA’s Chief Executive reports to regular meetings of the Assembly’s Executive Committee. Three or four scrutinies are also conducted each year, focusing on specific policies and interventions across various aspects of SEEDA’s remit. This provides Assembly members and other interested bodies the opportunity to debate the effectiveness and ‘regional fit’ of our interventions. There are examples of scrutinies that have produced real improvements in how we have done our business, including SEEDA’s response to the Global Challenge and reducing the South East’s Ecological Footprint as just two recent examples. SEEDA now reports regularly to the Assembly Executive on action taken in relation to the recommendations of these scrutinies.

7.3 SEEDA is also subject to periodic reviews and evaluations of our performance. The 2006 Independent Performance Assessment (IPA) assessed organisational performance, including capacity, and judged that SEEDA was performing strongly, with 21 points out of a possible maximum of 24, with Ambition and Achievement both scoring maximum points, and with Prioritisation, Capacity and Performance judged to be performing well. The IPA provides advice for a continuous improvement action plan currently being taken forward.

7.4 SEEDA welcomes further Parliamentary scrutiny through Select Committees as further constructive challenge. We realise that it will provide a focus on the needs
of the whole region and the performance of all public sector partners in supporting sustainable economic growth.
19 September 2008

Memorandum submitted by Jaguar Land Rover (RDA 108)

I am writing to you in my capacity as Chief Executive of Jaguar Land Rover in order to help inform your current inquiry into Regional Development Agencies.

You will be aware that I have been a board member of Advantage West Midlands (AWM) since 2003 but I believe the leadership offered by the Agency in supporting the development of our business is indicative of the overall leadership of the Agency throughout the region and we also receive good support from the NWDA for Halewood.

Jaguar Land Rover employs 15,000 in the UK, and has production facilities in Halewood, Castle Bromwich and Solihull, and product development centres at Gaydon and Coventry. In June 2008, following the group's acquisition by Tata, we launched a major recruitment drive to hire some 600 new graduate engineers, demonstrating our confidence in our future and in the region and supporting our significant investment in new product and environmental innovation.

Over the past year, we have recognised the need to revaluate our skills base and develop a training programs that develop the skills and competencies of our workforce. Working with AWM, initially on a mapping exercise to identify how skills investment can improve our business performance, we have refocused our priorities to attaining a broad range of NVQ Level 3 and above qualifications rather than the normal narrowly focused Level 2. We are now planning for some 1,300 employees to receive such training.

An integral part of this development is our commitment to offer high quality apprenticeships. This year, the goal has been to increase the overall number of apprentices and we recognised that a much higher number of applicants would be needed.

To attract this higher number and a higher calibre of candidates, we worked with AWM to raise the profile of the scheme; one initiative included bringing over 100 school leavers into JLR for a day's induction. We received a total of 800 applications, more than double that generated the previous year and we have now successfully recruited 60 new apprentices.

These co-operations build on other past and proposed programs such as the PARD Innovation programs and proposed Low Carbon Vehicle projects which also have incorporated significant skills elements.

In conclusion, AWM has worked very effectively with us to increase apprentices and develop our broader skills development programme. They have demonstrated an important strategic leadership role that has achieved a step change in our skills development. They responded to our initial enquiry quickly and efficiently and then brought the right partners, at the right level of seniority, to sit around the table to discuss the issues and develop options. They then developed a package of assistance, monitored progress and addressed any barriers that arose. Throughout the project, AWM helped to build the capacity of our HR team to work with local agencies and attract significant funds from the public sector and from the private sector. As this work is ongoing, the final value of this support has yet to be finalised.
but it is important to recognise that the focus, level and design of this support will deliver us economies of scale and higher rates of return.

I strongly believe that our collaboration demonstrates the RDA’s expertise and ability to focus on our business needs as well as the more generic needs of the regional economy. They have focused our efforts on bringing real added value and achieving significant rates of return on our joint investments.

18 September 2008

Memorandum submitted by EEF (RDA 109)

Summary:

- RDAs have an important role in developing and coordinating policies to promote regional economic development. Critics who propose abolishing them have yet to come up with a convincing alternative.
- There has been a lack of a clear set of aims and objectives for RDAs and efforts to measure their effectiveness have been flawed.
- EEF’s own evidence suggests that the RDAs have made little direct impact on regional economies. However, they have been effective at promoting urban regeneration, responding to regional crises and in certain areas of business support.
- More needs to be done to get RDAs to work together to ensure that the artificially imposed geographical boundaries of the regional structure do not become obstacles to economic competitiveness.
- The Sub-National Review (SNR) provides a sound basis for enhancing the effectiveness of RDAs by strengthening their strategic role, while providing a greater role for local authorities to deliver on this strategy. It is important that the government implements the original vision of the SNR to ensure that this happens. We are also concerned that recent cuts in RDA budgets undermine their ability to plan ahead and the principle that their funding is ring-fenced.
- On the question of RDA accountability, EEF believes that the ultimate sign-off of regional strategies should be the responsibility of regional ministers, not the local authority leaders’ forums, as proposed in the SNR.
- The effectiveness of RDAs can improved by improving the evaluation of their impact with a greater focus on outcomes

About EEF

1. EEF, the manufacturers’ organisation, has a membership of 6,000 manufacturing, engineering and technology-based businesses and represents the interests of manufacturing at all levels of government. With a network of regional offices, EEF is also one of the UK’s leading providers of business services in health, safety and environment, employment relations and employment law, manufacturing performance, education, training and skills.

Introduction

2. England’s nine Regional Development Agencies (RDAs) have played a central role in delivering government economic policy since their establishment in 1999. The RDAs were originally set-up to bridge an administrative gap between central government and local authorities and the agencies have led attempts to rectify some of the long-standing regional imbalances in the UK economy.

647
3. Supporters of the RDAs have argued that regional level action is often a far more appropriate level to work with key stakeholders and tailor policy responses. With total RDA budgets now in excess of £2billion, the agencies have the potential to make a serious impact on the economies of the nine regions.

4. The regional debate is firmly on the agenda. The government is nearing the end of a long-running review of sub-national economic development (the ‘sub-national review’ or SNR), to which EEF has contributed the views of the manufacturing sector. In addition, localism is currently a key political battleground with significant attention focused on encouraging local authorities to work together to tackle problems of regeneration, congestion and housing. It is, therefore, timely for the Business and Enterprise Select Committee to be launching this inquiry.

Ahead of the SNR, EEF conducted its own research into the effectiveness of the RDAs, drawing on statistical evidence and the views of our member companies. This report, and our responses to the government’s consultation on the implementation of the Sub National Review, forms the basis of our response to this inquiry.

5. Our submission is split into two parts: Part I looks at the current performance of the RDAs and addresses the following areas raised by the committee:
   - The need for a level of economic development/business/regeneration policy delivery between central and local government;
   - The effectiveness of RDAs and their role in adding value;
   - RDA Expertise; and
   - The extent of, and need for, their overseas activities.

