South West RDA

A Short History

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These documents have been written as the Agency has been in the process of closing down and transferring some of its responsibilities to other organisations. This knowledge legacy work has had to be fitted in around, not only our busiest ever operational year, but also our intensive Transition & Closure Programme. Several of the staff involved have already been made redundant and the others will be leaving over the coming months. We are delighted, and proud, that our colleagues have continued to show such commitment and professionalism, despite the difficult situation.

These documents have been put together by Sadie Moisan, Kate Relph, Jo Johns, Tim Harris, Kate MacDowall, Donald Barr, Andy King, James Harper, Ian Watson, Nigel Jump and Simon Hooton – supported by many others from across the Agency.

This is one of four documents that have been produced by the South West RDA in order to share our knowledge and experience of delivering economic development across the South West, over 12 years.

The other three are:

South West RDA – The Economics Story

A detailed look at the current state of the region's economy and the things that will shape the economy in the future.



Reflections and Lessons

A look at what we've learnt, identifying specific and general lessons from our work, based on evaluation, research reports and professional experience.



Economic Development Guide

A practical manual for those involved in economic development.



The arrows above are used throughout and indicate links for further reading in the other documents, shown by colour, initials and page number.

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Contents

Executive Summary	4
Chapter One - The History	9
A Brief History of English Regions	10
The RDA Act 1998	12
1st RES – Bringing Coherence	13
The 'Development' Stage - the 'Single Pot'	15
Wider Responsibilities	18
Recession and Retrenchment	20
New Government, Transitions and Closure	23
Chapter Two - Insights	25
Creating RDAs in England – the Political Background	26
Regional Governance Issues	29
Accountability and Reporting	30
Chapter Three - Headline Data	33
Financial Data	34
Output Data	38
References	43

Executive Summary

Forerunners

This document provides a brief history of the South West RDA since being set up in 1999.

We look in particular at the political background, our roles and responsibilities as they developed, regional governance issues and at measures to ensure accountability.

Governments have been grappling with the question of how to best govern and develop the economies of the English regions since at least the 1880s. A more formal approach emerged in the 1930s following the Great Depression, and was developed further after the Second World War with the emergence of specific measures to encourage job creation and growth in under-performing regions. From the late 1980s, further impetus came from the European Union's approach to "Cohesion Policy" which identified regions as the level at which it would target interventions to tackle economic inequalities.

RDA Act

The Regional Development Agency Act 1998 established eight RDAs with a ninth, in London, following in 2000. For the first time, official government organisations were given a duty to contribute to "the achievement of sustainable development in the UK". RDAs were set up as Non-Departmental Public Bodies (NDPBs) with business-led boards and accountable directly to the Secretary of State. Chief Executives were Accounting Officers, answerable to Parliament.

In these early days, many RDAs were inevitably caught up in debates over regional coherence and appropriate boundaries. In the South West, there were strong arguments made for different arrangements in Cornwall and for Bournemouth and Poole.

Bringing Coherence

RDAs initially brought together a number of existing different economic development structures and funding streams. Much early RDA funding was tied to specific government funding streams inherited from previous bodies, along with a range of not-always complementary output targets. Government was reluctant to hand over responsibilities, reflecting differing views across Whitehall as to what RDAs should actually do.

One of the first statutory tasks, for each RDA, was to consult on and publish a regional economic strategy. Despite some criticism that these initial strategies did not exhibit sufficient regional distinctiveness, the first South West RES stood out as one of the few to point to the environment as an economic driver.

Development

The second RES in 2002 placed increased emphasis on boosting business and inward investment, moving on from traditional regeneration activity. Increasingly, RDA funding helped lever in more significant investment from private and other public sources. The Government responded to the RDAs' representations that they needed greater flexibility by introducing the Single Budget (or "Single Pot"). This pooled money from different government departments into one funding stream with a series of overarching objectives.

RDAs were seen as key agents for delivering the Government's economic objective of improving the economic performance of every region in the UK, and removing the persistent gap in economic growth rates between the regions. The gap in North-South growth rates did indeed narrow between 1998 and 2009, but reducing long-standing disparities in actual economic performance was always a task well beyond the RDAs alone to achieve, as government itself recognised at the time. Even, at their peak, RDAs were never investing more than 1% of the total public spending in their regions. (This has not, however, deterred critics from claiming that RDAs have failed because they have not managed to achieve this.)

As they matured, RDAs learned to collaborate more, with individual RDAs taking on lead roles across the network on specialist themes. For example, the South West RDA initially led on behalf of all RDAs in developing relationships with MAFF/DEFRA, and later the DCMS portfolio. We also led for the RDA network on the aerospace industry.

Throughout the 2000s the Labour Government continued to pass new responsibilities to RDAs, including regional grants for business investment (2003/4), the Business Link service (2005) and, from 2007/08, the administration of significant European funding programmes – the European Regional Development Fund (ERDF) and significant elements of the Rural Development Programme for England (RDPE). In 2003/04 the RDAs also acquired for the first time a role as statutory planning consultee, commenting on the economic impact of certain planning matters. As their span of responsibilities increased, RDAs chose to delegate specialist roles to other organisations in the region, often in collaboration with other partners and funders. Examples in the South West include the Regional Observatory, Regen SW and the Market and Coastal Towns Association.

Like other RDAs, we were able to organise swift responses to economic emergencies, such as foot and mouth disease outbreak in 2001/02 and the Gloucestershire floods in 2007.

Wider Responsibilities

Some felt RDAs were now taking on too much; others believed RDAs now had the right mix tools and expertise to tackle the real complexity of economic development. This increased role and influence saw businesses becoming more supportive.

In 2007 the Government published plans for a review of sub-national economic development and regeneration. This created the prospect of a Single Regional Strategy bringing together economic and spatial (planning) issues, as well as Local Authority Leaders' Boards to replace Regional Assemblies. These plans were set aside with the formation of the new Coalition Government in 2010.

Recession and Retrenchment

The 2008 recession brought new economic challenges and coincided with budget cuts across the public sector. RDAs were not immune, with the South West RDA facing a reduction in its budget of £27 million over four years. In response to these challenges, the RDA re-prioritised to focus on measures to mitigate the recession, and on investment in those places and sectors with most potential to drive sustainable, productivity-led growth over the longer time.

Our recession response included beefed-up advice and support for businesses, a loan fund, and the creation of eight Area Action Forces across the region to coordinate key partners' responses during major company closures of down-sizing.

In April 2009, the Labour Government published its "New Industry, New Jobs" strategy under the then Business Secretary Lord Mandelson. This articulated a new industrial strategy for the UK, with particular emphasis on those business sectors and underpinning technologies where the UK was judged best placed to compete in global markets, including advanced manufacturing, composites and low carbon technologies. The South West was designated the first Low Carbon Economic Area, stimulating the development of the region's marine energy industry. The South West RDA led the national network work on composites, and spearheaded the successful bid to establish a new National Composites Centre in Bristol – bringing it to completion in record time.

Transition and Closure

Change was in the air leading up to the 2010 election. The concept of 'city-regions' as drivers of economic growth was gaining sway, and both Conservatives and Liberal Democrats talked of abolition or significant reduction in RDA roles.

The new Coalition Government announced the abolition of RDAs in June 2010. LEPs were announced as replacements for RDAs, although without any of the Agencies' powers, roles or funding. Some RDA functions – such as leadership on growth sectors and inward investment – passed to national government. Business Link was to be closed as a regional service and replaced by a national website and telephone advisory service.

At the time of writing, six LEPs in the South West of England have been formally recognised by government. The South West RDA set about the task of winding down, completing or stopping its work, with 274 staff to transfer or make redundant and 420 live projects to stop, complete or handover. Ironically, the Agency's last year of operation was also its 'biggest', with over £240 million invested in economic development across the South West.

Introduction 1999 to 2011

This document presents an overview of the history and rationale for the South West Regional Development Agency (RDA), set in the context of historic approaches to economic development and regionalism in England.

It also outlines some headline data about the work of the South West RDA including financial and outputs data as well as staffing numbers.

Where we feel there is a level of detail that may interest the more specialist reader we have presented this in more in depth in Chapter Two - Insights

The document therefore represents an as objective as possible description of the history of the South West RDA which we hope will provide a factual background both in its own right and as a source document for our other legacy materials.

Throughout the 20th and 21st centuries regions have been used by successive UK governments for a number of different administrative and political purposes. These include attempts at re-balancing the economy as well as moves to decentralise decision making. Examples of the former include the Special Area scheme in the 1930s, the Development Areas of the 1940s–60s, the development Districts in the 1960s, the Intermediate Areas and the Assisted Areas of the 1970s. Alongside these were the parallel but separate moves to decentralise decision making, e.g. the devolution arrangements in Scotland, Wales and Northern Ireland.

