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Regional Development Agencies Bill

Bill 100 of 1997/98

This paper provides an overview of the *Regional Development Agencies Bill* (Bill 100 of 1997/98) which is due for its second reading on Wednesday 14 January.

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I Summary

The Regional Development Agencies Bill provides for the establishment of nine Regional Development Agencies (RDAs) in England.¹ It is intended that the RDAs will be formally vested on 1 April 1999. RDAs will take on a number of roles: they will be responsible for developing a regional economic strategy; the delivery of certain functions currently undertaken by central government and its agencies, and a wider consultative and advisory role in policy areas other than those within their direct remit. The direct functions undertaken by RDAs will include urban regeneration, attracting physical investment to the regions and promoting investment in skills and training.²

The boundaries for the RDAs will be the same as those for the existing Government Offices for the Regions (GORs), with the exception of the North West, which will encompass the North West and the Merseyside GORs. The RDAs are defined in terms of local government areas.

The Government's proposals for RDAs are linked to those for the establishment of directly-elected regional government in England. Already, local authorities, businesses and other groups have formed voluntary regional chambers in some parts of England. RDAs will have a duty to consult such chambers where they exist, and will be accountable for their actions to the chambers.

This paper groups the provisions of the Bill under a number of different headings: firstly, it considers the constitution and establishment of the RDAs; it then moves on to consider the various functions and activities of the RDAs. These include the formation of a regional economic strategy, financial arrangements, acquisition and vesting of land, designation orders, and consultation and accountability. The paper also considers a number of topics in more detail: the treatment of existing bodies, business support and inward investment and regional government.

It should be noted that whilst the provisions of the Bill apply equally to all nine regions in England, slightly different arrangements will be made in the case of London. The functions of the London RDA will be similar for those of the other RDAs, but will be set in conjunction with the proposed Greater London Authority.³ The exact arrangements will be set out in the White Paper on London Government, which is due to be published in March.

¹ A list of the nine regions, and their definitions, is given in Appendix I

² A list of the functions of RDAs is given in Appendix II

³ The Government is committed to setting up a London-wide authority with a directly-elected mayor and assembly. Subject to a referendum in May, and the approval of Parliament, it is expected that this should become operational in 2000.

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The reader is referred to the Government White Paper on RDAs, *Building Partnerships for Prosperity*, which was published on 3 December 1997.⁴ A statement by the Deputy Prime Minister was made on the same day.⁵ At the time of writing, the “Notes on Clauses” from the Department for the Environment, Transport and the Regions (DETR) and the Report from the Environment, Transport and Regional Affairs Select Committee on RDAs were not available. These will both be published on 12 January 1998, in time for the second reading debate.

⁴ Cm 3814

⁵ HC Deb 3 December 1997 c357-371

II Functions of RDAs

A. Establishment

Each RDA will be a Non-Departmental Public Body; will be accountable to Ministers, but responsive to regional views. The purposes of the RDAs are set out in clause 4 of the Bill:

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

The Bill states explicitly that the purposes of RDAs apply as much to the rural parts of each area as to the non-rural parts.

The Secretary of State will appoint a Board of between eight and fifteen members for each RDA. The people selected will be chosen to provide a balanced mix of interests, including local government, the business community, education, the voluntary sector and employees' representatives. They will also reflect the geography of the region and the urban / rural balance.

B. Functions

RDAs will take on several functions presently being carried out by central government, Government-sponsored bodies and the GORs. These include the administration of the Single Regeneration Budget Challenge Fund; the regeneration functions of the Rural Development Commission and English Partnerships; regional co-ordination of inward investment; the reclamation and preparation of sites for development; and the marketing of the region as a business location.

Other functions such as transport planning, housing and tourism will remain the responsibility of central government and the GORs, but the RDAs will have a special consultative and advisory role to play in these areas.

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The five key objectives of RDAs are outlined at the beginning of Section II.⁶ In order to meet these objectives, clause 5 of the Bill states that an RDA "may do anything which it considers expedient for its purposes, or for purposes incidental thereto". This is qualified however, by stating that certain undertakings can only be made after having required the consent of the Secretary of State. These are:

- giving financial assistance;
- disposing of land for less than the best consideration which can reasonably be obtained, or
- form, or acquire an interest in, a body corporate.