Part II looks at the future of RDA following the Sub-National Review and covers
   - The consequence of expanding the RDAs’ remit to include new functions (although we do not comment on the delivery of EU funding);
   - Accountability; and
   - How RDA performance has been measured in the past and will be measured in the future.

PART I: THE CURRENT ROLE AND EFFECTIVENESS OF RDAS

The need for a level of economic development/business/regeneration policy delivery between central and local government

6. When the legislation to create the RDAs was first proposed, EEF saw a role for a region-wide body to coordinate and promote policies to promote economic development. We believed that such bodies, if business-led, could bridge the gap between the local authorities on the one hand (too small scale) and national government on the other hand (often too distant from the issues), and bring strong private-sector experience to the challenges of promoting competitiveness.

7. Set up with the right remit and expertise, such regional bodies should be able to develop regional strategies to regional issues, engage with local businesses, use their influence to bring key local players together and ensure that support is delivered close to the customer.

8. As we indicate in this submission, the performance of RDAs has been mixed and they have attracted some criticism. Nonetheless, we still believe that there is a need for regionally-based organisations to play this role and critics who propose abolishing RDAs need to come up with a convincing alternative.

9. Over recent years there has been a growing surge of support in favour of local authorities playing a bigger role in economic development and the SNR included a major focus on expanding their role in promoting competitiveness. While we believe that local authorities can act as delivery agents of regional strategies, we would argue that we must not lose sight of the original reason RDAs were established. This was to provide a single, strategic body across the region and to ensure that local authorities were working together effectively. Just as importantly it was also to ensure that decisions were taken on the basis of the region’s economic needs rather than being caught up in local politics.

10. At the same time, one of the challenges of the regional structure is to ensure that its artificially imposed geographical boundaries do not become obstacles to economic competitiveness. The RDAs’ focus on reducing regional disparities has also, arguably, made them somewhat inward looking. However business operates in an environment where the boundaries of RDAs are irrelevant to their day-to-day operations. Customers and suppliers are spread across a wide geographical area and some of the major factors which drive the competitiveness of a company (such as the labour market or a pool of supplier companies) will be as relevant on one side of a regional boundary as the other. In particular, support for clusters is particularly sensitive to the issue of geographical boundaries. Clusters often straddle regional boundaries, and as such, RDA policies which support supply chains, innovation and best practice need to have more flexibility in order to service their pan-regional nature. Thus, as we return to later, in some areas there is a need for the RDAs to work together much more closely.

The effectiveness of RDAs and their role in adding value

I. Aims and Objectives

11. Until now the RDAs have been tasked with two priorities, which we believe has led to confusion over what is expected of them. On the one hand they have been charged with promoting the economic development of their own regions. On the other, they have also been subject to a second agenda of narrowing disparities between the regions. 266

12. Moreover, some of the specific tasks assigned to the agencies have created potential areas of discord. Two of the original ‘purposes’ of the RDAs (as identified in the legislation) were the, ‘promotion of business efficiency, investment and competiveness’ and, ‘the promotion of employment’. However, in a modern competitive economy it can sometimes be the case that the drive for greater business efficiency can often lead to lower employment levels.

13. Thus parallel and sometimes competing priorities have, we believe, created confusion over what is expected of the RDAs, both within the agencies themselves and among stakeholders.

II. Measuring the effectiveness of RDAs

266 The then DTI (as sponsor department of the RDAs) described the primary role of the RDAs as to:
"co-ordinate regional economic development and regeneration, enable the regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions".

Meanwhile the Treasury’s old public sector agreement (PSA) target for monitoring regional economic development (the RDAs are one of the major organisations helping to deliver this) were designed to capture progress in:

"sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006"
14. The lack of a clear set of aims and objectives for RDAs makes measuring their effectiveness extremely challenging.

15. Government has taken two approaches to this. One has been to concentrate on core outputs against targets. On balance, EEF believes that the core outputs against targets approach to monitoring performance has a number of flaws. In particular, it takes little account of outcomes, and instead focuses on the aggregate outputs of all the schemes and programmes run by the RDAs. We recognise that capturing outputs does have its place, particularly in monitoring individual programmes and schemes. However, we believe that outputs (as a measure of activity such as the number of jobs created) is less useful than outcomes (the changes that happen as a result of what is being delivered) in capturing the impact of the RDAs on the regional economy.

16. The second approach is the National Audit Office (NAO) Independent Performance Assessments (IPA). The 2005 Budget charged the NAO with collating independent performance assessments of the eight RDAs by March 2007. The IPA process is based on the comprehensive performance assessment (CPA) system applied to local authorities. This work assesses RDAs as strategic drivers of regional economic development and provides each RDA with an assessment of organisational performance. While focusing on operational performance (assessing capacity and performance management), the IPA does not take into consideration the aims or achievement of the agencies in terms of economic impact. Specifically, the process does not aim to assess the effectiveness of the regional economic strategy, nor the appropriateness of its ambitions or priorities.

17. We believe, therefore, that both approaches to measuring the impact of the agencies on their regional economies have significant weaknesses. In an effort to address these EEF’s report attempted to gauge the RDAs' effectiveness in terms of the impact that they have had on the UK’s economic performance, whether looking at economic growth or increases in productivity.

18. Here we found that the RDAs have had little discernable impact. It is true that some regions saw faster increases in GDP than in the years preceding the establishment of the RDAs, but there was limited evidence of any substantial rebalancing between the more prosperous southern regions and those in the rest of the country. In addition, any improvement in economic growth outside the southern regions tended to be driven by faster employment growth rather than greater gains in productivity. Economic growth outside the southern regions has also been substantially more dependent on the public sector.

19. However, it should be noted that their performance across the country has been varied and, as already noted, it is extremely difficult to come up with a single definitive statement of how RDAs have performed. A full evaluation of their impact would need to look at how the different regions would have performed in the absence of the RDAs or if an alternative approach had been employed. We also acknowledge the fact that the twin forces of globalisation and technological change have tended to favour London and the southern regions of the UK.

20. Therefore while we have found little evidence that the RDAs have helped to raise the performance of regions outside the Southern half of Britain in either absolute or relative terms, they may have prevented things from getting worse. We also accept that some of the structural differences in regional economies and the varying skills and motivation of the workforces mean that it would take much longer than eight years to narrow the differences between the regions. Indeed, we would argue that some of these differences are so entrenched that it is unrealistic to target reducing economic inequalities as a short-term policy goal.

21. Nonetheless, we are concerned that many of the regions outside the southern half of the country have not developed the basis for sustaining strong economic growth. They remain too dependent on the public sector for economic growth or to create higher value jobs. This is important given that the rate of increase in public spending has now slowed significantly.

RDA Expertise – other strengths and weaknesses

Building on existing providers

22. EEF believes RDAs are most effective when they play a strategic role as a licensing and contracting body, rather than a direct provider of business support. We believe that this allows for existing quality providers with strong reputations and competencies to help deliver on the objectives within the RES. In addition, we believe that adherence to this approach reduces the possibility of existing providers being undermined by the creation of publicly-funded competitors.

