

CLES bulletin

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REGIONAL DEVELOPMENT AGENCIES - 5 YEARS ON

Introduction

This month marks the fifth anniversary since England's Regional Development Agencies (RDA's) came into being. RDA's were formally launched in eight English regions on 1st April 1999. The ninth, in London, was established in July 2000 following the establishment of the Greater London Authority (GLA).

New Labour's ascent to office in 1997 brought a renewed focus on regional policy. The Deputy Prime Minister's long-standing desire for regional government, and devolution was pushed to the fore in a raft of New Labour policies. The Deputy Prime Minister, John Prescott announced the new programme for the regions in December 1997, launching the Regions White Paper - *Building Partnerships for Prosperity*. This White Paper outlined the establishment of RDA's and put regional policy back on the main political agenda for the first time since the 1970's.

Further more New Labour has increasingly devolved powers to the regions since coming to power. The key representatives of central Government at the regional level, are the Government Offices for the

Regions (GOs), where most central departments are represented. The Government Offices (GOs) in the regions support and work with the RDA's and other stakeholders to deliver regional and national policy objectives.

Each English region outside London also has a Regional chamber. Each chamber is a voluntary grouping of representatives from the region, with a stake in the region's economic, social and environmental well-being. The chambers have a formal role in relation to overseeing the work of Regional Development Agencies (RDA's).

The regional tier has become quite substantial, however questions of accountability have grown. A case for greater action at the regional level initially was justified by a need to alleviate socio-economic disparities, however, along with devolved power was to come increased accountability, to ensure regional strategies responded to regional needs. This bulletin aims to take stock of what has been achieved by the RDA's over the last five years, and outline what future challenges will be faced with the prospect of elected assemblies on the horizon.

The Purpose of RDA's

RDA's were designed to be key drivers of economic regeneration, they were to do this by coordinating regional economic development and regeneration, enabling the English regions to improve their competitiveness and reduce the imbalances that exist within and between the regions of the UK. The RDA's were given 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 skills relevant to employment, and
- To contribute to sustainable development¹

What has been achieved?

New Start² carries an article by Bryan Gray, chair of the Northwest Development Agency and incoming 'chair of chairs' for all nine English RDA's.

¹ Strategies for success? CLES research paper no. 1, October 1999.

² Bryan Gray, Five Years and we've only just started, New Start, Volume 6, 2nd April 2004.

Bryan Gray believes a lot has been achieved by the RDA's, the development of Regional Economic Strategies (RES) have allowed the regions to gain a fuller understanding of their individual strengths and weaknesses. The regions now have a more important role to play in the policy process, and armed with better regional knowledge, the solutions being implemented are now more appropriate than the previous 'one size fits all' initiatives from the centre.

The Regional Economic Strategies (RES's) are a single, regional vision and strategy, to join up national policies. Much praise has been given to the way the RDA's managed to produce their RES's at the same time as the complex processes of an administrative merger. All the RES's were produced on time, despite being given only 6 months to draft, consult and finalise them.

For Bryan Gray one of the major achievements of the RDA's has been to align all the parties involved in economic regeneration. The bringing together of so many private, public and voluntary sector organisations, getting them to work together and understand each others different outlooks and approaches to problems, and then produce common goals for regional economic strategies has been no easy task. Bryan Gray says '*a key lesson of the first five years is that successful regional delivery depends on partnership at the national, regional and local level*'.

New Urban Futures³ states that the achievements of the RDA's have been widely applauded. In quantifiable terms many targets have been reached or surpassed. For the financial year 2002-03, in relation to employment opportunities, 6 out of the 9 RDA's either reached or exceeded their targets. In business performance, 8 out 9 hit or surpassed annual targets. In the recycling of brownfield land an overall total of 1,448 hectares were brought back into use across the RDA's compared to the target of 1,256. Only Advantage West Midlands failed to reach its target of 259 hectares, developing only 230. In relation to education and skills, all 9 RDA's considerably exceeded their targets with 152,192 learning opportunities provided as a direct result of RDA activity, compared to the annual target of 93,450⁴.

Agenda⁵ for local economic development questions the validity of RDA targets that duplicate the work of already established regional bodies such as Business Link. It is argued that giving targets for new business formation for example, is pointless when the targeted outputs are negligible (the RDA target represents less than 5% of new business starts each year). In the case of businesses, the RDA's should be bringing together the different targets of the different business support agencies to create an accurate picture of total performance in a region.

Future Challenges

Alan Clarke, chief executive at One North East in *New Urban Futures* feels the first five years of RDA life have been a foundation process, and the signs are that the government is prepared to devolve more responsibility and more resources to them.

Although much has been achieved in redeveloping the regional agenda, after a break of nearly 20 years, the task of reducing regional economic disparities has only just begun. While an overheated South East economy continues to grow, other regions continue to lag behind. GDP per head is 88.2 in the North West, while in the South East it is 110.8⁶.

Planning, Practice and Research⁷ have been critical of the narrow economic remits given to the RDA's, the mainly economic remit does not allow for the required delivery of physical and social regeneration in our cities. Lord Rogers of Riverside⁸ states that RDA's need to "*ensure that they have the necessary leadership, skills and resources to deliver urban regeneration objectives based on a better balance between physical, economic and social investment priorities, backed up by tougher, more relevant targets*".