Economic development has often been considered a function effectively administered at a regional level and the creation of Regional Development Agencies should be viewed in this context.

Chapter One The History

A Brief History of English Regions

The role of the English regions in governance and economic policy has been the subject of recurrent debate since the 1880s - if not earlier.

Gladstone argued in the late 19th Century that "portions of England" might deal with 'questions of local and special interest to themselves' in the same way he felt Ireland, Wales and Scotland might do. Federalism within Britain had been proposed by Joseph Chamberlain in the 1880s as a possible solution to demands for Irish independence, and was promoted by both Winston Churchill and Lloyd George in 1912 in the form of a scheme for national parliaments in Ireland, Wales and Scotland and regional assemblies in England.

"They provide a much needed opportunity to give strategic direction and coherence to efforts to promote the economic development of the English Regions" CBI News Release, 2001

In the early 20th century the Fabian Society also argued for the 'municipalisation by provinces' in a series of papers on English regionalism (Self, P, "Regionalism", 1949).

promote the economic development of the English Regions" **CBI News**Release, 2001

The 1930s depression saw a more formal approach to regional policy as heavy industries, particularly in the north of England were devastated. This led to the Assisted Areas scheme, by which companies could acquire grants or capital allowances -

known as Regional Selective Assistance - in return for protecting jobs (RSA was eventually replaced by the Selective Finance for Investment by the incoming 1997 Labour Government, and was re-named the Grant for Business Investment).

Post-war regional policy focussed on attracting economic activity from more prosperous regions to those with relatively high unemployment. This began in 1945 as Industrial Development Certificates were introduced to encourage industrial building, and the job creation that goes with it, to relatively disadvantaged regions. In addition, Development Areas were created covering Scotland, Wales, Northern Ireland, the 'Northern Region', and two smaller ones in Merseyside and the South West.

In 1963 these Development Districts became beneficiaries of regionally differentiated investment incentives, available as a right to incoming and existing firms to encourage investment in plant and machinery.

By 1966 the renamed Development Areas covered about 17% of the country's total population. By then they included most of Cornwall and North Devon.

A further incentive was introduced in 1967 with the Regional Employment Premium. This was a subsidy on all labour employed in manufacturing in Development Areas, and employers were relatively free to use the money as they wished.

A further layer of regional development was introduced in 1970 with the creation of 'Intermediate Areas', with special measures to encourage growth. These areas were deemed to have problems than the Development Areas, and, in the South West, included Plymouth.

Government services ranging from water, gas, electricity to policing, planning and health, have also been delivered at regional levels since at least the 1950s, in addition to their use in economic development. Throughout the 20th century, between eight and twelve English regions have been used for various administrative and logistical purposes.

From the 1970s onwards various government departments established a regional presence, including Environment, Trade and Industry, Transport and Employment. In 1971 the Conservative Party published the Local Government White Paper which created Metropolitan Counties as strategic authorities that ran regional services.

The 1972 Royal Commission of the Constitution (the Kilbrandon Commission, set up by the Labour Government but published under the Conservatives) considered 'home rule all round' and the regionalisation of England. The Labour Government of the 1970s continued exploring this option.

Regionalism was given a further boost as arguments developed for devolution in Scotland and Wales. The then Conservative leader, Edward Heath, announced in 1968 that his party would support a directly-elected Scottish assembly.

The European Union, through its Cohesion Policy (1988), identified regions as the most appropriate level to distribute EU funds aimed at addressing Europe-wide economic inequalities. This decision was partly driven by the fact that regions were considered to be the most effective and efficient level to provide the flexible and locally responsive economies required for survival in globalizing markets, as well as the right scale to enable the connections and relationships to promote knowledge economies.

The Organisation for Economic Co-operation and Development (OECD) also advocates regions as a means to deliver effective place-based economic development. And whilst some academics have been critical of the regional tier, they have not addressed the practical issues relating to the delivery of industrial policy, such as how to distribute business support or EU structural funds. This link between regionalism and EU Programmes was particularly significant for 2000-7, during which a notable early achievement of the South West RDA was getting regional support for the changes in NUTS categorisation that made Cornwall eligible for Objective 1.

Across Europe, regions have played a more important role than in the UK with a number of functions devolved to the regional level, particularly transport and planning. The average size of regions within European states is 3.15 million, whilst in Britain the Government Office regions have an average population of 5.5 million.

English regional boundaries were not imposed by the EU but were established by the UK itself and adopted by the EU. In fact the EU originally adopted the UK's own map of regions. (Sandford, 2002, b).



1998

The RDA Act 1998

In 1996 the Millan Commission's report, commissioned by John Prescott, (See Chapter Two, Creating the RDAs in England) recommended setting up regional development agencies to "promote economic development". When the Labour Party came to power in 1997 this in turn led to the consultative White Paper on RDAs, 'Building Partnerships for Prosperity (Department for Environment, Transport and the Regions, DETR, 1997) and to the Regional Development Agency Act, 1998, which established eight regional development agencies, with London following once the Greater London Assembly was established in 2000. The Department of Environment, Transport and the Regions (DETR) sponsored the Act and provided most of the early RDA funding.

The RDA Act spells out the purposes of the RDAs

- To further the economic development and the regeneration of (their) area
- To promote business efficiency, investment & competitiveness in (their) area
- To promote employment in (their) area
- To enhance the development and application of skills relevant to employment in (their) area, and
- To contribute to the achievement of sustainable development in the United Kingdom where it is relevant to (their) area to do so.

RDAs were set up as Non-Departmental Public Bodies (NDPBs), with business-led Boards to whom their Chief Executives reported, 'but responsive to regional views' (House of Commons Research Paper, 2002).

The relevant Secretary of State appointed the RDA Boards with at least half of members bringing a background in business, alongside representatives from local authorities, trades unions, education and the voluntary and community sector. As NDPBs, RDAs were directly accountable to the relevant Secretary of State through their sponsor department; initially the Department for Environment, Transport and the Regions, DETR, moving to the Department for Trade and Industry (DTI) after the 2001 General Election. Chief Executives were Accounting Officers, answerable to Parliament.

Consistent with the decision that RDAs should be at arms length from central government, each agency was able to create its own structures and terms and conditions of employment.

A major issue for the South West which emerged during the consultation on setting up RDAs (see Chapter Two), was over regional coherence and appropriate boundaries. The defined South West region prompted concern in Cornwall where there was a strong preference for a Cornish Development Agency. In the Bournemouth and Poole conurbation a South West RDA was seen as cutting across the ambitions for a South Coast Metropole region.

There were also concerns about regional bodies not being able to respond to local needs. In fact, over time a large percentage of RDA budgets were devolved to partner organisations and the BIS Select Committee, looking at their track record commented "that RDAs policies were far from being applied on a blanket basis within regions, and were capable of nuance towards local needs; merely because the South West RDA counted both upland Devon and Bristol within its geographical remit did not mean that it lacked the sophistication to apply different considerations to them" (BIS Select Committee, 2011).

The South West RDA inherited nine offices from its predecessor bodies, and kept five. Given the geographical size of the South West region –the largest in England – it made sense to station staff closer to the communities they were serving, as well as reducing travel times and costs.

"Performance in delivering on that sustainable development duty was, of course, patchy, but they achieved far more in this area than they ever would have done without having such a duty imposed on them."

Jonathon Porritt, Forum for the Future,
Board Member (1999-2008)

This was the first time that sustainable development had been written into the aims of an official government organisation. However, at the time the Act offered no agreed definition about what sustainable development is and its relationship with economic development. Even by 2001 one commentator wrote that "there is no clear agreement on what the term means and ... the term contains a number of opposing world views." (Chatteron & Style, 2001). This meant that each RDA interpreted this purpose in different ways. Only in the 2009 Local Democracy, Economic Development and Construction Act was an official definition published.

see Chapter Two - Insights

'Creating RDAs in England - the Political Background'... page 26

1st RES – Bringing Coherence

The South West RDA, like other RDAs, brought together a number of economic development structures that had been operating at sub-national level as well as several different funding streams, mostly focused on regeneration. These included socio-economic elements of the Rural Development Commission (RDC), the regeneration activities of elements of English Partnerships, and the sub-regional inward investment agencies (Devon and Cornwall Development International and the West of England Development Agency). The delivery of the Single Regeneration Budget and elements of the skills agenda, both previously delivered by the Government Office for the South West, also came under the South West RDA's remit.

