

# The case for the abolition of the RDAs in England: an assessment

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# Abolition of the RDAs...

“The Government will enable locally-elected leaders, working with business, to lead local economic development. As part of this change, Regional Development Agencies will be abolished through the Public Bodies Bill. A White Paper later in the summer will set out details of these proposals” (HM Treasury 2010: 31)

Source: HMT (2010) “The Budget”, London, HM Treasury

# The case for the abolition of the RDAs in England: an assessment

Introduction

The qualitative state

The case against:

- Overly broad aims and objectives
- Failure to close the gap in economic growth rates between regions
- Mismatch with functional economic areas
- Over-resourced and over-staffed
- Accountability
- Evaluation

Conclusions

# The qualitative state

“Thinking about the qualitative state...involves accepting the autonomy of the state; accepting the crucial role of the state in the governance of private markets; accepting that the state is not a homogenous unit but exists as a contested domain continuously interacting with society”  
(O’Neill 1997: 290)

Source: O’Neill, P. (1997) “Bringing the qualitative state back into Economic Geography” in R. Lee and J. Wills (Eds.) Geographies of Economies, Wiley, 290-301.

# Decentralised Functions, 2011

Country	Name	Planning	Main functions other than economic development and planning
Czech Republic	Regions ( <i>kraje</i> )		Social services, health care, regional transport
Czech Republic	Cohesion region		
Chile	Regions	Regional Development Strategy	
Denmark	Regions	Regional Development Plan, Business Development Strategy (Growth Forum)	Health care
Finland	Regions	Regional Plan, Regional Strategic Programme	EU fund management
France	Regions	Regional Territorial Planning Master Plan, Regional Economic Development Master Plan	
Italy	Regions		
Norway	Counties	Regional plans, regional strategies	Upper secondary schools, regional development including main roads, regional business development, broadband and regional R&D
Poland	Regions	Regional Spatial Development Plan (after 2010)	Health care, higher education, labour market policy
Slovak Republic	Regions	Economic and Social Development Plan, Spatial Plan	
Spain	Regions		Health care, education, public works, agriculture, tourism
Sweden	Regions/counties	Regional Development Programmes, Regional Growth Programmes	Health care
Switzerland	Cantons	Ten-year Spatial Development Plan, Four-year Implementation Programme for NRP	Education, health care

# Overly broad aims and objectives

## Regional Development Agencies Act (1998)

- economic development and regeneration;
- promoting business efficiency, investment and relevant to competitiveness;
- promoting employment;
- enhancing skills relevant to employment; and
- contributing to sustainable development where it is relevant to its area to do so

# Additional responsibilities, 2000-09

2000	2002	2003	2004	2005	2006	2007	2008	2009
Market Towns Initiative	MAS	Regional Tourism Boards	Selective Finance for Investment	Business Link	Olympic Games Preparation	EU Funds	Response to Credit Crunch and recession	IRS
Farm Action Plan		Regional Skills Partnerships	Broadband Aggregation Programme	BREW	RDPE			NINJ
Regional Development Grants			Statutory Consultee on Planning Decisions	Modernising Rural Delivery				
			Rural Strategy	Grants for R&D				
			Sustainable Farming and Food Strategy					
			The Northern Way					

Source: PwC/BERR (2009) "Impact of RDA Spending – National Report – Volume 1", London, PwC/BERR and House of Commons Business and Enterprise Committee (2009) "Volume 1 report of the Inquiry into Regional Development Agencies and the Local Democracy, Economic Development and Construction Bill".

# Failed to close the gap in growth rates

“...the economic divide between the Greater South East and the rest of England is as wide today as when RDAs began their work. That, by any measure, is a failed policy” (Mark Prisk MP, Minister for Business and Enterprise, BIS, 12 October 2010)

**Source: Mark Prisk MP, BIS Press Release, 12 October 2010.**



# Confused RDA assessment yardsticks?

- Regional Economic Performance target (PSA2) – inter-departmental target and not sole responsibility of RDAs
- In statutory basis for RDAs?
- In DETR guidance and ‘State of the Region’ indicators?
- In RDA ‘Activity Indicators’?
- In Tier 1 Objectives, Tier 2 Targets and Tier 3 Milestones?
- In Regional Economic Strategies?