Furthermore, clause 5 also states that an RDA may only provide housing by acquiring existing housing accommodation and making it available on a temporary basis; it cannot undertake the building of new housing.

Clause 6 states that a Minister may delegate "any eligible function as he thinks fit" to an RDA, to such extent and subject to such conditions as he thinks fit. There are certain conditions attached to the delegation of functions to RDAs however. RDAs will not have the power to make regulations or other instruments of a legislative nature, or the power to fix fees or charges, and the Secretary of State must consider that the RDA can exercise the function satisfactorily.

An RDA must agree to the function being delegated to it, unless the delegation is to be made to all RDAs at the same time. The delegation of functions can be revoked at any time, but they cannot be varied without the agreement of the RDA unless the variation is made to all RDAs at the same time, or agreement was not necessary in the particular circumstance.

⁶ A full list of the functions of RDAs is given in Appendix I at the end of this paper.

C. Economic Strategy

Under clause 7 of the Bill, each RDA must produce a strategy for achieving its purposes as set out in clause 4. This must be kept under review, and must also be taken into account when the RDA is exercising its functions. The Secretary of State may give guidance and advice with regard to the content of the strategy, the issues to be taken account of when formulating the strategy and the periodic updating of the strategy. The development of such strategies will take over and expand the role currently undertaken by the GORs.

The strategies produced by each RDA will bring together the work that they themselves undertake with that undertaken by other bodies, and also the delivery of national programmes. For instance, the strategy could include reference to reducing unemployment within the RDA. This may draw together several different strands: assessing the skills needs in the area; overseeing the delivery of Government-supported training in the area (a role undertaken by TECs); promoting the area as a location for new investment (which may in turn require the preparation of new industrial sites by the RDA).

One of the key features of the creation of RDAs is that they should lead to a greater degree of integration between different policy areas (as described above) and also a greater degree of co-ordination between central government and the various local partners.

D. Financial Arrangements

Clause 9 of the Bill states that acting with the approval of the Treasury, and after consultation with the RDA, the Secretary of State can determine the financial arrangements for each RDA. There is scope for different arrangements to be made for different functions of the RDA. Clause 10 states that the Secretary of State may pay grants to RDAs, and attach terms to such grants. The Bill does not make provision for the mechanism by which the RDAs will be funded, but see the comments at the end of the section.

Clauses 11 to 13 provide for the RDAs to borrow money. Clause 11 allows for RDAs to borrow from persons other than the Secretary of State (i.e. banks and other financial institutions) subject to a *collective* borrowing limit of £200 million. Such borrowing can only be undertaken with the consent of the Secretary of State and approval from the Treasury. The collective borrowing limit can be changed by means of an order made by statutory instrument, subject to affirmative procedures.

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Clause 12 provides for the Secretary of State to guarantee the borrowing by RDAs. The Secretary of State must inform both Houses of Parliament of any guarantees, and of any sums paid out as a result of such guarantees. The Secretary of State can recover such sums from the RDA concerned.

Clause 13 makes provision for the Secretary of State to lend money to the RDAs. In such situations, the Secretary of State must make an account of the loan and send it to the Comptroller and Auditor General, who will then examine and certify each account and report to both Houses of Parliament.

Clauses 14 and 15 relate to the preparation of accounts by the RDAs. Accounts have to be prepared in a manner that will give a true and fair view of the state of affairs of each RDA and of its income and expenditure for the year. The Secretary of State can make directions as to the content and presentation of the accounts, and the accounting principles to be used in their preparation. The Comptroller and Auditor General will audit the accounts of each RDA and produce a report on them. The accounts and report for each RDA will be laid before both House of Parliament.

Under clause 17, each RDA is required to produce an annual report on its activities for the year. The Secretary of State will determine the form and contents of such reports. The Secretary of State will lay these reports before each House and will also determine arrangements for their wider publication.

RDAs will be funded by central government grant-in-aid. The Explanatory and Financial Memorandum to the Bill states that:

Financial Effects of the Bill

There will be no significant financial implications for central government as a result of the Bill. The agencies will be funded by the central government grant-in-aid which they will inherit from the programmes they take over from the Urban Regeneration Agency, the Development Commission and central government.