Major projects and initiatives

23. One of the major strengths of the RDAs has been the ability to act as a coordinator of interested and relevant stakeholders on major projects and initiatives. We have witnessed this on two major fronts. Firstly, when it comes to large-scale urban regeneration projects the lead role of the RDAs should be commended. The continued resurgence of the cities of England – led by the RDAs – has had a positive impact on the operation of companies, making it easier to attract and retain staff, and offering a better environment to potential customers and suppliers.

24. Secondly, the agencies have also played an effective role in marshalling other organisations and institutions in times of regional crisis. The most direct example of this for our members was the Rover Task Force set up in the West Midlands and it is unlikely any other agency would have been able to marshal all the key players in such a short period of time on such a specific issue. More recently each RDA has been working with national government to deliver reviews aimed at helping regions adapt to the current economic situation.

Business Support

25. EEF believes that RDAs are most effective when they focus on growing the existing stock of businesses. At a regional level, this is best achieved by improving local infrastructure and by providing programmes that help companies to raise their performance, rather than on local programmes to increase the rate of formation of new businesses.

26. There has also been significant criticism of the proliferation of schemes to support business and the complexity involved in accessing them. There are encouraging signs that the Business Support Simplification Programme currently taking place is getting to grips with these issues. However, it is essential that measures to reduce the number of schemes are accompanied by move to make access easier for business and to explain the changes that have been made. We also support the strategy to make Business Link the key point of access for business and are encouraged by recent evidence from its users of improvements in its approval ratings. However, it is also important that a number of key programmes such as the Manufacturing Advisory Service (MAS) retain their distinct identity.

27. MAS is an initiative that has captured the confidence of the manufacturing community from its inception, and has demonstrated substantial contributions to overall productivity gains in the companies which have taken part in the programme. It has also demonstrated that efforts to promote best practice – which are mostly geared towards the small and medium-sized business
community – are better delivered at the sub-national level which is closer to the market. By dovetailing with the region’s economic strategy, it also contributes positively to the delivery of improved business performance at the regional level. In 2005, MAS dealt with 27,000 enquiries, carried out over 4,000 on-site reviews and completed 1,500 in-depth projects, resulting in an average productivity gain of 20%. It is estimated to have contributed some £300million of value-added to companies which have been supported by the scheme. The way a national scheme is regionally delivered and tailored to the region’s specific needs is seen as a real strength of the MAS programme. It has strong brand recognition and a good reputation, both attributes which need to be nurtured.

28. We also believe that the Designing Demand programme which is now being rolled out across the country by helping firms to understand how effective use of design can add value to their business. Similarly, the evaluation of the Proof of Concept programme in Scotland shows that it adds real value by enabling firms to commercialise new ideas by providing finance to fund them and by providing mentoring firms to help them become more investment-ready. Currently, the rest of the UK suffers from a number of small scale fragmented programmes and the Innovation White Paper’s commitment to develop a nationally branded scheme, delivered at the regional level, is therefore very welcome.

29. We have previously been critical of the duplication of efforts by RDA offices to abroad to promote inward investment and the lack of cooperation between them in the UK in supporting companies looking to develop new markets. We therefore welcomed the government’s review of these issues and the recommendations to improve coordination of the activities of the RDAs and UKTI. We will be reviewing the impact of these changes as part of a wider piece of work on export support next year.

Closer cooperation between RDAs

30. While there are many advantages to a regional focus, it can also constrain the effectiveness of RDAs if there are not sufficiently strong mechanisms to help them to work together.

31. This is particularly true in the area of innovation, which has become an increasingly important source of competitive edge for businesses and of productivity growth for the economy. Successful innovation depends on effective collaboration between a range of partners on issues such as research and development, exchanging knowledge, accessing specialist technology and skills and using public procurement to develop innovative solutions to the challenges facing the UK.

32. The geography of collaborators is complex. Research published in 2007 by the Centre for Business Research showed that collaboration was more important at the national level than at any other level, while international collaborators are more important in most cases than partnerships at the local level. This suggests that the focus on local networks and collaboration may be misplaced. Not only are these links of relatively minor importance for businesses, they ignore activities that encourage innovation and enterprise, yet often have benefits that spill over geographical boundaries. This is confirmed by EEF research on innovation which also demonstrated the focus of collaboration tended to be national or even international rather than regional and threw up examples of manufacturers who had been encouraged to partner with universities in the
same region by the sponsoring RDA, despite a more appropriate partner being located elsewhere.268

33. We therefore strongly supported recommendations in Lord Sainsbury’s review of the government’s science and innovation policies that RDAs need to work together with each other and national bodies such as the Technology Strategy Board (TSB) more closely on innovation. Their agreement to align £180m with the TSB is therefore very helpful. RDAs, through their knowledge and contacts with businesses in their areas, have an important role in making national initiatives on innovation deliver the required results. In particular, they can help to transform the performance of public procurement by, for example, working with the TSB to ensure that the Small Business Research Initiative opens up procurement opportunities for small firms.

34. We also believe that there should be less stringency around university-business links, as RDAs have often encouraged companies to partner with universities within the same region. Both companies and the regional economy will be better served if the links occur with whichever is the most appropriate university, whether located elsewhere in the country or even abroad.

35. Essentially, as long as the performance of the individual company is enhanced, the contribution this makes to regional wealth creation should be enough to satisfy the RDA. Thus the RDAs must be more flexible around supporting programmes and initiatives beyond their regional boundaries if there is still a demonstrable benefit to the region’s economic performance.

36. In addition to a relaxation of the geographical boundaries, we believe there needs to be much more joint working between RDAs and the devolved administrations on programmes that are beneficial to multiple regions. We are disappointed at the low levels of pan-RDA working, even where a particular cluster is relevant on both sides of a border. There are some examples of joint working already (e.g. the Northern Way) – but EEF members believe this has increasingly lost momentum. We feel this is something that must be initiated by the RDAs themselves, with Whitehall’s role being restricted simply to strong encouragement. A possible mechanism may be through an expanded RDA Secretariat function, which would allow the initiatives to be ‘grassroots driven’, more sustainable, and free from any undue interference by central government.

PART II: THE FUTURE OF RDAS AND THE SUB-NATIONAL REVIEW

RDA remit

37. The SNR proposes enhancing the strategic role played by RDAs by moving towards a single integrated regional strategy with RDAs taking on responsibility for planning and transport. We believe that this removal of the current separation of powers between RDAs and Regional Assemblies now provides the former with a much stronger basis for making a real difference to the performance of their economies. Against suggestions that there may be some back-tracking on this proposal we believe that it is vital that the government delivers on these commitments. RDAs will also need to ensure that they have the capability to deliver on this wider remit, in part by drawing on the expertise of the private sector.

38. At the same time, the SNR enhances the role played by local authorities as delivery agents. We believe that this could enable RDAs to focus on their strategic role - acting as an umbrella organisation in their regions, focusing on co-ordination and strategy, and steering clear wherever possible of directly

268 New Light on Innovation - How UK Manufacturing is Meeting the Challenge, EEF, 2006
delivering programmes or initiatives themselves. However we also believe that other bodies such as trade associations and the voluntary sector have the skills and experience to contribute to delivery.