Given the political realities behind the formation of RDAs (see Chapter Two) and the differing foci of the predecessor bodies, these were perhaps not initially the ideal combination of ingredients for managing economic development. However, they gave RDAs an opportunity to bring some coherence to this activity.

Given the variety of predecessor organisations, much of the RDAs' budget in their early days were tied to specific commitments coming from 14 separate funding streams and 147 output targets. Funding came from the then Ministry of Agriculture, Fisheries and Farming funded regeneration programmes, as well as funds for inward investment from the Department for Trade and Industry (DTI) and for skills development from the Department for Education and Skills (DES). Examples of activities the South West RDA inherited included the development of Bristol Harbourside and the regeneration of Royal William Yard, in Plymouth.

Case Study: Royal William Yard

The former Naval victualling yard in Plymouth dates back to 1825 and was vacated by the Royal Navy in 1992

Since becoming the owner of the Royal William Yard in 1999, the South West RDA invested £35 million in bringing the Yard back into the economic and social life of the city - preserving its listed buildings, improving its historic roads, pavements and quaysides and opening up the Yard to the public for the first time in its history.

This paved the way for c. £61 million private sector investment by the South West RDA's award-winning development partner Urban Splash in the ongoing redevelopment of the buildings.

The transformation of the Yard's Clarence and Brewhouse buildings is complete and the stylish new homes and business spaces are occupied. Work has just been completed on residential and business space in the Mills and Bakery building, which is now being actively marketed.

The development of commercial space within the Yard means Plymouth can look forward to businesses creating hundreds of new jobs at the Yard and to restaurants, bars and shops opening amid its unique surroundings.

The RDA linked together with Urban Splash towards realising the Masterplan vision for the redevelopment of the remaining buildings within the Yard.

It is a project that not only preserves Plymouth's finest collection of 19th Century buildings but also gives them a new purpose as a desirable residential and high-quality business quarter within the Stonehouse and Plymouth community and is recognised regionally and nationally as one of the finest examples of regeneration taking place in the UK.

Aside from funding, some government departments were reluctant to hand over powers to RDAs. For example, only DETR - the RDAs initial sponsor department under John Prescott - showed real enthusiasm for devolving economic development to the regions. Genuine decentralisation of powers to RDAs required "a fundamental rethink of Whitehall standard practice and many believe that Whitehall remains ill-equipped to deliver" (S Ayres, 2010). Ayres also comments that "there are distinct differences of opinion across Whitehall departments about what functions regional bodies should acquire" (Ayres & Stafford, 2009).

Having assumed the commitments from the incoming organisations, the RDA's first task, as required by the Act, was to create regional economic strategies in consultation with a wide range of partners. Whilst there was some room for regional variation, for example via their own policy priorities for the economy, central government control limited this, compared to what was happening in Scotland and Wales. The strategies aimed to map actions needed in each region - and by which bodies - to enable economic development.

The RES was a also a vehicle to express the expectation by government that RDAs would work closely with both the Government Offices and the voluntary Regional Assemblies¹ (referred to under the RDA Act as Regional Chambers), which took on the role of regional scrutiny of the work of the RDAs, and were subsequently designated as the regional planning bodies responsible for the producing the Spatial Strategies for their region. (see Chapter Two).

The South West RDA published its first Regional Economic Strategy in 1999. This represented an element of continuity with the RDA's predecessors focus on regeneration, so that in 2001/02 87% of all RDAs gross budgets were spent on regeneration programmes (House of Commons library research paper, 2002).

¹ See Chapter Two for more on the role of Regional Assemblies

It also focused on improving business competitiveness and creating regional coherence. Some were concerned that similar strategies nationally meant little or no focus on any region's specific regional situations. One exception in the South West was the clear attention paid by the RDA to the environment as an economic driver, alongside the more expected drivers such as innovation, skills and technology. The RES saw the environmental services sector as key to the sustainability of the South West economy, as well as the environment as an asset in its own right.

In addition, in 2000 the South West RDA produced what was effectively its first corporate plan called "Stepping up the Pace of Change". This was designed to complement the RES with evidence and ideas for how the Agency would use government funds.

In many ways therefore this period saw the South West RDA bringing coherence to the variety of activities and responsibilities it had inherited. However until the Government combined all departmental funding into the Single Pot, RDA activities tended to be constrained by individual departmental funding streams which, in turn, dispersed resources across internal RDA teams with different objectives.

The 'Development' Stage - the 'Single Pot'

The second South West RES was published in 2002. This increased the focus on the environment as a driver of economic growth, with an explicit link between economic prosperity and quality of life, and identification of the environment as "a crucial economic asset that underpins the success of tourism, culture, marine and other sectors". As requested by the Regional Planning Guidance for the South West, the RES also included a spatial framework demonstrating the role of the RES in long term development of the region up until 2016.

The RES identified the high rate of employment compared to national and European rates. It also demonstrated that the South West had relatively low rates of deprivation compared with regions in the North, albeit with significant pockets of deprivation in its urban and more remote rural areas.

This economic context guided the South West RDA to prioritise investments boosting business competitiveness and innovation over those targeting employment and skills and regeneration. As a result the South West RDA invested in projects and programmes to support manufacturing and inward investment, such as the Manufacturing Advice Service, the Aerospace Sector and the Peninsula Medical School, designed to attract and grow high value jobs and businesses to the region.

As referred to above (page 11), when they started, RDAs had separate funding from individual government departments. The 2000 Pre Budget Report announced that RDAs would have greater flexibility with their budgets from 2001 – 02 with the introduction of the 'Single Budget' (the Single Pot). This pooled money from all the contributing government departments (Business, Innovation and Skills (BIS); Communities and Local Government (CLG); Energy and Climate Change (DECC); Environment, Farming and Rural Affairs (DEFRA); Culture, Media and Sport (DCMS); and UK Trade and Investment (UKTI) into one funding stream. This was an important milestone in the history of the RDAs.

The Single Pot gave RDAs greater flexibility as funding was less tied to specific government programmes. It also contributed to a less risk averse approach, quicker decision-making and the ability to deliver more impact as funding could be better aligned with regional requirements. Government funding departments still looked to see a sufficient return to justify their funding, and RDAs were expected to contribute to national outcome targets (Public Service Agreement (PSA) targets) at different levels; there were five high level Tier 1 objectives, which related to the RDAs' statutory purposes, eleven Tier 2 regional outcomes and five Tier 3 RDA outputs to measure RDA performance.

As RDAs' responsibilities grew, the 2002 Spending Review saw a further increase in funding of 23% by 2005-06 compared with 2002-03.

To support the more integrated approach offered by the Single Pot, the South West RDA re-organised to create Area Teams in 2002-03, bringing together staff with regeneration, inward investment and sector development skills.

With the introduction of the Single Pot, the RDAs' were better able to focus the use of public money to lever-in investment from the private sector and other public sector funds. This built on a similar focus of both the Single Regeneration Budget and some Rural Development Commission (RDC) programmes. Examples of levering in private finance include the regeneration of Gloucester Docks and the introduction of the Regional Venture Capital Fund. As part of this approach, the South West RDA also helped establish the Urban Regeneration Companies in Swindon, Gloucester and Cornwall (covering Camborne, Pool and Redruth). The URCs were independent of the South West RDA tasked with coordinating the regeneration of their respective urban areas. To inform decision making under the Single Pot arrangements, the RDA carried out further research to identify key sectors for investment.

The 2001 Pre-Budget Report for the first time outlined the Government's commitment to "narrowing the gap between the most deprived areas and the rest of the country, rather than simply improving the national average".

This in turn paved the way for the PSA target 7 which required government, 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", to be fully reported on in 2012. This target was shared between the RDAs, the Treasury, ODPM and DTI and the first report of progress was to be made in 2006.

This target has sometimes been misunderstood, based on an assumption that RDAs alone would be able to reduce all disparities in economic growth between regions.

A DCLG Select Committee report stated in 2007 that "there is an unavoidable tension between the two parts of the PSA; if London and the South East are to be encouraged to grow further, will it ever be possible for the remaining regions to catch up?".

RDAs were able to deliver against the purposes for which they were originally established (PwC evaluation report, 2009). However, RDA resources were relatively limited, representing about 1% of all identified public expenditure in English regions by central and local government. With RDAs contributing to the growth of their own regions, and the growing strength of the London and South East economy, this made narrowing the gap extremely difficult, as previous governments had experienced. In addition some commentators have overlooked that government set this as a long-term target and have therefore made premature judgements about RDAs' ability to achieve it.

The DCLG Select Committee report referred to above also made it clear that, given the limitations of the data to be used to measure progress and the time lag in reporting data, progress could not be reported on until 2014.