Effects of the Bill on Public Sector Manpower

The Bill will not require any significant changes in the number of staff in the public sector. Staff working in the Urban Regeneration Agency, the Development Commission and government departments working on the programmes which will pass to the agencies will be expected to move to employment with one of the agencies.

Neither the White Paper nor the Bill make any specific mention of the likely size of the budgets of the RDAs, but in his statement of 3 December 1997 the Deputy Prime Minister said that the RDAs would have resources of £750 million.⁷

E. Vesting and Acquisition of Land

Clauses 19 to 23 deal with the vesting and acquisition of land. The Secretary of State can vest land in the RDAs that was previously vested with local authorities or other public bodies. This power does not, however, extend to land that is vested with statutory undertakings and used in connection with their statutory functions. Compensation for land will be payable under the Land Compensation Act 1961, with a few exceptions. Schedule 4 of the Bill makes certain (detailed) amendments to the above-mentioned Act and also to the Compulsory Purchase (Vesting Declarations) Act 1981.

RDAs can acquire land by agreement, or, with the authority of the Secretary of State, compulsorily. In the case of compulsory acquisition of land, this must be performed in accordance with the Acquisition of Land Act 1981 and the Compulsory Purchase Act 1965. These provisions are subject to certain modifications as set out in schedule 5.

RDAs are also provided with certain rights of entry to land for surveying or valuation in connection with the acquisition of the land or compensation connected with acquisition. Clause 22 of the Bill creates an offence in relation to these rights of entry for (a) anyone obstructing the RDA in exercising the right of entry and (b) anyone from the RDA disclosing information on manufacturing processes or other trade secrets while exercising the right of entry.

F. Designation Orders

Clauses 24 to 27 deal with designation orders. The Secretary of State (not the RDA itself) can designate certain areas as being suitable for development or regeneration. In these areas, special powers apply:

- the RDA can act as the local planning authority in these areas, rather than the local authority;
- the RDA can serve a notice on a street works authority requiring it to adopt certain streets;⁸

⁷ HC Deb 3 December 1997 c 362

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- the RDA can ask the Secretary of State to make traffic regulation orders for private streets.

⁸ A private road or street is described as “unadopted” in that access can be restricted, and also that the owners of the thoroughfare are responsible for its upkeep. When a road or street becomes adopted, access becomes public and the street works authority becomes responsible for upkeep.

III Treatment of Existing Bodies

Clauses 38 to 41, and schedules 8 and 9, make provisions for the functions of the Rural Development Commission and English Partnerships to be transferred to the RDAs. Functions can be transferred to RDAs by means of an order made by statutory instrument.

A. The Development Commission

Although established in statute as the Development Commission, this body has been known as the Rural Development Commission since 1988 when the Development Commission was merged with the Council for Small Industries in Rural Areas. Its role is to keep under review, and advise the Secretary of State upon, all matters relating to the economic and social development of rural areas in England. The Commission may carry out, or assist others in carrying out, measures likely to further such development. The Commission is empowered to give financial assistance to appropriate bodies, acquire land and property, provide premises for use by individual or commercial undertakings, form and hold interests in other corporate bodies, act together with other persons, and do anything which is conducive or incidental to the discharge of its functions.⁹ The Commission is financed by grant-in-aid from DETR.

This abolition has attracted some regret, with concern expressed by the outgoing Chairman, Lord Shuttleworth, that the RDAs might show urban bias¹⁰. A planning journalist also regretted the change:¹¹

“Chief sacrificial offering is clearly the Rural Development Commission which will go out of existence, while its £45m annual budget is used to provide just 6% of the total RDA budget. It seems a meagre benefit to justify the loss of a key agency for economic and social change in rural England. In less parsimonious times there would be every reason to hope that the commission, with its effective advocacy of the cause of jobs and services in the countryside, would continue to work with the new arrangements.”

Whether the changes mean that the voice of the countryside is heard less often remains to be seen. Many new policies have potential consequences for the countryside, although not all are within the Development Commission’s remit. Examples include: the pressure to build millions of new homes over the next decade or two; a Government commitment to a “right to roam” over uncultivated land; current discussions in the EU on reform of the Common Agricultural Policy and Structural Funds; and pressure for the abolition of hunting.