# Mismatch with functional economic areas

“The previous approach to sub-national economic development was...based on regions, an artificial representation of functional economies; for example, labour markets largely do not exist at a regional level, except in London. This therefore missed the opportunities that come from local economic development activity focused on functional economic areas”  
(BIS 2010: 7)

**Source: BIS (2010) Local Growth: Realising Every Place's Potential, London, Department for Business, Innovation and Skills.**

Of the approved 39 only the 13 in the top 2 types are very plausible as FEAs; the next 2 types (18 LEPs) are under-bounded FEAs or arbitrarily grouped FEAs; 8 LEPs (the last type) bear even less relation to FEAs

Typology in declining plausibility* as FEAs	No.	Example
City Region (CR) of conurbation plus linked rural areas	5	Leeds CR
CRs of smaller city plus linked rural areas	8	Dorset
"CRs" that fail to include rural areas	4	London
Groups of similarly sized TTWAs that <b>aren't</b> intensively linked	14	Cumbria
Groups of TTWAs with stronger links to areas in <b>other LEPs</b>	8	Enterprise M3

\* allowing for the necessary 'best-fit' to whole LAs, and ignoring the overlaps

# Over-resourced and over-staffed

“Previous arrangements also involved the complexity and duplication of responsibilities, which led to increased costs to the public purse” (BIS 2010: 13)

**Source: BIS (2010) Local Growth: Realising Every Place's Potential, London, Department for Business, Innovation and Skills.**

# Comparison of RDAs' spending with total identified public expenditure by region (2002/03-2006/07)

	RDA Spending (£m)	Local Authority Spending (£m)	Central Government Spending (£m)	Total Identified Public Spending (£m)	RDA Spending as a % of Total Spending (%)
<b>AWM</b>	1,504	50,300	117,701	168,002	0.9
<b>EEDA</b>	522	46,451	106,156	152,607	0.3
<b>EMDA</b>	858	36,358	88,924	125,282	0.7
<b>LDA</b>	2,116	106,943	178,553	285,496	0.7
<b>NWDA</b>	1,698	68,432	168,568	237,004	0.7
<b>ONE</b>	1,334	26,721	65,191	91,912	1.5
<b>SEEDA</b>	873	68,394	158,383	226,777	0.4
<b>SWRDA</b>	766	42,162	106,834	148,997	0.5
<b>YF</b>	1,564	46,449	117,407	163,855	1.0
<b>Total</b>	11,234	492,212	1,107,717	1,599,930	0.7

Source: PwC/BERR (2009: 7) Impact of RDA Spending – National Report – Volume 1, London, PwC/BERR.

# Employment by RDA, 1999/00-2009/10

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>AWM</b>			178	216	280	308	341	327	341	390	382
<b>EEDA</b>					141	159	189	223	243	245	249
<b>EMDA</b>				170	185	210	225	247	261	277	272
<b>LDA</b>	n/a		160	245	303		432	489	565	572	443
<b>NWDA</b>	218	237	263	291	357	377	378	402	431	481	482
<b>ONE</b>	258	244	240	249	347	376	418	446	437	410	399
<b>SEEDA</b>					324	335	342	370	356	413	359
<b>SWRDA</b>	176	180	197	227	238	259	277	303	348	362	339
<b>YF</b>								428	435	434	429
<b>Total</b>											3,354

**Source: Authors' own calculations taken from individual RDA Annual Reports and Financial Statements.**

“The lack of local accountability for economic development functions [undertaken by the RDAs] also meant that local partners did not feel empowered to lead action to improve economic growth” (BIS 2010: 7)

**Source: BIS (2010) Local Growth: Realising Every Place's Potential, London, Department for Business, Innovation and Skills, p 7.**

# Multiple accountabilities?

- Nationally: Ministers of DBERR/DBIS through Parliament
- Nationally: Departmental Select Committees
- Nationally: HMT and NAO as NDPBs
- Regionally: Regional Chamber scrutiny
- Organisationally: Financial Audit

[cf. LEPs...?]



“[f]or all of the measures, RDAs collectively exceeded their targets, particularly for businesses created and people assisted in skills development. Overall, individual RDAs achieved their annual targets for each of the outputs on over 90% of occasions” (2002/03 to 2006)(PwC/BERR 2009: ii)

“every £1 of RDA spend will add £4.50 to regional GVA”

“An independent estimation of regional economic wealth generated as a result of jobs created by the RDAs’ support to physical regeneration shows benefits of £3.30 per £1 of actual costs incurred. On this basis, it is reasonable to conclude that the RDAs’ activities have been beneficial overall” (NAO 2010: 7)

**Source: PwC/BERR (2009) Impact of RDA Spending – National Report – Volume 1, London, PwC/BERR, p ii; NAO (2010) Regenerating the English Regions: Regional Development Agencies Support to Physical Regeneration Projects, London, The National Audit Office.**

# Conclusions

“[G]etting rid of the RDAs and bringing in LEPs has perhaps been a little Maoist and chaotic...”  
(Vince Cable, Secretary of State for BIS, quoted in *The Guardian*, Friday 12 November 2010)

Source: ‘Vince Cable: ‘Abolition of RDAs was Maoist and Chaotic’, [The Guardian](#), Friday 12 November 2010.

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