In spite of this the latest Office of National Statistics GVA figures show that, over the period 1998 – 2009, the North-South gap in terms of economic growth rates did indeed narrow.

It should be noted that the Single Pot was unlike the budget allocation to the devolved administrations of Scotland, Northern Ireland and Wales, and was still constrained by priorities and targets of the various funding government departments. For example, administration and rural budgets were ringfenced and RDAs were initially restricted in transferring budgets between programmes. This flexibility was increased from 2002 – 03 through a single cross-Departmental budget, which was also increased by 11% from 2001-02.

As they matured, the RDAs learned to work more closely together, with each identifying regional strengths and taking on lead responsibility for liaison with particular government departments. Following the Foot and Mouth crisis in 2001, the South West RDA took the lead role with MAFF/DEFRA, but in 2004 this passed to the East of England Development Agency with the South West taking over as lead region for the Department for Culture, Media and Sport. This, in turn, highlighted the South West RDA's contribution to the 2012 Olympics, with its investment in the Portland Sailing Academy, set to become the first completed new Olympic venue.

Case Study: Osprey Quay

The South West RDA bought the former Royal Naval Air Station on Portland in 2000 and approved a masterplan for the mixed-use redevelopment of the 33-hectare site in 2002. Since then the RDA's extensive works including flood defences, new access and services have attracted a broad range of occupiers to what is now known as Osprey Quay. Osprey Quay already supports more than 300 jobs and is expected to support around 1,400 jobs by the time its redevelopment is completed in 2015/16.

The Weymouth & Portland Sailing Academy, in which the RDA invested £3.5 million, was pivotal in attracting the sailing events for the 2012 Olympic and Paralympic Games. The Olympic Delivery Authority has since invested a further £7m, making Weymouth the first Olympic venue to be completed. One of the RDA's development partners, Dean & Reddyhoff, has invested £26 million in the 560-berth Portland Marina which includes five commercial units, fifteen retail and maritime business units, offices and new bar and restaurant. The commercial space at Portland Marina is expected to support around 150 jobs once fully occupied.

A £4m training facility for the RYA (Royal Yachting Association) was completed in 2010 on RDA-owned land. It is the first phase of the proposed £30m Castle Court mixed use development being brought forward by private developer the Sutton Harbour Group, which could create 600 jobs. Work has also started on an exemplar low carbon residential development on land at Osprey Quay by another development partner, ZeroC.

The RDA also funded work to prepare the 10-acre former Mere Tank Farm site for future development. The area at the entrance to Portland is being levelled and essential services like water, drainage and electricity being installed. It will be used to help host the 2012 Games and afterwards be available for business use. A new link road and cycleway between the Weymouth and Portland National Sailing Academy and the central roundabout on Portland Beach, was completed in March 2011.

Over time, government has passed on further responsibilities to RDAs, along with some extra resource. In 2002 the RDAs sponsor department moved from the former Department for Environment, Transport and the Regions (DETR) to the former Department for Trade and Industry (DTI), thus supporting the Government's clearer focus on competitiveness and productivity. In 2003 RDAs took over the lead role for preparing "Frameworks for Regional Employment and Skills Action" and also saw a further increase in their budget. The South West RDA took on Business Link management in 2005, along with an extended remit on inward investment and business-university collaboration.

When the South West RDA took on Business Link it increased its efficiency by approving two geographical zones covering the region rather than six, thus making some 'backroom' savings. In addition, DEFRA's 2004 Rural Strategy established RDAs as that department's key socio-economic delivery body. Accordingly, they transferred socio-economic functions (and funding) from the Countryside Agency to the RDAs, and prepared RDAs to deliver the socio-economic axes of the Rural Development Programme for England (RDPE).

The South West RDA was also able to respond effectively to a series of economic shocks. Whilst this was not a statutory duty, ministers had tasked the RDAs with taking the lead in this area. The South West RDA supported business, communities and the economy as part of recovery efforts and provided a rapid response service, for example, bringing together JobCentre Plus, local authorities and other organisations in the event of company closures. These shocks included the Foot and Mouth crisis in 2001, for which the RDA set up an £11 million Business Recovery Fund, the 2007 floods in Gloucestershire, which saw the RDA coordinate a partnership response and authorise a £2 million recovery fund within 48 hours of the flooding, and the economic recession from 2008, in response to which the South RDA set up Area Action Forces bringing together local partners to coordinate their activities.

In 2006 the RDA published the third RES for the South West, building on the previous two in terms of both content and consultation. Over 400 organisations contributed via meetings and conferences, along with 160 written submissions. The content was more specific to the region, building on a much improved evidence base and, demonstrated the ability of the RDA to drive its own work rather than primarily being a delivery arm for national policy.

It was also the first RES in England to identify the need to secure economic growth "within environmental limits". This commitment was expressed in the South West RDA's investment in the Peninsula Research Institute for Marine Energy (PRIMaRE) as well as the RDA's commitment to high environmental building standards for other investments, for example, at the Caddsdown Business Park at Bideford. There was also investment in the Hayle Marine Energy Park which supports the work on the Wave Hub, off the north Cornwall coast.

The RDAs took over management of the European Regional Development Fund (ERDF) and elements of the Rural Development Programme for England (RDPE). Both programmes run from 2007 to 2013 and together amount to £9bn. In the South West the programme is worth £157 million over these 6 years (associated administration costs have been provided by CLG (£6m), and DEFRA (£4m)).

In the South West the RDA decided to adopt to an integrated commissioning approach for the delivery of both programmes, rather than rely on the bidding approach that had characterised earlier European programmes in the region."

According to a Department for Business, Enterprise and Regulatory Reform (BERR, now BIS) Impact Evaluation report "besides its own interventions, the South West RDA has been responsible for the management and delivery of nine of the ten national programmes which have been delivered from 2002/3 to 2006/7, within parameters closely defined by Central Government Departments".

see Chapter Two - Insights

'Accountability and Reporting' ... page 30

The range and complexity of work the RDAs have been involved with led to many people, not least RDA managers, expressing concern about "overstretch" and, basically, that they do too much. As early as 2001 commentators had referred to "the chronic disjunction between (the RDAs') powers (which are modest) and their tasks (which are awesome)." (Morgan, 2001). For example, at a July 2005 South West RDA Board meeting one Executive Director reported that the Agency "had over 700 live projects at any one time, which meant it was difficult to provide the level of senior management input into stakeholder management that was sometimes necessary".

The Confederation of British Industry (CBI), in evidence to the BIS select committee in 2010 said: "Arguably, what we got wrong with the RDAs is that, when they began to succeed, as so often happens, we became excited and we said, "If they can do that, why do they not do x and y and z as well?". We gave too many things to RDAs, so they almost became the only game in town".

However, some RDA managers have felt that, although acknowledging the difficulty of managing such a large portfolio, this also offers them the breadth of economic development 'tools' to address the range of issues necessary to do economic development at the regional level.

In addition the South West RDA devolved responsibilities and powers to existing organisations or established new ones to take these on, e.g. Regen South West; Sustainability South West; South West Forum; the Regional Observatory, Urban Regeneration Companies; Equality South West; Creating Excellence – the region's centre of excellence on regeneration; Market and Coastal Towns Association and sector groups. According to the National Audit Office (NAO) "These are all examples of the Agency building knowledge and delivery capability within the region. The Agency's approach is seen as being positive in developing these sectors acting as a central reference and contact point for the other partners and stakeholders, pointing them in the right direction and acting as a broker".

"RDAs improved the understanding of local economies and their connections with businesses and helped to identify and deal with the consequences of economic shocks. They were also able to catalyse delivery of infrastructure that would have economic benefits beyond Local Authority boundaries and took a strategic approach to planning"

The CBI, 2011

In spite of the perceived tension between taking in too much and ensuring the South West RDA had the right combination of economic development 'tools', the continuing commitment of the Government to administrative decentralisation, indicated by the growing number of activities the RDAs were given, resulted in businesses becoming increasingly supportive of RDAs (Hazell, 2006). This is reflected in the number of businesses in the South West who felt it important to be actively involved in the production of the 2006 RES. Alongside this it can be claimed that the continued administrative decentralisation has been somewhat ad hoc and unplanned with responsibilities being added to the RDAs without necessarily a clear strategic objective or a link to the existing RESs.