⁹ The Development Commission Accounts 1995-96, 1996/97 HC 669 p.1

¹⁰ HL Deb 3 December 1997 c1405

¹¹ *Planning*, 12 December 1997 p.12

B. The Urban Regeneration Agency

The Urban Regeneration Agency (URA) is the statutory form of English Partnerships, whose objectives are to promote job creation, inward investment and environmental improvement, through the reclamation and development of vacant, derelict or contaminated land in areas of need throughout England. The URA operates through six regional offices in England. The English Partnerships' Investment Fund enables the URA to operate as a strategic partner and investor in regeneration. The fund encompasses a flexible mix of financial instruments and statutory powers, which can be tailored to the particular needs and opportunities of individual projects.¹² The achievements of the URA were summarised in a recent announcement:¹³

“In 1996-97 they created and safeguarded 24,200 jobs, reclaimed and/or serviced 1,100 hectares of land, attracted £630 million of private finance, facilitated 5,200 housing units and developed 910,000 sq metres of commercial and industrial floor space.”

The intention, expressed in the White Paper, is that in due course all the roles and functions of the URA should move to RDAs.¹⁴ For the time being, however, the URA's national capability and expertise will be retained so as to allow the continuation of national projects such as the regeneration of the Greenwich Peninsula and the Coalfields Initiative. This capability will merge with the Commission for New Towns by 1 April 2000. The RDAs will take over the administration of the Single Regeneration Budget Challenge Fund (or its successor) from the GORs, although those offices will continue in existence. The RDAs will also take on the staff of the URA, a fact of some importance.¹⁵

“It is quite clear that English Partnerships will form the core of the new system of regional government,” says Trevor Beattie, the agency's current head of policy and planning. “We are integral to the future of the RDAs.” Beattie believes the retention of regeneration professionals will be crucial to the success of the development agencies: “The scope is there for them to work, and there is the possibility for us to develop a stronger and more powerful body than English Partnerships,” he said. Leading regeneration expert Chris Brown agrees...Brown's only concern is that budgets for regeneration projects have been in decline...”

It is worth noting that the RDAs are being given more powers than some people had suggested, since at one time it was thought that the administration of the Single Regeneration Budget might be left with the GORs.

¹² Department of the Environment Annual Report 1997, Cm 3607, p.65

¹³ *DETR Press Notice*, 3 December 1997

¹⁴ *Building Partnerships for Prosperity*, Cm 3814, p.23

¹⁵ *Planning*, 12 December 1997 p.10

IV Consultation and Accountability

The Bill does not give the Government powers to create regional assemblies, or even to hold referendums on the creation of assemblies. Further primary legislation would be necessary should the Government decide that there is sufficient local pressure to justify these steps. The Minister for Regions, Regeneration and Planning Richard Caborn has been quoted as saying that the Parliamentary timetable would not allow for the creation of regional assemblies before the next election.¹⁶

The White Paper does, however, state that the Government is committed to moving towards directly-elected regional government in England, where there is a demand for it. As a first step, the Government proposed to "build on the arrangements being put in place by local authorities and their regional partners to form voluntary regional chambers and use these as a mechanism through which RDAs can take account of regional views and give an account of themselves for their activities. We expect the cost of these arrangements to continue to be modest and to be met from within existing budgets." The White Paper explains in more detail what is meant by the term 'regional chamber':

"A regional chamber is a body that includes councillors from the local authorities in the region and representatives of the various sectors with a stake in the region's economic, social and environmental wellbeing. The current state of development of such chambers across the regions is not even. All regions are currently covered by regional planning conferences, or similar fora of local planning authorities, which advise the Secretary of State on the preparation of regional planning guidance (although these do not match the proposed RDA boundaries in all cases). In most regions, particularly at subregional level, there are many public, private and voluntary sector partnerships, especially with economic development aims. In some regions there are indirectly elected voluntary "assemblies" which represent the view of local government in the region. Also, in some regions, such indirectly elected assemblies are exploring how to involve other non-local government interests directly in their work. But almost all regions are making progress in the same direction: that is, to create a chamber which can provide a regional voice which includes all the regional stakeholders. The Government intend to reinforce these developments."¹⁷