39. We are also concerned that the recent cuts in the capital funding of RDAs will limit their ability to take a strategic approach to promoting their regional economies. The raid on the RDA Single Pot to finance the housing recovery programme, followed previous incursions on their budgets by DEFRA and BERR. The recent cuts in the RDA budgets undermine the principle that these are meant to be ring-fenced and undermine the ability of RDAs to plan ahead.

40. In addition it is important that RDAs maintain a strong understanding of how business operates. The agencies were designed to have a strong degree of business involvement in both their running, and broad direction of policy and this is reflected to a certain extent in the make-up of their boards. However, we believe that more could be done to widen the knowledge within RDAs of how business operates. More RDA staff should take part in job exchanges into the wider business community and a greater emphasis should be placed on recruiting people with successful business backgrounds.

Accountability

41. The SNR also proposes an alternative model of accountability – one in which there is an enhanced role for local authorities in the sign-off of the new single regional strategies.

42. RDAs are currently faced with a confusing regime that sees a range of organisations holding them to account. This owes more to accident than design. The government’s original intention was to move to directly elected regional assemblies, and for the RDAs to be executive bodies accountable to these assemblies. With the exception of London, this has not materialised.

43. Instead, we are faced with a compromise, with regional assemblies (comprising a mixture of indirectly elected representatives and social and economic stakeholders) scrutinising the work of RDAs and holding them to account. In addition, RDAs are subjected to assessments of their performance by the National Audit Office (NAO), operate within the confines of HM Treasury’s Public Sector Agreement (PSA) targets and are set core output targets as part of a government-defined ‘tasking framework’.

44. Clearly, this model means RDAs are subject to a large array of differing targets and outputs, being captured by a range of different bodies. The fear is that has led to over-scrutinising the agencies and a situation of ‘what gets measured gets done’. Related to the lack of clarity over the objectives of the RDAs, it has led to a confused and complex landscape of scrutiny and accountability.

45. In an effort to address a democratic deficit the SNR proposed creating a new indirectly elected body – the local authority leaders’ forum – to hold to account, and veto if necessary, the RDAs on the regional strategies.

46. While we recognise the need to address questions of democratic accountability, we believe that there is a danger that local authority leaders’ forum could merely result in party political disputes, impasse and delay.

47. The government has decided not to prescribe how the local authority leaders’ forum should operate in practice. As a minimum, the government should produce guidelines on the operation of the local authority leaders’ forums to ensure that the effectiveness of their scrutiny and sign-off is maintained to a quality standard across the UK.

48. However, EEF believes that the government should adopt an alternative system. We suggest that would that the local authority leaders’ forums are given the power to make recommendations on regional strategies, but not to
block them. These recommendations could then be adopted by the RDAs or subject to negotiation.

49. Should disagreement remain, the regional strategies should then be subject to final sign off from the relevant regional ministers, and not the Secretary of State. Empowering regional ministers in this way gives the regional economic strategies democratic accountability and enhances the role of regional ministers who have, to date, been open to criticism for lacking clear responsibilities.

50. Adopting this model would, we believe, represent a more balanced and streamlined approach to signing off regional strategies and avoid potential problems of impasse.

**Measuring RDA performance**

51. Part of the challenge with monitoring RDA performance has been the degree of confusion surrounding their aims and objectives. In our own research, we recommended that government needed to introduce a monitoring framework which met the following criteria:

- it was related to the aims and objectives of the RDAs
- it focused on measuring the impact of the RDAs on the regional economy
- it increased the emphasis on capturing outcomes, and less on outputs

52. Several approaches have been taken to measuring performance:

- measuring the outputs of RDAs’ programmes and initiatives;
- measuring the operational effectiveness of the agencies;
- looking at the impact of the RDAs on those aspects of the regional economy in which they have a direct influence; and
- monitoring the general performance of the wider regional economy.

53. Each of these has its benefits and its drawbacks, but either way it is important that measuring performance is directly related to the aims and objectives of the agencies.

54. EEF welcomed the July 2007 report of the SNR – in which government identified a single over-arching growth objective for the RDAs. Moreover, we supported the five outcome-focused performance indicators as a helpful first attempt at a framework for monitoring the impact of the RDAs. We were therefore disappointed to see mention of the objective and performance indicators absent from the recent consultation document, and believe that this is a retrograde step. Instead, this consultation highlights a different objective – ‘to raise [the] sustainable trend rate of growth in comparison with the previous economic cycle’ – which we believe does not hold up to scrutiny.

55. Firstly, there are a number of arguments about the proposals to use GVA as a measure of growth. GVA data can be up to two years out of date, which is a meagre evidence base for setting a Regional Strategy. In addition, GVA is a proxy for regional growth, but regional growth is also affected by regional government sector accounts (i.e. government spending) and regional gross fixed capital formation (i.e. business investment), neither of which is measured at the regional level. EEF research shows that recent growth in some regions has been driven by growth in the public sector. While we can measure public

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269 This was increasing regional GVA per head. While we recognise there are a number of challenges with the use of GVA per head, we believe that RDAs should be charged with increasing economic growth in their regions.

270 (1) GVA per hour worked as a measure of productivity, (2) employment rate, showing proportion of the working age population in work, (3) basic, intermediate and higher level skills attainment, to show skills levels, consistent with the DIUS targets on skills, (4) research and development expenditure as a proportion of GVA, as a measure of innovation; and business start-up rates, as a measure of enterprise, Review of Sub-National Economic Development and Regeneration (July 2007), HM Treasury, BERR, DCLG.
sector-related output in terms of GVA, we lack timely data on government spending at the regional level and so are left with a gap in a fairly significant component of underlying growth.

56. Secondly, economic cycles are notoriously difficult to date, and, may differ slightly region by region (although for the UK evidence suggests that there is a high level of correlation between regional cycles and the national economic cycle). But the question remains about who dates the cycles, on what criteria and on what time frame. In the US, an independent body of academics is responsible for dating, down to the month, the beginning and end points of economic cycles. In the UK, the Treasury is responsible for dating economic cycles and has proved open to political pressures and the process has therefore lost a certain amount of credibility.

57. Also, EEF has argued that RDAs should be given additional performance measures that reflect what they can directly influence. Yet RDAs are not likely to have direct control over underlying growth, which is more likely to be driven by national and international economic factors out of their control. That is why the five outcome based performance indicators in the original SNR document from July 2007 are better suited for measuring regional performance.

58. As the lack of timely data is also a major problem in setting objectives for RDAs (and ultimately holding them to account), the recommendation to develop better local-level economic data could be useful in building up a picture of sub-regional and regional growth. However, this process must be uniform across all local authorities so that we have confidence in aggregating this data. We are therefore seeking a return to a focused, single over-arching economic objective which brings clarity to what the RDAs are there to achieve, complemented by a series of outcome-focused performance measures reflecting the areas on which RDAs have direct influence.

