

Rethinking Regional Development

An ACE conversation starter

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This document considers how economic development has been encouraged on a regional level, and what the impact on the consultancy and engineering industry has been. It also suggests some ways in which regional development could be enhanced.

Summary of ACE's recommendations

There is a need for an effective voice (or voices) at sub-national level, to ensure that local development priorities are addressed in a way that is effective and meaningful to local communities and businesses.

The existing network of Regional Development Agencies and devolved administrations appears to have delivered positive results. However, there are certain limitations in the way that these organisations are structured.

These limitations could be overcome by exploring mechanisms such as:

- Groupings of local authorities to address common needs;
- Partnerships of sub-national authorities with other local stakeholders, such as businesses and community organisations; and
- Greater use of collaborative procurement by local authorities in service delivery.

These, if structured correctly, could potentially replace Regional Development Agencies entirely. If this were to happen, [ACE recommends that a core set of best practice principles be applied to all sub-national development](#). This will give a sound framework for sub-national authorities to carry on the essential work of boosting local and regional economies.

Further information

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Background

England's Regional Development Agencies (RDAs) were created by the Regional Development Agencies Act 1998. Their functions within their regions are:

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

Nine RDAs have been established, which reflect the boundaries of the Government Office regions. They are responsible for developing strategies for economic development within their regions to ensure that there are adequate links between national, regional and local policy.

Similar activities in Wales, Scotland and Northern Ireland are the responsibility of the devolved administrations. In Wales, responsibility formerly sat with the Welsh Development Agency, which was charged with encouraging business development and investment from 1976 until 2006.

The Conservative Party has suggested that, should they form the next government, RDAs could evolve into Local Enterprise Partnerships. These would not necessarily be restricted to the current Government Office regions and would be able to operate across boundaries if their local stakeholders required it.

The Labour Party, by contrast, views the current RDAs as key vehicles for regional development and policy implementation.

The Liberal Democrats support the principle that decisions should be made as locally as practically possible. They propose scrapping RDAs and handing their responsibilities to local authorities, who would be responsible for economic development.



How does regional development relate to consultancy and engineering?

England's RDAs manage significant budgets that may be used for the physical regeneration of the regions. RDAs also work to encourage inward investment into their regions, as well as supporting businesses through skills and workforce development initiatives.

RDA funding has been used to invest directly in development projects, such as transport connections and business parks. This investment is intended to support and catalyse economic development, and business and job creation.

For example, in the period 2009-2011, the South East England Development Agency plans to invest almost £82 million in enabling infrastructure, nearly £2 million in low carbon projects, and £24 million in supporting research and development activity in the region.

*Source: SEEDA
Corporate Plan 2008-
2011*

The approximate investment intentions for each of England's RDAs are as follows (selected items only). As not every RDA budgets in the same way, there may be discrepancies between the totals below and the actual spend on development projects. Where possible, the totals below refer to capital spending plans, though in some cases this information is not readily available:

RDA	Region	Budget period	Total budget (£ m)
NWDA	North West	2009 – 2011	995
One North East	North East	2009 - 2013	532 **
Yorkshire Forward	Yorkshire and the Humber	2009 - 2014	780 **
Advantage West Midlands	West Midlands	2009 - 2011	693
EMDA	East Midlands	2009 – 2011	133 **
EEDA	East of England	2009 - 2011	105 **
SWRDA	South West	2009 – 2011	408
SEEDA	South East	2009 – 2011	251
LDA	London	2009 - 2010	450

*Source: RDA
corporate plans*

Figures have been rounded

** Capital expenditure only – these RDAs have disaggregated capital and current spending in their corporate plans.

ACE member companies provide consultancy services to RDAs, as well as delivering projects funded from RDA budgets.

From the point of view of the consultancy and engineering industry, it is vital that adequate investment is delivered to major local and regional public realm projects. There is clearly a



need for an effective voice (or voices) at a sub-national level that can ensure that local development needs are adequately addressed and prioritised.

There is also a need to ensure that investment in the public realm is effective and properly targeted, and that there is coordination between the various agencies addressing sub-national issues to deliver value for money and achieve greater efficiency in the procurement process.



How effective is the RDA model?

The National Audit Office's most recent review of the performance of RDAs considered most to be performing strongly. However, a number of limitations have emerged relating to the current RDA structure and remits.

In December 2007, PricewaterhouseCoopers LLP (PwC) was appointed by the government to conduct a review of the effectiveness of the RDAs' spending. Its report, published in March 2009, concluded that RDA intervention has:

Source: BIS

- Added approximately £8.1bn to regional GVA, with a potential long term contribution of around £23bn;
- Created and safeguarded around 213,000 jobs;
- Remediated over 570 hectares of brownfield land;
- Added almost £525m to regional GVA through “public realm” projects including transport investment; and
- Overall, added £4.50 to regional GVA for every £1 invested.