<u>see Chapter Two - Insights</u>

'Regional Governance Issues'... page 29

In July 2007 the Government published its Review of Sub-National Economic Development and Regeneration (dubbed the "SNR"). This sought to deal with some of the unfinished business of Labour's regional devolution polices, which foundered after a referendum in the North East voted against the proposal for a directly elected regional assembly. The SNR advocated closer formal working between RDAs and local authorities in developing fully integrated regional strategies – rather than the separate economic and spatial (planning) strategies. The SNR also sought to strengthen economic leadership at city and sub-regional levels. These ideas were encapsulated in the 2009 2009 Local Democracy, Economic Development and Construction Act, 2009, which strengthened the role of RDAs and formally created Single Regional Strategies (SRS) for each region. The SRS was designed to combine the RES and the Regional Spatial Strategy into a single comprehensive strategy for the development of the region. The Act also allowed for the formal establishment of Local Authority Leaders' Boards, intended to replace the Regional Assemblies by 2011. These consisted of the elected leaders of local authorities across the region, who were charged with working with the RDAs on the production of the SRS. However, given the uncertainty over the future of the regional tier leading up to and immediately following the May 2010 general election, SRSs were never developed. The Coalition Government announced their intention to abolish them in mid-2010.

A further area of work was RDAs involvement with Multi Area Agreements (MAAs). Although these partnerships of local authorities and other bodies had been around since 2008, they were given statutory duties by the Government after the SNR to promote economic growth within functional economic areas. Specifically the South West RDA worked with MAAs to address cross-cutting issues such as economic inclusion, climate change, and the challenges facing rural areas, and to support them by providing a strong evidence base for their work.

Recession and Retrenchment

The recession which started in 2008 led to cuts in public spending and a re-directing of some RDA funds towards mitigating the impact of the recession. The cuts to RDA budgets amounted to about £300m falling mainly in 2010/11 to pay for measures to ease the housing crisis (the South West RDA's share of this initial cut was about £27 million over four years). These reductions led, in early 2009, to the South West RDA undertaking a comprehensive reprioritisation of its resources, to ensure that they were put to best effect in assisting the regional economy.

This in turn led to a refresh of the corporate plan and a new capital and current Investment Plan (Delivery Plan) which was agreed by the South West RDA Board in June 2009. This set out the investment portfolio under new Corporate Plan priorities, namely:

- Developing a low carbon economy
- Creating the conditions for productivity-led growth (high growth businesses), and
- Creating successful places (comprising "places for transformational impact", "regional support" and "other priority places").

To ensure that public resources were used to achieve maximum impact the South West RDA Board decided to focus on larger, strategic projects in priority urban areas, and supporting key sectors. This was backed-up by evidence-driven policy of where the growth would come from, e.g. a low carbon economy.

A further response to the recession was the creation of the Regional Economic Task Group on which the RDA played a significant role. Chaired by the Regional Minister (first Ben Bradshaw MP then Jim Knight MP), the group was set up to help government and the region's partners understand the impact of the economic downturn, and to ensure that the South West responded effectively.

The overall response to the recession and related budget reductions was aligned with the Labour Government's strategy for economic development, "New Industry, New Jobs" (NINJ) published in 2009, and driven by the Secretary of State for Business, Innovation and Skills, Lord Mandelson. He began to address the concern about similar strategies across all the regions and asked RDAs to identify their relative strengths and weaknesses. Led by the South West RDA, the RDAs commissioned research by GHK to do this. This was followed up by the Government designating the South West as the first Low Carbon Economic Area, with the RDA being given the lead role in managing this. The decision reflected work already under way on projects such as the Wave Hub and the development of the first Environmental i-Net.

Case Study: Wave Hub

South West England has one of the best wave and tidal climates in Europe and the South West RDA had long recognised the potential to create green energy and green jobs from the power of the sea. The Carbon Trust estimates that 25% of the world's wave technologies are already being developed in the UK and wave power revenues could be £2 billion a year by 2050, supporting 16,000 direct jobs. Wave device developers have few options for carrying out large-scale, pre-commercial testing of their wave energy technologies. The £42 million Wave Hub project is tackling this issue, providing testing facilities on a scale not yet seen anywhere in the world.

The South West RDA spearheaded the Wave Hub project since its inception seven years ago, working closely with the Department for Energy and Climate Change (DECC), the Department for Business and Skills, the Convergence European Regional Development Fund (ERDF) in Cornwall and a range of other partners including higher education institutions in the region. The South West RDA contributed £12.5m and also gained £20m from the Convergence European Regional Development Fund, with Central Government contributing £9.5m.

The project has created an electrical 'socket' on the seabed in some 50 metres of water around 16 kilometres (10 miles) off the coast of Cornwall and connected to the National Grid via a subsea cable. Groups of wave energy devices will be connected to Wave Hub and float on or just below the surface of the sea to assess how well they work and how much power they generate before being commercially produced and deployed.

There are four berths available at Wave Hub, each covering two square kilometres. Wave Hub will have an initial maximum capacity of 20MW (enough electricity to power approximately 7,000 homes) but has been designed with the potential to scale up to 50MW in the future. The project was built in the summer of 2010, with the first wave energy devices deployed in 2011. As such, it was the cornerstone of the South West RDA's strategy to create a world-class marine renewable industry in the South West, with more than £100m being invested in marine renewables in South West England over the next two years.

A key aspect of this role was the Government mandating the South West RDA to take the lead within the RDA network to stimulate the development of the marine energy industry. An industry forum was established to oversee this activity, with priorities including the completion of research into the skills needs of the industry; design and delivery of bespoke training; co-investment with the Technology Strategy Board in a new marine energy call; and input into the UK Marine Action Plan. The South West RDA also worked with colleagues in Wales and Scotland to ensure that the UK's combined offer for developing marine energy technologies is effectively marketed.

NINJ explicitly directed the RDAs to pursue a centrally determined economic policy, seen by some as significantly reducing regional autonomy. However, it also enabled RDAs to lead on significant national economic development projects. For example, the South West RDA led and won a national competition for the consortium for the National Composites Centre in Bristol, which involved bringing together leading multi-national aerospace businesses and higher education institutions. This is based at the Bristol and Bath science park (S-Park), another South West RDA investment.

Although its funding role was significant, arguably of equal value was the role of the South West RDA in leadership and brokerage. As an impartial player the South West RDA was able to bring organisations together in neutral settings to enable collaborative ventures that would not otherwise have happened.

This was particularly true with private companies where sharing of information would not normally happen, as this would have been seen as sacrificing commercially sensitive issues. For example, the South West RDA's Skills Team were able to bring together some of the major players in the aerospace sector, to identify common skills shortages which helped shape the work on the skills agenda. One result of this work was the development of a Talent Retention programme to ensure that highly skilled workers shed by companies in the recession could be quickly redeployed in other firms. Another was the South West RDA's involvement in the development of the new skills academy for the airline industry.

Case Study: East of Exeter Flying Academy

In August 2009, the South West RDA agreed funding of £2.82 million to support construction of the East of Exeter Flying Academy. The £24m project will enable the airline to centralise all its training activities at a new bespoke facility at company headquarters at Exeter airport. This will help fill a looming skills gap in engineering in the South West, as well as support the growth of a company of strategic importance for the region.

An ageing workforce and recruitment of young people are key issues for the engineering industry in the South West. About a fifth of engineering establishments in the South West had hard-to-fill vacancies in 2008

The Academy will provide training for local people in skills areas that can lead to higher paid jobs. Exeter has a lower proportion of adults with level 4+ qualifications than the region as a whole. Average full-time weekly earnings in the city are also lower than the regional average (on 2006 and 2007 data). The Academy will enable airlines in the region to centralise their training and will ensure the relocation of flight simulators from Farnborough and Crawley. If the RDA and LSC had not agreed funding by mid-2009, this opportunity would have been lost.

Exeter College and Exeter University are also involved as partners and will benefit from the partnership with Flybe. The Academy has the potential to become the region's centre of excellence for maintenance, repair and overhaul, and is working with the Aerospace Training South West initiative and the RDA towards achieving this. The buildings have been designed to achieve the highest environmental standards, using natural ventilation and rainwater harvesting. It will be BREEAM excellent.

The Academy has agreed to other outreach activities such as hosting best practice and other visits in conjunction with the Manufacturing Advisory Service and the Leadership and Management Advisory Service.

The South West RDA also established Area Action Forces (AAFs) towards the end of 2008, in anticipation of the impacts of the economic downturn. They brought together a range of key partners from both regional and local bodies to provide a co-ordinated response to redundancies and company closures within region. This approach allowed partners to better share information, which ultimately reduced duplication of effort and maximised resources. The AAFs have worked with a range of sectors and company sizes - and by November 2010 they had supported 667 companies.