Conclusion

59. RDAs have an important role to play as umbrella organisations for their regions, developing and overseeing the delivering of strategies to improve their performance. The Sub-National Review provides the basis for RDAs to fulfil this strategic role and the government must now implement this to enable them to do so. It must also provide RDAs with greater certainty of funding to allow them to plan ahead. At the same time, there must be better evaluation of the outcomes that the RDAs’ activities have achieved. In addition, RDAs need to work to engage with businesses by involving them in their activities and communicating what they achieved.

19 September 2008

Memorandum submitted by Hertfordshire Prosperity (RDA 110)

Introduction

On 30 June the Business and Enterprise Select Committee announced it was beginning an inquiry into the future role and responsibilities of Regional Development Agencies.

The Inquiry’s Scope

The inquiry is a response to the changing role and responsibilities of RDAs as a result of the detail in the consultation document following the Sub-National Review of Economic Development and Regeneration (SNR).
The inquiry focuses on the following areas:

- The need for a level of economic development/business/regeneration policy delivery between central and local government;
- The effectiveness of RDAs and their role in adding value;
- RDA expertise;
- The extent of, and need for, their overseas activities;
- The consequences of expanding the RDA remit to include new functions, as proposed by SNR, including the delivery of EU funding;
- The accountability of RDAs;
- and, how RDA performance has been measured in the past and will be measured in future;

**Hertfordshire Prosperity**

Hertfordshire Prosperity Ltd (HP) is the sub-regional economic partnership for Hertfordshire - the economic development umbrella group for the county with membership drawn from organisations with a stake in the county's future. It was originally formed to respond to the demise of the defence and aerospace industries and the recession of the early 1990s, and to ameliorate the impact of this rundown on the local economy.

HP’s vision is to create a strong vibrant economy, responsive to economic and social change, ready to grasp opportunities.

HP's role is to: provide representation and leadership to encourage growth of the Hertfordshire economy; encourage cohesion between partners; lobby on regional and sub-regional issues; develop and ensure delivery of the Hertfordshire’s economic development strategy; develop new programmes; manage the delivery of existing programmes.

In 2006 HP became incorporated as Hertfordshire Prosperity Ltd, a company limited by guarantee. Certificate holders of HP are: the University of Hertfordshire, Hertfordshire County Council, Hertfordshire Chamber of Commerce and Industry and Exemplas (Business Link). HP’s wider steering group includes the LSC, Job Centre Plus, Careers Service, Connexions, the FE Colleges and representatives of the district councils and the voluntary & community sector.

HP welcomes the Select Committee inquiry which is timely given that Hertfordshire is in the process of reviewing its economic development partnership arrangements in the light of SNR, the East of England Plan, the new Regional Economic Strategy, and the recent economic intelligence that shows the Herts Economy is showing some signs of slowdown and decline (this was before recent global events). The County is looking to develop a fresh model to deliver economic development in the future.

**The need for a level of economic development/business/regeneration policy delivery between central and local government;**
Central and local government have a key role to play in assisting in providing the foundations of stable local economies.

We believe that it is vital that Government policy is translated into high level regional policies that reflect the needs and economic make-up of that region. Equally, we feel it is critical that local policy-makers and delivery agents have sufficient flexibility to use regional policy as a broad framework for economic development, but that is delivered in a way that meets local requirements.

For instance, EEDA has just published its new Regional Economic Strategy (RES), which has been developed in consultation with local and regional partners. In the main we like and support the strategy, although there are some aspects of it which we think may be over-ambitious (especially in terms of jobs growth). It is very likely that we will use the RES as the framework for our new local (county) economic development strategy, over a similar 20+ year timeframe, but we will look to translate the high level policies of the RES into local Hertfordshire policies that have a local application and a local meaning in the county. These local policies will then form the basis of local projects and activities – aimed at delivering economic development through local public, private and third sector partners. This way, we can demonstrate a linkage between high level Government policy and local projects benefitting local people. We would struggle to make that linkage without RDA policy direction acting as the interface between the two.

In order to reflect the new RES, the likely questions that we will go through in developing our new sub-regional strategy will be:

- Are RES priorities the right priorities for Hertfordshire?
- Are some best delivered at a regional level?
- Should Hertfordshire have different/additional priorities?
- Since we cannot do them all:
  - Which ones can we influence?
  - Which ones should we ignore?
  - Which ones should we concentrate on?
- How and who delivers them?
- How do we ensure accountability for their delivery (and how do we monitor)?

Although interpretation of the SNR varies, it appears to mark a major shift of the power to deliver away from RDAs towards sub-regional agencies (especially upper tier local authorities). On balance we welcome this shift provided that sub-regional agencies have the capacity and the skill set to deliver, and that RDAs are willing to embrace SNR by actually ‘letting go’ of delivery, and funding, in favour of local partners.

The effectiveness of RDAs and their role in adding value

EEDA is the lowest funded RDA in England, Scotland, Wales and Northern Ireland, despite being one of only three regions that make a net contribution to the public purse. Apart from this being inequitable, we feel that it is very short-sighted of successive Governments. It is our view that the UK should “invest in success” i.e. be
prepared to invest in the successful areas of the UK economy, as well as supporting less successful areas, in order to maintain and grow their competitiveness. Without this investment our region could well see the gradual erosion in its capability to deliver prosperity to pay for the public services we all desire.

This is further exacerbated by the Government’s recent decision to ‘raid’ RDA budgets in order to pay for the reduction in the stamp duty threshold. While there is some doubt that this measure will have any positive effect on the housing market, we are extremely concerned that it will remove much-needed investment in prosperity-generating projects and activities in each region, and risks undermining the credibility of RDAs (and ultimately the Government) in adopting a long term forward-planning approach to investment.

We are aware that the National Audit Office is currently looking at the impact and effectiveness of RDAs, and we believe that Price Waterhouse Coopers have been asked to examine the outcomes and outputs of RDAs. We have little to add to their detailed evaluations except to mention that RDAs are still relatively new organisations – less than a decade old. Their impact on regions has already been noticeable and beneficial in terms of developing a common regional approach (through regional strategies and regional interventions), rather than the fragmented approach that they inherited. Moreover, SNR marks a logical and sensible step in consolidating economic and spatial regional planning into (eventually) one common single regional strategy.

Where some RDAs have been wrong has been to endeavour to develop a common regional identity. With a few exceptions, counties have a 1200 year head start on creating a clear identity and it is, in our view, pointless and potentially undermining to encourage a reluctant population to adopt a common regional identity. Most people relate to their city/town/village and to their county. To ask them to relate to a relatively new administrative region is fruitless and diverting, particularly in a region such as the East of England which has no history of commonality.