The White Paper stated that there should be clear principles governing the composition of chambers. Although it was right that regional structures should develop to meet different regional circumstances, the Government proposed a number of criteria for the composition of regional chambers. First, "the partners to these voluntary arrangements should achieve an appropriate gender and ethnic balance".¹⁸ In addition, the following criteria would ensure "the equitable involvement of all the regional partners":

¹⁶ "Blair faces English home rule revolt" *Scotsman* 27.6.97

¹⁷ Cm 3814, p52

¹⁸ Cm 3814, p53

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- the local authority element of the chamber should reflect regional, local and political balance, and type of authority;
- the non-local authority element should be open to representatives of the main regional economic development stakeholders with an interest in the work of the RDA;
- the local authority element within the chamber should be dominant, but the overall size of the chamber should enable the wide range of non-local authority interests to be represented;
- all the regional stakeholders should have the opportunity to contribute to the debates of the chamber and for their views to be reflected in its published statements.

Where regional chambers meeting the above criteria have been established, the Government intends that the RDA (subject to its ultimate accountability to Ministers) should be required to:

- have regard to the regional viewpoint of the chamber in preparing its own economic strategy;
- consult the chamber on its corporate plan; and
- be open to scrutiny by the chamber, perhaps in the form of an annual hearing to discuss its corporate plan.

Clause 8 of the Bill makes provision to this effect. The Secretary of State for the Environment, Transport and the Regions would have the power to designate a body as a regional chamber if it was suitable to fulfil that role and was representative of those in an RDA's area having an interest in its work. The Secretary of State would then be able to give directions to an RDA requiring it to consult the chamber and have regard to any views expressed by it. In the absence of a regional chamber the Secretary of State would be able to give directions to the Agency to ensure that it carried out "appropriate consultation."

Clause 18 makes further provision about the relationship between RDAs and regional chambers, requiring an RDA, on receipt of directions from the Secretary of State, to supply specified information to the chamber, answer questions on that information and take other specified steps for the purpose of accounting to the chamber. The Clause also requires RDAs to hold a public meeting after the publication of their annual reports; the Secretary of State would be able to specify the format of the meeting, etc.

The White Paper states that RDAs and chambers would be able to devise their own arrangements for consultation by agreement;¹⁹ the powers described above would presumably be used only where agreement could not be reached. In addition, the White Paper states that the Government will encourage RDAs to hold some of their board meetings in open session.²⁰

The Government has stressed that the RDAs will work with other local bodies and also be committed to a so-called partnership approach. However, there has been some concern as to whether they will be sufficiently accountable to local interests, rather than simply being a part of central government. The White Paper proposes that agencies should have regard to views of regional chambers when preparing economic strategies. The Local Government Association wants this strengthened so that RDAs' economic development strategies and business plans have to be approved by chambers, with RDAs having to work within chambers' broad regional strategies. Local authorities will qualify for four seats out of 12 on each RDA board. However, the Government has said that, in order to ensure continuity, councillors should not have to resign if they lose elections. The LGA believe that elected representatives should resign from RDA boards if they lose their seats as councillors.²¹

Responding to John Prescott's statement of 3 December 1997, the shadow Secretary of State for the Environment, Transport and the Regions Sir Norman Fowler said that:²²

"The fundamental issue is not the goal of regional development, which we all want, but how it is to be achieved. We have serious doubts and concerns about the new development agencies that the Secretary of State is proposing. Will he confirm that the agencies will be not elected, but appointed entirely by Ministers? They are the creatures of Whitehall and will be unaccountable to the public.

The Secretary of State talks about the next step being regional assemblies. Is he aware that at the weekend his Minister of State gave an on-the-record interview to *the Scotsman*?²³ The paper reported that the Minister signalled that, if Labour were to win the next election, it could pursue a federal structure for England. He left open the prospect of regional assemblies having law-making and tax-raising powers. What is the Government's constitutional agenda? Does it involve step-by-step progress to a federal structure?

As a west midlands Member, I want to see regional development and, as a party, we want to see regional development, but the Government's proposals amount to only more bureaucracy, less accountability, and duplication of effort, without any benefit for the regions."