The South West RDA also hosted and funded Team South West, established by the RDA to promote the legacy of the London 2012 Olympic and Paralympic Games. Team South West works across the region through a network of partners who sit on the South West England Advisory Board for the 2012 Games – comprising 50 members. In addition, the South West England Executive and Operations Groups provide the strategic direction and implementation, working with the seven county working groups who, with the South West England Legacy Strategy for the 2012 Games activity leads, deliver the projects and programmes in skills and education, sporting events, volunteering and cultural celebration.

New Government, Transitions and Closure

Even before the General Election of May 2010, RDAs faced an uncertain time. The SNR had raised a level of uncertainty about regional structures; the then BIS Secretary of State, Lord Mandelson, indicated that RDAs would be reformed in some way if Labour remained in government and this was reflected in the Labour Party's manifesto for the 2010 General Election. The Conservative and Liberal Democrat Parties also both featured RDA abolition or a significant reduction in RDA's role in their election manifestos, particularly given their view that RDAs were a Labour Party 'project'. In addition, the 2008 recession had led to significant cuts in RDA funding and there was a growing interest in 'city regions' as drivers of economic development

The Labour Government was voted out of office in May 2010, replaced with a Coalition Government of Conservatives and Liberal Democrats. The Coalition formally announced the abolition of RDAs in their Emergency Budget on 22nd June 2010.

Initially the new Government said that RDAs would be replaced by Local Enterprise Partnerships (LEPs - which are joint local authority-business partnerships covering city regions or other 'natural economic areas'). Mark Prisk, BIS Minister said to the BIS Select Committee in October 2010 that one element of the Government's approach was "the formation of Local Enterprise Partnerships to replace the RDAs". Later they identified some RDA functions that will be passed either to national government departments, or to local authorities. The Government has since said that other RDA functions, for example, the RDA role in infrastructure and the economic development aspects of planning, will simply cease.

Inward investment, venture capital, leadership on growth sectors, and business support will go to Whitehall, while LEPs will have responsibility for regeneration, housing growth, transport, employment and skills strategies. However, the Government also said that if LEPs can make a strong case then some of the responsibilities that they plan to centralise could go to them.

Business Link, the previously separate business advisory and support service, which was transferred to the RDAs, will be replaced by a national website and telephone advisory service from November 2011.

At the time of writing (April 2011) the structures and objectives of LEPs are not clear. This is partly because the Government has made it clear that LEPs should pursue economic development based on local rather than nationally determined priorities. As a result LEPs, unlike RDAs, will have no statutory powers and no core funding from government. The business community has expressed concern that they do not know what will replace RDAs. The CBI's John Cridland said to the BIS Select Committee in 2010 "Any business in the High Street launching a new product would ensure that it didn't withdraw the old product until the new product was available, otherwise it would see a significant hit in turnover".

Proposals for seven LEPS have been submitted from the South West, four having been accepted by the Government (Cornwall and the Isles of Scilly, the West of England, Gloucestershire, and the Heart of the South West). Government ministers criticised others, partly as they were based on existing local authority boundaries rather than wider functional economic areas.

As at December 2010 the South West RDA had 274 staff to transfer or exit, 420 live Single Pot projects to manage out or transfer to other bodies, 98 ERDF and 378 RDPE projects and about 1,800 financially closed projects that may have ongoing monitoring requirements.

RDAs are committed to working with government and local partners to achieve a smooth and orderly transition to new arrangements, including the formation of LEPs, and to working with the organisations they contract with to deliver the projects funded by RDAs to ensure that public money is used correctly.

Chapter Two Insights

Creating RDAs in England - the Political Background

Devolution arrangements for Scotland and Wales, particularly since the 1960s, gave them significant advantages over the English regions when it came to economic development. Even before full devolution, which came in 1998, they were better equipped in a number of ways; for example, 'regional' administrative autonomy, co-ordinating capacity, Ministerial representation within British government, publicly-funded development agencies, inward investment and trade promotion bodies and administrative presence in Brussels. These enhanced capacities enabled them to adjust to economic changes better than those English regions which faced similar problems, such as the North-East and North-West. They had much greater capacity, for example, to develop, finance, co-ordinate and manage programmes for inward investment, which in turn has resulted in overseas investment to English regions.

In the 1980s with the relative economic decline in parts of northern England and within other regions, there were growing calls for the social and economic disparities between English regions to be addressed. The 1990s saw a greater emphasis on the need for a suitable business environment for firms to flourish, with the key economic drivers seen as skills, investment, innovation, enterprise and competition. Previous regional economic development policies had focused on incentives and subsidies to invest in poorer performing regions; now the focus, as identified in the White Paper outlining plans for the establishment of RDAs, was on regions 'developing themselves'. Economic development would now focus on increasing the overall Gross Value Added (GVA) of all regions, rather than seeking to eradicate economic disparities between regions

During this period, Government Offices in the regions were established by the Conservative Government. They were conceived as the regional tier of central government, seeking a more effective and efficient government presence as opposed to a formal devolution of power. 1994 saw the first joined-up budget or 'Single Pot' approach to funding economic development via the Single Regeneration Budget (SRB). The programme channelled funding from many government departments to implement economic regeneration on a regional basis. It formed the basis of how Government Offices in the regions worked.

The 1992 Labour Party manifesto contained a commitment, based on their 1991 policy document, Devolution and Democracy, to create Regional Development Agencies with a focus on driving economic growth.

In 1996 the report "Renewing the Regions: Strategies for Regional Economic Development", was published by the Regional Policy Commission, chaired by Bruce Millan, a former Secretary of State for Scotland and EU Commissioner for Regional Policy. Whilst it was established by John Prescott it was not an official Labour Party document. It recommended setting up Regional Development Agencies (RDAs) based on the boundaries of the existing Government Office regions. They should "promote economic development in the region within an accountable and strategic regional framework. It was envisaged in the White Paper that RDAs, whilst having their first line of accountability to ministers, would develop an accountability to their regions through regional chambers, but would be 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."

During this time Hazell (2002) identified two separate streams in the development of the Labour Party's policy on regional governance; "one on the development of regionalism in the context of the wider programme of devolution; and the other the policy on regional economic development". The difficulty of or lack of willingness to differentiate between these two streams was to become an issue as the policy developed (see below).

In its 1997 general election manifesto the Labour Party committed to setting up the RDAs and in June 1997, after winning the General Election, Richard Caborn, Minister for Regions, Regeneration and Planning, announced a consultation which resulted in a White Paper, published in December 1997, "Building Partnerships for Prosperity". This set out the Government's plans for RDAs in each of the English regions.

The White Paper set out the vision for the creation of the Regional Development Agencies "to promote sustainable economic development and social and physical regeneration and to coordinate the work of regional and local partners in areas such as training, investment, regeneration and business support" (1997, p.3).

Two key themes in the White Paper were that RDAs were required to integrate economic, regeneration and inward investment activity, and address the poor performance of the English regions, in GDP terms per head, relative to European counterparts.

The Paper found that "only two English regions meet or exceed the EU average. The equivalent figures for Germany and for France are 3 out of 8 and 11 out of 16" (1997, p.5). The international perspective fed into proposals for assessing the performance and success of the agencies, against comparable regions elsewhere in Europe.

In his speech introducing the White Paper to Parliament, John Prescott highlighted the economic gap between regions in England and Europe as a main justification for the creation of the RDAs. In response, the Sir Norman Fowler agreed that everyone supported the goal of regional development but that the issue in question was how to achieve this. He criticised the RDA model as unelected "creatures of Whitehall", "unaccountable to the public" (Commons Hansard 3/12/97, 359).

"They provide a much needed opportunity to give strategic direction and coherence to efforts to promote the economic development of the English regions"

CBI news release, 2001

The White Paper, whilst stating that its purpose was to set out "the Government's plans for the development of England's regions" through the establishment of RDAs, clearly placed this within the wider longer term agenda for regional governance. In the preface John Prescott reiterated the Government's commitment "to move to directly elected regional government in England" and that the "modernisation of the structures in the English regions is part of the wider reform of the governance of the UK and in particular the devolution of powers to Scotland and Wales". RDAs were to be accountable to Minsters, but responsive to regional views" (1997, p.26 emphasis added).

The upwards accountability reflected an intention "not to take powers or resources away from local authorities" (1997, p.23). As such the creation of RDAs was conceived as a process of administratively moving functions down from central government with the aspiration that this would be augmented by the development of democratic regional structures. John Prescott set out this second dimension of accountability by which RDAs would need to be accountable to their regions, with local groups, particularly elected local authorities having a right to influence the work of RDAs. This was articulated further in the Labour Government's consultation paper on RDAs (June, 1997) which said that the Government wished to see them "fully responsive to the needs of their region and able to be called to account locally".