**RDA expertise**

RDAs are essentially executive agencies, with staff equipped to focus on delivering interventions on the ground currently to reflect the RES priorities. It is our experience that EEDA is particularly good at analysing regional economic data and putting strategies in place to address the issues. As a consequence, they have built up a team of people with a broad and deep knowledge of the regional economy, and the issues faced by it. This is complemented by staff at a sub-regional level, working in partner organisations that have a sound local knowledge. For instance Hertfordshire County Council has a highly experienced research team who, we understand, work closely with the RDA and other regional bodies (e.g. the East of England Observatory). This enables the state of the regional economy to be monitored regularly and effectively, and new policies and interventions developed to address or exploit the issues.
Equally, EEDA has grown a range of sector specialists with a detailed knowledge of their field which would probably not be economically feasible to maintain at a sub-regional level, and would be too detached and distant at a national level.

**The extent of, and need for, their overseas activities**

EEDA supports East of England International (EEI), the inward investment agency for the region. EEI is the organisation in the East of England with the responsibility both for attracting inward investment to the region and for encouraging international trade aspirations of local businesses. To our knowledge EEDA is the only RDA where the inward investment agency is set up as a separate organisation rather than as a division of the RDA. Although this probably increases costs a little, we feel that the brand identity and independence of this arrangement has been successful in encouraging high calibre inward investment into the region.

We consider that inward investment is best handled at a regional level, with appropriate support at a sub-regional/local level. EEI employs a number of sector specialists and is highly experienced at handling enquiries and acting as the interface between national organisations (such as UK Trade & Investment) and local partners.

For instance, typically EEI will be approached by a foreign-owned company who wish to consider moving their UK operation to south-west Hertfordshire. The enquiry will be co-ordinated by EEI who will pull together a local team drawn from various local business support agencies, HE sector, local FE college, local authority, and often local companies from the same sector, so that all aspects of the enquiry are covered (property requirements, training needs, schools, planning, local employee facilities, etc). We believe that this arrangement works extremely well, and would be very hard to replicate at a national level, which would be too distant, and at a local level which would be very hard to justify given the relatively small number of major enquiries.

We understand that EEDA supports the East of England Brussels office, managed by EERA and supported by local authorities, which provides intelligence and lobbies on behalf of the East of England.

EEDA also maintain regular liaison with adjoining RDAs, and recently commissioned jointly a report with SEEDA and GLA examining the economic impact of the three regions together. We support very much joint inter-regional approaches leading to better use of resources and the avoidance of duplication.

**The consequences of expanding the RDA remit to include new functions, as proposed by SNR, including the delivery of EU funding**

In July 2007 the Government published its review of sub-national economic development and regeneration (SNR) to provide the framework for major changes to the role of regional, sub-regional (and to a lesser extent) local agencies involved in the strategy and delivery of economic development.

• Streamlining the regional tier, integrating regional strategies and giving the RDAs lead responsibility for regional planning
• Strengthening the local authority role in economic development, including a new statutory duty to assess local economic conditions
• Supporting collaboration by local authorities across economic areas

We note that SNR is part of a wider programme of reform including the Local Government White Paper, the Planning White Paper and the Business Support Simplification Programme.

SNR raises a number of issues and potential concerns for us. These are set out below:

Democratic Deficit – Under SNR RDAs will have the executive responsibility for developing regional strategies such as the Single Regional Strategy (SRS), with all local authorities in the region invited to engage in the decision making process through a Leaders' Forum, which would be asked to sign off the SRS. The structure for the Leaders’ Forum will be decided by local authorities. While on balance we support the concept of a single regional strategy that pulls together economic and spatial planning, we have some concerns that the proposed Leaders’ Forum will not have the same level of democratic accountability that regional assemblies and the previous sub-regional strategic planning arrangements had.

Sustainable Development – We feel that there is an inherent tension, and a potential conflict of interest, between RDAs leading on the SRS, with a priority of economic growth, while at the same time endeavouring to ensure sustainable development. While that tension can probably be resolved, it does not sit comfortably with the democratic deficit outlined above.

Delivery – We recognise that RDAs will only delegate activities and funding to local authorities where the appropriate capacity to deliver exists. Hertfordshire is in a strong position to accommodate this given its strong track record of delivery of economic development and regeneration programmes. However, there remain concerns over the willingness by RDAs to relinquish controls of funding programmes to local authorities. Even when funding is delegated, there may be a temptation by some RDAs to attach onerous bureaucratic arrangements. To date RDAs do not seem to be falling over themselves to delegate resources to sub-regions.

Skills Shortages at the RDAs – We understand that a number of RDAs are affected by skills shortages, particularly in planning, housing and transport. While this is a short-term issue, it will inevitably have an impact on the speed with which RDAs are able to take forward SNR.

Resource Issues – We raise a concern that RDAs need to be adequately resourced to support the new roles set out in SNR. This resourcing needs to be in terms of total budget and, critically, in terms of the right skills of their staff. If SNR is asking RDAs to shift to being more strategically focused, with delivery delegated to sub-regional and local level, this needs to be reflected in staff with a more strategic skills, and
fewer delivery/contract management skills. It may take some time for RDAs to make this adjustment.

Potential Confusion – We feel that there still remains some confusion between the roles of BERR and CLG in driving the SNR agenda.

The accountability of RDAs

We have some real concerns that, under SNR, the proposed scrutiny arrangements lack teeth. Although RDAs will remain accountable to Parliament, this will happen long after problems or issues have arisen. Moreover, the scrutiny remit is focused on financial management, overall management performance and evaluation. We believe that there is no substitute to more immediate, regional and local accountability that relates to a specific regional issue or project. SNR appears vague about how this role will be performed effectively by the new local authority regional body: “local authorities should develop new arrangements for exercising their scrutiny powers at regional level through the Leaders’ Forum”. The calibre of RDAs will be determined very largely by the calibre of leaders’ forums, and the powers those forums have to scrutinise.

How RDA performance has been measured in the past and will be measured in future

We welcomed the recent introduction by the Government of the New Performance Framework, the ‘basket’ of 198 key performance indicators, since this represents a major step forward in simplifying and clarifying performance across a wide field of activities. That said, under their new role, RDAs will need to have a stronger focus on outcomes, especially over the longer term, and be less driven by short term outputs.

19 September 2008

Memorandum submitted by Derbyshire and Nottinghamshire Chamber of Commerce (RDA 111)

Derbyshire and Nottinghamshire Chamber of Commerce is the third largest Chamber in the country with almost 3,600 members embracing all sectors and sizes of company and distributed throughout the two large counties of Derbyshire and Nottinghamshire.

Derbyshire and Nottinghamshire Chamber made a submission to the British Chambers of Commerce and its views were incorporated into their submission to the above Inquiry. However, it is felt that some of the extremely positive points about this Chamber's relationship with its Regional Development Agency (RDA) have not been sufficiently emphasised. This further submission is intended to inform the Business and Enterprise Committee of businesses' experience of the relationship in the East Midlands and particularly with the East Midlands Development Agency. The points that Derbyshire and Nottinghamshire Chamber would wish to highlight are as follows:-

- The East Midlands Development Agency (emda) has had a positive effect on promoting and facilitating economic growth in the region. It has a constructive
relationship with business and its representative organisations and we believe there is scope to make that relationship even more productive in the future.