The Parliamentary Business and Enterprise Select Committee in 2008 raised potential concerns regarding the remits of the RDAs. In particular:

*Source:
www.parliament.uk*

- The arbitrariness of some borders between RDAs and the need for “strenuous efforts” to encourage cross-boundary working;
- The potential to reduce the business focus of RDAs by widening their responsibilities;
- The limited private sector experience of RDA staff and the potential for this to further reduce if the RDAs gain more responsibility; and
- The lack of coordination between overseas representatives of RDAs, with the potential to impede efforts to attract UK foreign direct investment.



How regional development can be conducted effectively

ACE suggests that the core principles that drive effective sub-national development are as follows:

- **A strong focus on a core set of priorities and responsibilities.** ACE recognises Parliament's concerns of a potential loss of focus if responsibilities are too broad.
- **Clear assignment of responsibilities between local authorities and other sub-national organisations.** There is a risk that a proliferation of sub-national agencies could lead to a lack of coordination or duplication of effort.
- **Effective working across administrative boundaries.** Local development needs are not necessarily bound within local authority boundaries, and several neighbouring localities may share similar requirements. This also includes effective working between the devolved countries.
- **The ability to focus funding on priority needs.** There is a balance to be struck between ensuring that public funds are invested appropriately and with adequate accountability, and that specifically local priorities are addressed.
- **Involvement of local businesses.** Ensuring business involvement at strategic and operational levels helps to ensure a strong focus on the key economic needs of the locality.
- **Involvement of local communities.** Ensuring the involvement of, and accountability to, local communities will help to streamline processes such as planning.

While these principles could be delivered through a refreshed and focused RDA remit, it may not be essential to keep RDAs in their current form. There could be alternative means of discharging the same responsibilities while potentially achieving efficiency savings. These include:

- **Groupings of local authorities to address common needs.** Such an arrangement could be more beneficial than looking purely at Government Office boundaries, as it could better reflect local needs in areas such as the London fringe and the Welsh and Scottish borders.

A current example of this is the East Border Region Committee in Ireland, comprising of seven local authorities in Northern Ireland and three councils in the Republic of Ireland. Established in 1976, its aim is to develop realistic and achievable policies for its region, to facilitate cross-border cooperation and to develop cross-border projects of a regional nature.

The committee is composed of elected representatives from its constituent authorities,



which allows for democratic accountability at a local level.

- **Partnerships between sub-national agencies and other local stakeholders**, such as businesses and community organisations, to address specific issues.

The LABC Partner Authority Scheme is an initiative that aims to assist businesses in simplifying the plans approval process. This free scheme allows businesses to partner with the local authority of their choice to provide a single point of contact for Building Regulations advice and feedback, no matter where in the country a project takes place.

The potential advantages for businesses include consistent feedback through well developed working relationships. The scheme allows local authorities to share expertise and resources, leading to cost savings and efficiencies in the planning approvals process.

- **Greater use of collaborative procurement of services**. ACE has produced a collection of case studies that highlights some of the ways that local authorities have collaborated in delivery of services such as highway maintenance and waste management, which can impact multiple local areas.

If implemented correctly and appropriately, collaborative procurement of local services can result in significant cost savings and efficiency improvements.



Annexe: England's Regional Development Agencies

England is divided into nine regions (referred to as Government Office Regions), each of which is represented by a Regional Development Agency:

Region	Agency	Web site
Northumberland, Durham, Tyne and Wear	One North East	www.onenortheast.co.uk
Yorkshire, Humberside	Yorkshire Forward	www.yorkshire-forward.com
Lancashire, Cheshire, Cumbria, Merseyside, Greater Manchester	North West Development Agency	www.nwda.co.uk
Birmingham, Shropshire, Staffordshire, Worcestershire, Warwickshire	Advantage West Midlands	www.advantagewm.co.uk
Nottinghamshire, Derbyshire, Lincolnshire, Leicestershire	East Midlands Development Agency	www.emda.org.uk
East Anglia, Cambridgeshire, Essex, Hertfordshire, Bedfordshire	East of England Development Agency	www.eeda.org.uk
Greater London	London Development Agency	www.lda.gov.uk
Southern home counties, Isle of Wight	South East England Development Agency	www.seeda.co.uk
Devon, Cornwall, Dorset, Gloucestershire, Bristol, Wiltshire	South West Regional Development Agency	www.swrda.org.uk

A map of the RDA regions (Government Office Regions) and their constituent counties can be downloaded from ONS:

http://www.statistics.gov.uk/geography/downloads/uk_gor_cty1.pdf



Further reading

The following are links to further information on England's Regional Development Agencies:

- Business, Enterprise and Regulatory Reform Select Committee proceedings on the role and effectiveness of Regional Development Agencies:
<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmberr/89/8906.htm>
- England's Regional Development Agencies web site
<http://www.englishrdas.com/>
- Regional Development Agencies: delivering for communities
http://www.englishrdas.com/files/2010/1/21/ufm_4b5891fdb8a4e.pdf
- RDA National Impact Evaluation report
<http://www.englishrdas.com/reports/evaluation/>