RDA's can assemble and reclaim sites, put in infrastructure and landscaping and sell off attractive, manageable, serviced plots to the private sector. However because their targets mainly surround economic development, it is argued that they are more likely to invest in projects that contribute toward economic development than housing, for example. The

⁵ Regional Development Agencies and small businesses, Agenda for local economic development, April 2004, p14.

⁶ Louise Ellman, Future Challenges, www.progressives.org.uk/magazine

⁷ Greenhalgh, P & Shaw, K (2003) Regional Development Agencies and Physical Regeneration in England: Can RDA's Deliver the Urban Renaissance?, *Planning, Practice and Research*, Vol 18, No 2-3, pp 161-178.

⁸ Department of the Environment, Transport and the Regions (1998) Towards an Urban Renaissance: Report of the Urban Taskforce, London, HMSO.

³ Delivery, Delivery and... delivery: the next priorities for the regional development agencies, New Urban Futures, 8th April 2004.

⁴ See DTI website
<http://www.consumer.gov.uk/rda/info/target.htm>

more complex development opportunities that exist in the deprived inner cities could become marginalized.

A stakeholder survey carried out by the MORI social research institute⁹, asked interviewees to make suggestions for the future effectiveness of the RDA's. The most common answers were related to *raising the profile of the organisations* (12%) and *developing closer working relationships* (12%). *The need to listen more and understand better what is needed*, was cited by 7%, while *being more local, more accessible* and *to deliver what is expected* were the next largest response with 5% each.

Elected Regional Assemblies

The RDA's are non-departmental public bodies that lack legitimate and accountable control over the various policy fields in which they are involved. The move to elected assemblies, as outlined in the regional governance White Paper – *Your Region, Your Choice*, would bring this accountability and any elected assembly would be likely to appoint the board of the RDA's.

In the summer of 2003, John Prescott told the nation that the North-West, the North-East and Yorkshire & Humber would be offered a referendum on elected assemblies in the autumn of 2004. **Green Futures Supplement**¹⁰ reported on the fears that elected assemblies could be created, without first making clear the social and environmental duties to be written into their constitutions, alongside their economic remit. Many people are concerned that not only are the remits too economic, but that the general public still has little enthusiasm for regional government. Low turnouts in the referendums will only undermine the democratic legitimacy of the regional assemblies, assuming any are created. Andrew Holden of the Campaign for the English Regions says, "*the government needs to start selling this*", lobbying will have to intensify if the profile of assemblies is to be raised.

The government's twin track programme for further regional devolution, allows each individual region to choose if it would like an elected assembly, as outlined in the white paper by John Prescott. No region will be forced to have an assembly. But voters will be able to express their choice in a referendum where there is interest in doing so. According to John Prescott;

⁹ For further details of methodology and research design in the MORI survey, see DTI web site - www.consumer.gov.uk/rda/info/main_rep.pdf

¹⁰ Ben Walker, Unfinished devolution, Green Futures Supplement July/Aug 2003 pp.xii-xiii

"By taking powers from Whitehall and Government quangos, assemblies can reduce bureaucracy, enhance efficiency, improve co-ordination, bring decision-making under closer democratic control and offer the regions a distinct political voice and a real say over decisions which matter to them".¹¹

Conclusion

RDA's have done well, targets have been hit and an impact has been made. But how far have RDA's travelled in reaching the visions set out at the beginning? In the White Paper - *Building Partnerships for Prosperity*, John Prescott stated that RDA's would be "powerful and influential bodies with substantial budgets, able to make a real mark on the economies of their region". Not all would agree that the RDA's have yet achieved this.

Undoubtedly RDA's have made progress in the complex business of creating a coherent body for the regions. Indeed the RDA's have become the central part of this government's economic policy. As a result their powers have been increased (although many feel they are still too limited) and their funding increased (although the funding they control is a fraction of what is spent in the regions in total¹²).

Progress has been made in producing the Regional Economic Strategies (RES) that are unique to the regions. The setting of targets to which RDA's will be measured against, is an important progression for evaluation purposes. These targets however are criticised as being too narrowly focused on economic development or in the case of business start ups in areas where negligible difference is made. Lord Rogers has called for a more holistic approach from the RDA's. A greater emphasis needs to be placed on joined up policy making, where social and environmental policies take equal footing with the economic.

Regional elected assemblies would bring an accountability and transparency to regional policy that is currently lacking. However, it is evident there is much debate still to be had about the above issue, a wider discussion also needs to be opened up around the remit of the RDA's.

¹¹ John Prescott, Your Region, Your Choice Summary Paper, http://www.odpm.gov.uk/stellent/groups/odpm_regions/documents/page/odpm_regions_607899-01.hcsp#TopOfPage

¹² Tomaney, J (2002) The Evolution of Regionalism in England, *Regional Studies*, Vol 36, No 7 pp721-731.

The debate around elected assemblies has even further to travel. It must be acknowledged that there will be different solutions for different regions. In regions where there is a strong regional identity then an elected assembly may provide a way forward. However, other regions may not even require the current level of regional government.

The government's twin track approach to regional devolution as outlined in the regional governance White Paper – *Your Region, Your Choice* is welcomed, because for many regions, elected assemblies will not provide the answer. However, as outlined in our response to the white paper,¹³ a divergent regional policy will create a situation in which cross regional organisations such as businesses or unions will have differing policies to absorb making the situation complex and potentially problematic.

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¹³ Our Regions, Our Choices, debating the future for the English Regions, CLES Policy Paper 2002.