• The rationale for establishing RDA's to focus on regional economic growth remains. If the RDA's were abolished there would be a need to create new structures to fulfil this function. Particularly at a time of economic uncertainty this would at best be an unwarranted distraction and, at worst, an extremely damaging process. We need all the drivers of economic activity pulling in the same direction and a structure which allows business proper and meaningful input. Returning the promotion of economic development to the Government Office would be a very regressive step.

• The principle of business leadership and economic development is very important and must not be lost. In the East Midlands there is a good record of business leaders volunteering to give leadership to the Regional Development Agency and its sub regional structures.

• There are great concerns locally that the Sub National Review (SNR) will make business leadership of economic development less effective. There is scope for the focus put on strategic action to improve the economy being diminished by Local Authority leadership. This is particularly the case when sub regional structures are being absorbed into the bureaucracy of a Local Authority, or Local Authority dominated, partnership.

• The RDA's have been at the forefront of the "Business Simplification Agenda". They have championed the provision of regional services. In particular the provision of a more effective and consistent Business Link service, not dependent on locality, has been broadly welcomed.

• The RDA's are at their best where they have been the catalyst for change and development. Implementation has often been most effective when it has been undertaken in partnership with existing delivery organisations.

• There is concern that the RDA's lack of influence on UKTI activities has allowed that organisation to act independently of business and reduced its effectiveness. In particular the use of the very important international brand of "Chamber of Commerce" has been neglected in the UK. More influence for the RDA in this matter would allow this flaw to be addressed.

• The existence of an RDA directly influenced by business ensures objectivity is maintained and effectiveness is promoted. The business community constantly scrutinises the performance of its RDA and any shortcomings are always communicated effectively to them.

• The Derbyshire and Nottinghamshire Chamber of Commerce would be pleased to provide further evidence in support of this statement if this was felt to be appropriate. If there is to be any further examination of the ways in which RDA's can be effective, we would commend the example we have here in the East Midlands. There is more positive work to be done and this is best achieved by building on the relationships and structures we already have rather
than by entertaining any thought of 'starting again'.

19 September 2008

Memorandum submitted by The Woodland Trust (RDA 112)

1. The Woodland Trust welcomes the opportunity to submit evidence to this inquiry. The Trust is the UK's leading woodland conservation charity. We have four main aims: no further loss of ancient woodland, restoring and improving woodland biodiversity, increasing new native woodland and increasing people's understanding and enjoyment of woodland. We own over 1,000 sites across the UK, covering around 20,000 hectares (50,000 acres) and we have 300,000 members and supporters.

2. We have set out below a number of the key issues for us emerging from the consultation and our proposals for improvements.

3. The effectiveness of RDAs and their role in adding value

3.1 We believe the RDAs are at their most effective where they are supporting regional and local delivery of projects which deliver genuinely sustainable development.

3.2 Their future role in relation to the delivery of sustainable development, which will necessitate a wide ranging refocusing, rather than the existing economic preoccupation in our view, is discussed below, but in terms of their effectiveness to date, we would make the following observations:

- There is a need for greater attention to good practice with regard to stakeholder relations. RDAs are very effective at hosting one-off workshops but there is a need to work at the maintenance of relationships over a period of time and ensure that stakeholders continue to inform decision-making.

- There is a need to increase the transparency of the current decision making processes within the RDAs and a need to address the concern that there is a tendency for area and functional teams to operate in silos. We recognize that some RDAs are seeking to address these concerns.

- There is a lack of clarity as to what RDAs are trying to achieve in some areas.

4. RDA Expertise

The Consequences of expanding RDA remit to include new functions, as proposed by the sub-national review, including the delivery of EU funding

4.1 The shift to Single Regional Strategies means that the RDAs need to change from being primarily economic bodies to ones which are focused upon sustainable
development in the round, treating economic, social and environmental issues equally and together. We therefore believe that the RDAs should be re-styled as ‘Regional Sustainable Development Agencies’.

4.2 If further evidence were needed of the case for such changes then it is amply provided by the Government’s own aspirations for the breadth of the Regional Strategies. It states that it:

> will, however, be looking for the regions to develop strategies which, while meeting these objectives, do so in a way which secures an integrated approach, without prejudicing other Government priorities. For example, the Stern Review highlighted the strong economic case for taking action on climate change as well as the opportunities that arise from decoupling growth from greenhouse gas emissions. In setting out the long-term vision for sustainable economic growth and housing supply – alongside key strategic transport and other infrastructure – it will be vital that regional strategies ensure this is done in ways that support the move to a low carbon economy, delivers the objectives set out in the Climate Change and Energy Bills, and is in line with the recently issued Planning Policy Statement on Climate Change.” (Prosperous Places page 30, para 4.11)

4.3 It goes on to state that:

> “Each region will need to determine its priorities to achieve sustainable economic growth and development over the period of the plan. In terms of policies and spatial priorities we propose that every regional strategy should cover:

- an overview of the key regional challenges over the plan period;
- how economic growth can best be delivered having regard to employment and the key drivers of productivity as well as regeneration;
- a distribution of housing supply figures as well as targets for affordable housing and achieving quality homes for all, including vulnerable and socially excluded people;
- how the region would manage the risks and opportunities of unavoidable climate change, achieving development in a way which is consistent with national targets for cutting carbon emissions;
- those areas within the region identified as priorities for regeneration investment and intervention; and
- strategic requirements and provision for transport, waste, water, minerals, energy and environmental infrastructure, insofar as these are not already specified in national policy.” (Prosperous Places, page 31, para 4.13)

4.4 The breadth of these aspirations clearly illustrates in our view that there is a need to reform the statutory sustainable development duty of the RDAs which is at present too weak. We believe that the new RSDAs should have a new and improved statutory duty on sustainable development which provides for scrutiny on this by Ministers, Parliament and the public. This clear new duty would help to ensure that these RSDAs are truly ‘fit for purpose’ when they take over from Regional Assemblies particularly with regard to control of land use planning and spatial development.

4.5 The proposed conferring of land use planning powers upon the RDAs is a good example of why such change is necessary since the planning system is central to the achievement of sustainable development within the English regions.

4.6 The fundamental purpose of planning (as stated in PPS1) is to balance social, environmental and economic factors to secure outcomes that benefit society generally and improve quality of life.

4.7 Given this backdrop, the Government’s plans to give the RDAs control over spatial and land use planning is inevitably causing serious concern given that RDAs have such limited experience of planning matters and their approach has remained resolutely focused upon the achievement of economic objectives.
4.8 If the Government wishes to proceed with this model, change will be necessary both to the statutory basis of RDAS and to their skillset and culture as discussed above. There is also a need to ensure that the necessary resources are in place and that Regional Planning Body funding is transferred across in full.

4.9 Attention should also be paid to the composition of RSDA boards in order to ensure that expertise is in place at the highest level to reflect the new breadth of responsibilities.