The proximity of the policy on RDAs and those for elected regional government has led to the two policy areas being closely linked, for example, when addressing the so-called 'English Question' (see "Westminster and the English Questions, UCL, and the House of Commons Research Paper "Regional Government in England"). This became significant later when, in 2004, these plans were dropped.

Another issue for RDAs was that they became seen as essentially a project of the Labour Party. In other European countries the regional tier was seen as providing the administrative arrangement for the delivery of economic development policy, and, as such was not subject to the level of politicisation that occurred in England.

It is worth noting at this point that in Europe regional structures were used to fulfil particular functions. In England, whilst initially proposed for economic development, regions were also promoted by some within the Labour Government, such as John Prescott, as a means of continuing the devolution agenda. It may be that proposing a regional governance structure and boundaries that did not necessarily reflect the original function of the regions was one of the reasons regionally elected chambers were eventually rejected by the electorate

see Chapter Two - Insights

'Regional Governance Issues'... page 29

"There is a real need to stimulate the economic performance of our regions and businesses, as ever, we are keen to see delivery of change on the ground. Continued focus on outcomes, resources and engaging business are key to RDAs realising their early promise. The expected regional White Paper must also show how institutional arrangements can be improved to strengthen further the effectiveness of RDAs" Digby Jones, Director-General of the CBI, 2002

During consultation on the RDA bill further concern was expressed over the accountability of RDAs. As outlined above the White Paper had made clear that the Government would not be immediately implementing elected regional government; rather it would consult on this. And it had proposed voluntary regional chambers whose views the RDAs should take into account. So the bill proposed new, non-elected Regional Chambers (later to become Regional Assemblies) whose membership was made up of 70% local councillors & 30% other stakeholders within the region, but whose responsibilities were restricted to consultation with and scrutiny of RDAs. The Regional Assemblies and RDAs were also expected to work together with Government Offices as a 'troika' of regional governance bodies.

The nine regions that the RDAs were to cover were also to be used as England's European Parliamentary constituencies and as the statistical NUTS² level 1 regions, as well as the boundaries for the NHS Strategic Health Authorities (except in the South East, which was divided into two).

² Nomenclature of Units for Territorial Statistics – Eurostat's classification of spatial units for statistical productions across the EU.

Regional Governance Issues

In 2002 the Government returned to its 1997 manifesto commitment to establish directly elected regional assemblies. This had not been addressed in the 1997 White Paper "Building Partnerships for Prosperity" which proposed the setting up of RDAs. In that paper RDAs' ultimate democratic accountability was clearly stated as being to Ministers, with voluntary regional chambers consisting of local authority elected members and representatives from other sectors. One significant reason that directly elected chambers were not pursued at the time was the lack of enthusiasm in the then Cabinet for further devolution to the English regions. In addition, given the RDAs' direct accountability to ministers, the White Paper did not see directly elected assemblies as being necessary for the formation of RDAs.

However, during 2002, key players had praised the regional approach to economic development, including Gordon Brown, Stephen Byers and David Blunkett. John Prescott led on producing a White Paper which was published in 2002 entitled "Your Region, Your Choice: Revitalising the English Regions". It pointed out that the English regions are "virtually the only regions within the EU which do not have some form of democratic governance" and put forward proposals for elected assemblies for the English Regions.

However, perhaps as a reflection of differing commitments to devolution amongst Cabinet members, the powers to be passed to the regional chambers were fairly limited as were their resources. The powers included some responsibility for the RDAs but not for the Learning and Skills Councils or the Small Business Service, with a resulting limit on funds. In addition the chambers would be created alongside a commitment to wholly unitary local government.

Writing at the time of publication one commentator said "There must be doubt whether electors will be willing to vote for such assemblies in regional referendums or to turn out for regional elections" (Sandford, 2002a). The North East region was chosen to pilot a referendum due to its perceived strong regional identity and history of economic deprivation. But the referendum, in November 2004, resulted in a strong 78% "no" vote, to the surprise of those supporting the plans, including key players within government. Plans for similar referenda elsewhere were scrapped, effectively putting an end to plans for elected regional assemblies.

A possible reason given for the rejection of the assemblies was the Government's unwillingness to devolve significant levels of power and resource to the RDAs allowing the public to see how they were having a direct impact on the regional economy. The proposed assembly was therefore seen by some "as a mere talking shop, because of its lack of substantive powers" (Hazell, 2006).

Following this episode the Government pursued what has since been called "New Labour's rather chaotic top-down approach to decentralisation" (Stoker, 2005, cited in Ayres, 2010). Whilst RDAs were provided with further flexibility of expenditure and were involved in decisions about Regional Funding Allocations, the Government did not act to demonstrate the democratic accountability of RDAs to Ministers, which was increasingly challenged by opposition parties and elements within the media. This perceived lack of accountability was also picked up by some academic commentators. It played some part in the 2005 general election: although the Conservative Party did not mention RDAs specifically in their election manifesto, they made a commitment to cut or abolish 168 public bodies.

However, increased budgets and flexibility has contributed to a greater administrative regional decentralisation in contrast to the lack of political decentralisation. The commitment of government to this process helped RDAs increase credibility within their regions.

Accountability and Reporting

As the RDAs were given increased responsibilities, they were also subject to increased reporting mechanisms.

In addition to their direct accountability to the relevant government minister, RDAs were scrutinised by local authorities and other social and economic partners in their regions via the Regional Assemblies (see Chapter Two Regional Governance), and engaged with them to share information and best practice, to develop capacity, and to help support and strengthen partnerships including setting up jointly sponsored delivery vehicles. This led to a series of strategic reviews by the Regional Assembly on aspects of RDA work.

The national outcome targets, introduced in 2002, were divided into three Tiers: Tier 1 linked to the statutory purposes of the RDAs as defined in The RDA Act and were common to all RDAs; Tier 2 targets were related to the Government's growth agenda and were about measures to increase employment and productivity; Tier 3 were outcomes the individual RDAs would achieve through their own activities and which contributed to the achievement of tier 2 targets (see DTI Performance Monitoring Framework Guidance, 2002).

After some time these targets were criticised by the National Audit Office (NAO) for diverting activities away from regionally agreed priorities. Following the Comprehensive Spending Review in 2004 in an attempt to simplify RDAs reporting arrangements, the Government replaced the outcome targets with the Tasking Framework in 2005. This combined Public Service Agreement (PSA) targets with regional targets set out in the Regional Economic Strategies, as well as outcome indicators set by Treasury and government spending departments. The core outputs focused on –

- Employment creation; the number of jobs created or safeguarded
- Employment support; the number of people assisted to get a job
- Business creation; the number of businesses created and demonstrating growth after 12 months and businesses attracted to the regions
- Business support; the number of businesses assisted to improve their performance
- Regeneration; public and private investment levered, including reclaiming and redeveloping brown field land
- Skills; the number of people assisted in their skills development.

RDAs, through their accounting officers, have also had to adhere to the Treasury guides on Managing Public Money, and Regularity, Propriety and Value for Money.

A further reporting mechanism was introduced in 2007 with the NAO's independent performance assessments (IPAs) which bought together self-assessments with NAO evaluations. In spite of some concern amongst RDAs about this process all were rated as performing "well" or "strongly". These were recently updated in supplementary reviews published in July 2010 and the South West RDA was rated 'good'.

RDAs were also scrutinised by the relevant Select Committee. In 2008 the BERR Select Committee noted "the broad and strong consensus about the need for a level of governance between central government and local authorities and is satisfied that regional development agencies serve a useful function" (BERR Select Committee, 2009)

In one of the largest independent evaluations of its type, commissioned by the Department for Business, Enterprise and Regulatory Reform (BERR, now BIS), PriceWaterhouseCoopers found that between 2002/3 to 2006/7 each \pounds invested by RDAs directly benefited regional economies by \pounds 4.50 rising to \pounds 6.40 if future benefits were taken into account. The report also found that the RDAs had levered \pounds 5.7 billon of private sector expenditure into the English economy.

For the period 2010/11, as part of a national RDA Performance Framework, RDAs have been required to make six monthly reports to their sponsoring Department (BIS) reporting progress against the following six core outputs:

- Jobs created or safeguarded
- Businesses created
- Businesses supported
- People assisted in skills development
- Cross-Regional collaboration
- Carbon reduction.

With the demise of the policy of directly elected Regional Assemblies the RDAs were given further accountability to Regional Ministers and to a Parliamentary Regional Select Committee. However, these were abolished following the May 2010 general election.