¹⁹ Cm 3814, p53

²⁰ Cm 3814, p54

²¹ *Financial Times*, 30 December 1997

²² HC Deb 3 December 1997 c359-360

²³ 1.12.97 "England's regions will get home rule"

V Business Support and Investment

A. Support to Business

The White Paper provides more details on how the provision of business support will change after the creation of RDAs. At the present time one of the key players in the field of business support is the Business Links network. There are 89 Business Links partnerships in England that provide advice and support to small and medium-sized enterprises (SMEs), which bring together the business support activities of Chambers of Commerce, Training and Enterprise Councils (TECs) and local authorities.

Under the provisions of the Bill Business Links will continue to provide services under contract to their corresponding TEC and Government Office, but their business plans will be developed within the context of the RDA's regional economic strategy. This will enable the provision of their services to match more closely the needs of the region.

RDAs will be responsible for preparing regional innovation strategies as part of their overall economic strategy, to promote innovation and the transfer of technology from universities, research centres and innovative businesses into the wider economy. Government Offices will have to take account of these innovation strategies when administering funds from the SMART programme.²⁴ RDAs will not, however, be directly responsible for the administration of SMART.

The most important form of financial assistance to industry, Regional Selective Assistance (RSA), will remain the responsibility of the DTI.²⁵ The designation of assisted areas will also remain with the DTI. RDAs will, however, be expected to provide advice to the DTI to ensure that the regional economic strategy is taken into consideration when awarding RSA on a case-by-case basis.

Similarly, the GORs will retain their responsibility for administering European Structural Funds. RDAs will, however, have a role in the negotiations surrounding the reform of the Structural Fund programmes, as set out in the European Commission's proposals contained in *Agenda 2000*.

²⁴ The SMART programme provides financial assistance to SMEs to research and develop new products and processes that involve a significant technological advance.

²⁵ RSA is awarded to businesses in assisted areas on a discretionary basis to help them carry out investment projects that either create new jobs and/or safeguard existing ones.

B. Inward Investment

RDAs will take the lead in handling significant internationally-mobile investment projects within their regions. Their work will include assembling a range of support for such projects, including training, recruitment, site location and preparation, infrastructure and liaison with any regulatory bodies.

At the present time, Regional Development Organisations (RDOs) already exist to liaise with the Invest in Britain Bureau to promote inward investment.²⁶ RDAs will build on the work of RDOs. Funding for inward investment work will, in the future, be channelled through RDAs, which may either deliver the services directly or contract the work to RDOs.

There has been a certain amount of debate in recent months about whether different development agencies in Britain have used competitive bidding to encourage inward investors to favour one area over another. Criticism has been levelled against the Welsh Development Agency (WDA) and Locate in Scotland for operating different rules to those adopted by the RDOs in the English regions. In its evidence to the Trade and Industry Select Committee,²⁷ the English Forum of Regional Development Organisations stated that rules preventing bodies from making indicative offers of assistance to potential investors were not adhered to in Scotland or Wales. They cited marketing material produced by Locate in Scotland that referred to their ability to “provide an indicative offer of assistance”. They also suggested that the territorial agencies “actively marketed” in England to try to secure both expansion projects and relocations, which could result in projects being “poached” from the English regions.

In its report, the Select Committee said that:

“We have been provided with little substantive evidence that such [competitive] bidding has taken place...The fact remains that there is a pervasive sense that there is an unhelpful degree of internal UK competition for inward investment, and that there is an all too apparent climate of mutual recrimination and mistrust, which many of those involved recognise could in the long-run be harmful to the UK’s national interest.”

In an attempt to overcome the mistrust and alleged waste of resources through competitive bidding, the DTI has announced that it is preparing a concordat on inward investment. Both the Scottish and Welsh devolution white papers made reference to the fact that selective financial assistance to industry would remain subject to common UK guidelines, in

²⁶ RDOs are private companies; the Invest in Britain Bureau is part of the DTI

²⁷ Trade and Industry Select Committee, First Report *Co-ordination of Inward Investment*, HC 355 of 1997/98

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recognition that the existing structures would not be robust enough to cope after the introduction of devolved government.

The Select Committee Report makes reference to the expected elements that the concordat would contain:

- transparency at the indicative stage between the English regions and the territorial agencies of the value of non-RSA assistance (help with sites, infrastructure, recruitment etc) offered to potential inward investors;
- common limits on financial assistance, applying to assistance from all bodies within the public sector.