4.10 We would also add that when tackling the range of challenges set out in Prosperous Places, it should be recognized that the challenge of climate change is not the only environmental challenge to be tackled in the regions. Tackling issues of habitat loss and the provision of new green spaces for people and wildlife are essential to quality of life in new and existing communities, and to securing key ecosystem services upon which we depend as a society.

5. Stakeholder Engagement

5.1 It is essential that provision is made for the continued meaningful involvement of social, economic and environmental partners (SEEPs) in order to allow their expertise to continue to contribute to regional policy development. One example is that of the North West where they have been given full membership of the proposed new Leaders Forum.

5.2 It will be important for RDAs/RSDAs to build on the good practice which has been built up to date since the advent of Regional Assemblies for engaging community and voluntary sector interests. Getting this right will be key to building consent in civic society for the Government’s regional policy intentions and for the RSDAs themselves. The SEEP partners can often contribute not only technical expertise but also a regional perspective. Including this in the new structures would complement the local knowledge provided by democratically accountable councilors.

5.3 Greater clarity in this area would also be a step forward in terms of ensuring ‘fit for purpose’ engagement of stakeholders following the SNR, especially given that the consultation paper suggests that each RDA can devise its own working arrangements to suit the needs of their region. We believe that one of the best ways of doing this would be the provision of a set of minimum standards for engagement so that stakeholders can be engaged in a meaningful way in the development of policies and strategies.

6. The Accountability of RDAs

6.1 We believe that the lack of public accountability of RDAs and the potential democratic deficit this produces in some key areas of strategic planning needs to be addressed as a priority.

6.2 Having created new Regional Ministers, we believe it is essential that Government gives them an explicit role within their remit to ensure that sustainable development is actually delivered in practice and that civic society is properly engaged in the formation of regional policy and strategy. It would also be sensible,
given the growing importance of the regional tier and to reinforce the importance of the role of Regional Minister, if they were to be dedicated to this role rather than sharing regional responsibilities with other ministerial portfolios.

6.3 We therefore do not believe that it will any longer be sufficient for BERR alone to be the chief line of accountability for RDAs/RSDAs. To improve accountability and give public confidence in the process there should be cross-cutting central Government responsibility which could mirror the shared regional ministerial responsibility for sustainable development.

6.4 The Government should also set out from the outset, the procedures and mechanisms which will enable Local Authorities to avoid potentially conflicting dual roles of scrutinising RDAs/RSDAs at the same time that they may be both seeking funding from them and delivering on the regional strategies.

7. How RDA performance has been measured in the past and will be measured in future

7.1 We believe that there is a strong case, given these wider social and environmental responsibilities, that the RDAs should also be exploring alternative means of measuring performance in addition to GVA. One alternative worthy of exploration is the Index of Sustainable Economic Wellbeing (ISEW) which is being increasingly drawn upon by a number of RDAs.

19 September 2008

Memorandum submitted by Councillor Gerald Dawe:

I submit that the role of the RDA is anti democratic, anti environment, bad value for money and unaccountable.

My evidence is based on the Herefordshire experience of the last ten years.

During this time AWM, amongst other things, has built two new roads, a new and an expanded industrial estate and is planning a complete makeover of Hereford City, in response to lobbying from Herefordshire Council. None of these make economic sense.

Leominster new Industrial Estate and new access road:

Formally opened 2003, funding by AWM of £4m. The estate remains largely empty, the only occupation of plots has been the Police Station, the Vets and Orphans Press – all of these are relocated organisations (only Orphans is a business) from Leominster Town. Because these ‘businesses’ are now some way out of town they require a car trip rather than walking to them as was formerly possible. The new industrial estate gained some notoriety last year when an amateur pilot landed his aeroplane on the new access road, mistaking it for Shobdon airport.
The Rotherwas Access Road and Rotherwas Industrial estate expansion; £9.5m. Road formally opened Sept 2008.

- The Rotherwas Access Road was refused funding three times by the DfT on the grounds of poor value for money.
- There was no traffic or business case for the road, in fact the methodology of accessing jobs created used by Herefordshire Council in their bid to the DfT for funding was criticised by the DfT who lowered the figure of potential jobs created.
- Large parts of the estate were and are empty. The independent Inspector of Herefordshire’s Unitary Development Plan stated in 2006 that the need to expand the Rotherwas Industrial Estate had been ‘grossly exaggerated’.
- The number of employees has been given as 2,000, 3,000 and 4,000 in the justification for the road by the Council and by AWM in different documents in the same year (thus making it difficult to assess how successful the funding has been in the future). At the formal opening of the road, the most recent assessment it was given as 2000 (though the AWM justification used the 4000 figure)
- When Mark Pearce, the lead official on this scheme from AWM was asked under Freedom of Information for the minutes of the meeting on how the decision was reached to fund the road and estate, the response was – there was no meeting, there were no notes from any telephone conversations. There was no way for the public to understand how the decision had been made
- Grants of £10m or more are scrutinised by Government Office West Midlands, this particular grant was £9.5m. There was no way for this decision to be scrutinised by any Government body on the grounds of value for money.

How can building a new road to an industrial estate be considered innovatory or good business sense? The whole ‘Rotherwas Futures’ package was £17.5m of which AWM gave £9.5m. If every business on the estate (AWM figures say there are 146) were given £119,000 to spend on their business – the cost of the development, I suspect they would create more jobs and more innovation than this new road will. The Council have increased their borrowing to meet the costs and are relying on future rents and future rent increases to pay it back. It is extremely poor business sense.

If the community had been asked how to spend £17.5m on securing jobs and income for the future they would have done a far better job. Are the committee aware of Community Solar Heating schemes for example? These are schemes in Denmark where small towns design and build solar panels, about the size of two football fields, with underground storage of heated water, that is piped out to each home in the winter – warmth and energy for everyone all from solar heating. The cost about £5m. This is innovation, not road building.

The ‘Edgar Street Grid’

AWM funding of £20m. This controversial scheme plans the redevelopment of the north part of Hereford city. AWM money is used to pay the (no doubt high) salaries of several staff, rent of spacious offices, plans from development companies, exhibitions and events. There is considerably disquiet from local people about the
new retail development – what effect will it have on existing businesses who must re-locate, on the existing shops and on the traffic. I am not aware of any study that has assessed the adverse effects.

The people have not been asked if they want the new development. There has been no referendum, it was not part of election literature at the last election, and in the developing ‘Local Development Framework’ plan, it is assumed that it will happen. Again there is no consultation on do we want it to happen. All the exhibitions and ‘consultations’ are about convincing people it is a good thing.

My main complaint is that it is anti democratic. AWM has given huge sums of money to make the Edgar Street Grid happen. Those of us who do not particularly want a new retail park latched onto the old Hereford have no resources to explain our case.

AWM has brought a distorting influence to bear on planning and local democracy that is having an adverse effect on the county. As they have lots of money their schemes are large and generally environmentally damaging (the Rotherwas Road for example went through an Area of Great Landscape Value –designated by the local authority). Money talks, if (the often limited) officials in AWM think it is a good idea the chances are that the scheme will happen. The best efforts of local people can have little effect against the money and clout of AWM.

19 September 2008