The WDA warned that such rules could add an unnecessary layer of bureaucracy, saying that it could slow down the agency's response to a potential investor.

VI Background

The idea of introducing Regional Development Agencies (RDAs) to English regions grew out of the work completed before the election by the Regional Policy Commission, which was established by John Prescott MP and chaired by Bruce Millan, the former Secretary of State for Scotland and European Commissioner for Regional Policy.

The report of the Commission stated that:²⁸

“Every region should have a Regional Development Agency (RDA) to promote economic development in the region within an accountable and strategic regional framework. The RDAs should be responsible to the regional chambers, but operationally separate, acting as their executive arm in the area of economic development. The boards of the RDAs should be appointed by the regional chambers and should represent wide regional economic interests, including local authorities and business, co-operatives, banking and trade unions.

Legislation should provide all RDAs with the same potential powers, but it should be up to each region to select the powers most appropriate to that region. A plan should be drawn up in every region by the regional chamber as to the powers and functions of its RDA, after consultation within the region. The plan should be subject to the agreement of a Minister with overall responsibility for regional issues. In anticipation of a Labour Government, regional associations of local authorities should begin to prepare their plans so that the regions will be ready to establish RDAs without unnecessary delay when Labour comes to office.”

It should be emphasised here that whilst the Regional Policy Commission was established by John Prescott, it was not an official Labour Party undertaking of any sort; there was no commitment upon the party to take on board any of the recommendations of the Commission. In his critique of the report for the Regional Studies Association, Professor Stephen Fothergill of Sheffield Hallam University concludes:

“Provided that the wilder excesses of plan-making are avoided, it is reasonable to expect that there would be some modest improvement on the ground, in particular because of the much more explicit focus on economic development that would exist in all regions The regions in the north perhaps need to be wary. Their share of the no-larger financial cake could be eroded, offsetting any gains from the improved efficiency of policy-making.

During the 1960s and early 1970s the buckets-of-money approach to regional policy was crude but remarkably effective. In a short period, a whole new layer of industry was grafted into places like North East England, South Wales and Central Scotland along with the motorways, new towns and other infrastructure to support it. Given a choice between the old-style policies and the Commission’s proposals there is no doubt which would be of more substantial benefit to Britain’s lagging regions.”²⁹

²⁸ *Renewing the Regions: Strategies for Regional Economic Development*, 1996

²⁹ *Labour’s Regional Policy Commission: An Assessment of its Proposals* (Regional Studies Association Discussion Paper) – Stephen Fothergill

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In its business manifesto for the general election last year, the Labour Party made a commitment to establish regional development agencies in England:

“We propose new regional development agencies in England and the strengthening of the development agencies in Scotland and Wales. They will work with local authorities and the DTI to encourage further inward investment and to improve access to European funds.”

These ideas were taken forward in June 1997 when the Minister for Regions, Regeneration and Planning, Richard Caborn, announced a public consultation exercise:³⁰

“I am today beginning a series of regional tours to seek local views and to open a dialogue on how to take matters forward. The Government recognise that the English regions have different problems, and we do not wish to impose a single, prescriptive model for the agencies. We want to ensure that the legislation allows each region to have arrangements which fits its particular circumstances, building on the work that many bodies are currently doing.

This morning I met representatives of the national organisations with a major interest in regional development, to outline my plans for touring the regions, to hear their views and to encourage them to participate fully in the process.

As a means of focussing debate, I have produced a paper setting out the issues for discussion, and inviting any written views by 5th September.”

The Government's White Paper, *Building Partnerships for Prosperity*, setting out the proposals for the establishment of nine Regional Development Agencies in England, was published in December 1997.³¹

One of the central threads running throughout the White Paper is a belief that to improve the economic performance of the country as a whole it is vital to look at problems in regional terms as well as nationally. As the introduction to the White Paper states:

Action must be tailored to local circumstances, and take account of local needs. We must work with local partners - the business community, the local authorities, voluntary agencies, further and higher education, trades unions, Training and Enterprise Councils, and the local communities themselves - to deliver our objectives.

³⁰ HC Deb 11 June 1997 c473W

³¹ Cm 3814

Appendix I: RDA regions

The nine RDAs have identical boundaries to the GORs, with the exception of the North West, which includes both the North West GOR and Merseyside GOR. GORs now form the main basis for government statistics at a regional level. Negotiations are presently being conducted between the UK government and the European Commission as to whether they will also be adopted for the purposes of producing European regional statistics.

The nine RDA regions are defined as follows:

North East

The counties of Northumberland and Durham and the unitary authorities of Newcastle-upon-Tyne, North Tyneside, South Tyneside, Gateshead, Sunderland, Hartlepool, Stockton-on-Tees, Darlington, Middlesbrough, and Redcar & Cleveland.

North West

The counties of Cumbria, Lancashire and Cheshire and the unitary authorities of Sefton, Wirral, Liverpool, Knowsley, St Helens, Wigan, Bolton, Bury, Rochdale, Oldham, Salford, Manchester, Tameside, Trafford, and Stockport.

Yorkshire and the Humber

The counties of North Yorkshire and the East Riding of Yorkshire and the unitary authorities of York, Bradford, Leeds, Calderdale, Kirklees, Wakefield, Barnsley, Doncaster, Sheffield, Rotherham, Kingston-upon-Hull, North Lincolnshire, and North East Lincolnshire.

West Midlands

The counties of Shropshire, Hereford & Worcester, Warwickshire and Staffordshire and the unitary authorities of Stoke-on-Trent, Wolverhampton, Walsall, Sandwell, Dudley, Birmingham, Solihull, and Coventry.

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East Midlands

The counties of Northamptonshire, Derbyshire, Nottinghamshire, Leicestershire, and Lincolnshire, Rutland, and the unitary authorities of Derby and Leicester.

Eastern

The counties of Norfolk, Suffolk, Cambridgeshire, Bedfordshire, Hertfordshire and Essex and the unitary authority of Luton.

South West

The counties of Cornwall, Devon, Somerset, Dorset, Wiltshire and Gloucestershire, the Isles of Scilly, and the unitary authorities of South Gloucestershire, Bristol, North Somerset and Bath, North East Somerset, Poole and Bournemouth.

South East

The counties of Kent, East Sussex, West Sussex, Surrey, Hampshire, Berkshire, Oxfordshire and Buckinghamshire and the unitary authorities of Milton Keynes, Southampton, Portsmouth, Brighton & Hove, and the Isle of Wight.

London

The 32 London boroughs and the City of London.³²

³² Cm 3814, pp67-68

Appendix II: Functions of RDAs

Core functions of RDAs:³³

- leadership in developing and implementing **regional economic strategies**, building upon existing regional competitiveness partnerships; and developing a fuller understanding of regional economies, including research, in an expanded form of the function now carried out by the Government Offices;
- social, physical and economic **regeneration**, to gain the maximum benefits and spread the benefits of economic development and investment, including administration of the Single Regeneration Budget Challenge Fund, and the regeneration functions of English Partnerships and the Rural Development Commission;
- the economic development and regeneration of **rural areas**, addressing resources, integrating town and country;
- taking a leading role on **European Union structural funds**;
- regional co-ordination of **inward investment** and other major investment/reinvestment projects of regional/national significance;
- providing advice to Ministers on **Regional Selective Assistance**;
- **business support**, where the RDAs will monitor and provide a regional focus for the work of Business Links;
- **the reclamation and/or preparation of sites**, including the role now provided by English Partnerships through its regional offices, and with reserve planning and compulsory purchase powers when necessary;
- facilitating **investments**, with RDAs investing in projects as part of Public-Private Partnerships;
- **marketing** of the region as a business location, in conjunction with the invest in Britain Bureau and regional partners;
- promoting **technology transfer**, including maximising the benefits of the work of the higher education institutions;

³³ Cm 3814, p44

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- improvements to the **skills** base of the region, including developing a regional skills agenda and assessing the contribution of TECs towards regional objectives and promoting training for major investments.

RDAs will also contribute to policies and programmes on:

- transport;
- land use;
- the environment and sustainable development;
- further and Higher Education;
- crime prevention;
- public Health;
- housing;
- tourism; and
- culture and sports infrastructure projects.