A further form of scrutiny was that all RDA investments required a business case compliant with HM Treasury's 'The Green Book; Appraisal and Evaluation in Central Government'.

Chapter Three Headline Data

Headline Data

This section presents some data about the South West RDAs financial and delivery performance. For economic data about the region please refer to The Economics Story.

ES Read more...

Financial Data

RDAs are financed through a single budget (the Single Pot), a fund which pools money from all the contributing government departments (Business, Innovation and Skills (BIS); Communities and Local Government (CLG); Energy and Climate Change (DECC); Environment, Farming and Rural Affairs (DEFRA); Culture, Media and Sport (DCMS); and UK Trade and Investment (UKTI)). BIS is the sponsor Department. The total budget for all RDAs was £2,260 million in 2009 -10 and £1,762 million for 2010 – 11.

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 run from 2007 to 2013 and together amount to £9bn. Associated administration costs have been provided by CLG (£6m), and DEFRA (£4m).

The Chart One shows the budgets for the South West RDA. The budgetary figures include receipts.

Chart One: South West RDA Programme Actual Budgets - 1999/00 to 2011/12

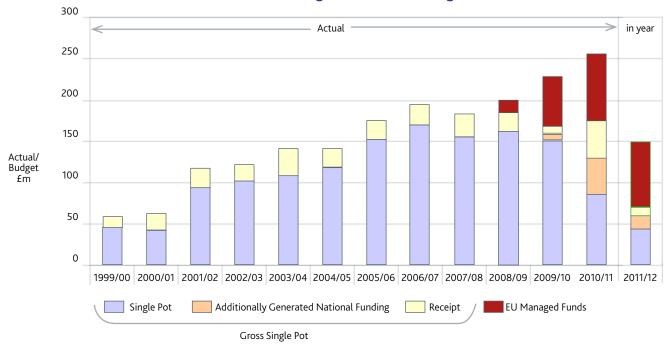


Chart Two shows the number of projects that the South West RDA was managing in any one year, along with the number of staff employed during that financial year.

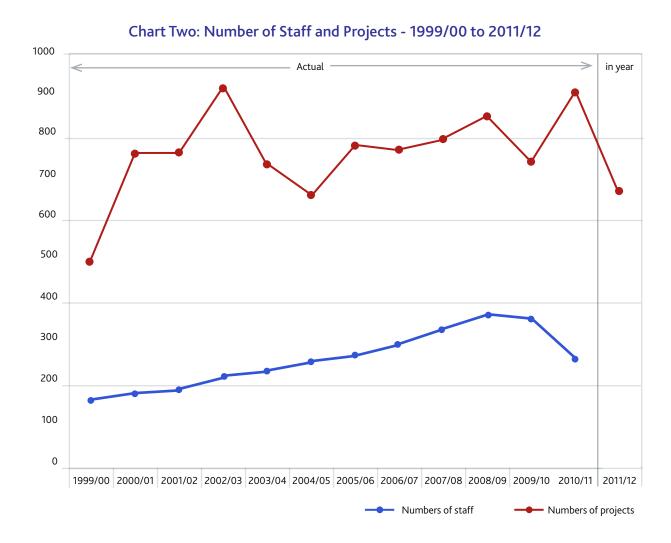


Table One: South West RDA Expenditure, Staffing and Projects

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Single Pot	47,151	44,737	96,159	102,840	105,849	117,400	151,172	170,696	157,277	169,657	152,845	88,605	43,933
EU Managed Funds	-	-	-	-	-	-	-	-	-	12,000	65,157	87,139	82,039
Receipts	11,464	18,941	24,270	21,259	34,652	25,329	27,646	23,648	28,215	19,898	10,737	44,041	8,500
Additionally Generated National Funding	-	-	-	-	-	-	-	-	-	-	3,543	40,208	15,000
Number of Staff	163	180	197	227	238	259	277	303	348	362	339	242	
Number of Projects	500	750	750	891	727	663	763	747	792	834	704	886	669

Table Two: South West RDA Spend by Year and by Category of Expenditure (£m)³

	Business	People	Place	Low Carbon	Other (incl. National projects & Admin)	Total/Year
1999/00 - 2001/02	£12,075,377	£56,817,338	£190,381,713	£21,955	£64,781	£259,361,164
2002 - 2003	£11,104,029	£21,599,767	£73,244,348	£155,899	£12,262,432	£118,366,475
2003 - 2004	£36,028,813	£23,770,656	£52,585,740	£342,801	£11,998,964	£124,726,974
2004 - 2005	£38,002,266	£28,106,827	£56,241,796	£239,278	£10,915,537	£133,505,704
2005 - 2006	£48,467,061	£25,490,057	£83,377,257	£416,230	£13,255,117	£171,005,722
2006 - 2007	£61,054,060	£17,218,765	£79,944,675	£487,151	£15,210,360	£173,915,012
2007 - 2008	£62,813,734	£8,662,553	£81,253,272	£805,599	£1,563,665	£155,098,823
2008 - 2009	£63,023,026	£8,414,351	£84,924,855	£2,476,876	£947,804	£159,786,912
2009 - 2010	£91,559,730	£13,815,198	£92,236,295	£4,052,252	£34,662,741	£236,326,216
2010 - 2011	£145,287,170	£9,384,316	£50,484,603	£10,784,695	£31,618,410	£247,559,194
Total spend	£569,415,267	£213,279,828	£844,674,554	£19,782,735	£132,499,811	£1,779,652,194

Note: These figures include all ERDF expenditure as all amounts are paid out of Single Pot prior to being claimed back in ERDF. The 2010/2011 figures include all expenditure to the end of October 2010, plus profiled amounts to the end of March 2011.

³ Source; South West RDA internal programme management financial records and South West RDA Annual Reports and Accounts

⁻ available on the South West RDA website - www.southwestrda.org.uk/resources/publications.aspx

Output Data

Between 1999 and 2002 RDAs were in receipt of 14 separate funding streams from different government departments and were bound by 147 output targets/metrics. As these were collected using different departmental systems there was no central record kept.

When the Single Pot was introduced in 2002 new combined output targets were defined and these were recorded by each RDA. Following the Comprehensive Spending Review in 2004 a further refinement of these targets was introduced and a similar exercise occurred in 2007, with new targets set from 2008. These changes mean that it is not always possible to add up or compare one year to the next. Table two shows outputs achieved according to the definition in use for the given year.

Outputs were collected according to defined criteria and projects had to verify each output with supporting evidence. Project outputs were collected to meet contract targets, therefore if projects have achieved more than their contracted target the 'extra' outputs may not have been recorded. Outputs were therefore reported as 'gross', not apportioned according to RDA investment, or taking into account what would have happened without RDA investment. Outputs are therefore an indication of the range of what the RDA achieved rather than a precise account.

Table Three: South West RDA Outputs 2002 – 2010⁴

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
01 Jobs created/safeguarded	6,508	6,024	6,060	6,301	5,549	5,931	2,914	6,848	8,217
Foreign Direct Investment jobs	1,320	2,864	2,467						
05 Employment Support				1,913	1,936	1,870	2,760	5,458	978
02 New Businesses Created	525	218	225	198	271	632	604	2,342	984
03 Business assists				8,766	15,898	16,163	17,928	15,397	5,202
Business collab UK knowledge base				734	647	916	1,236	611	224
£million Private sector finance in deprived wards		£54 million	£82 million						
07 £million Public & Private investment levered				£217 million	£255 million	£270 million	£143 million	£193 million	£120 million
07 % Private levered				71%	59%	76%	48%	68%	59%
04 Brownfield Land	149	149	146	94	86	93	161	46	53
06 Skills	6,816	9,516	8,532	19,599	25,348	18,264	30,832	15,073	14,148
06 Basic Skills	157	1,697	307	675	497				
06 NVQ 2 Skills	256	401	363	1,104	1,266				

In 2009 the then Department for Business, Enterprise and Regulatory Reform (BERR) commissioned an independent assessment of the economic impact of each RDA and the impact of the RDA network as a whole. The report covered the period 2002/03 to 2006/07 and sought to quantify economic impact in terms of Gross Value Added (GVA). The report concluded that for every £1 spent by Regional Development Agency projects, on average, £4.50 of economic benefit. The South West RDA continued to monitor its impact and in 2010 demonstrated an upward trend of a return on £5.43 for every £1 spent. A key achievement in the South West is leveraging of additional funds so, for example, the impact report found that over the lifetime of the South West RDA, regeneration projects levered in £22.50 for every £1 of expenditure.

⁴ Source: internal South West RDA programme management records and published South West RDA Annual Reports and Accounts – available on the South West RDA website - www.southwestrda.org.uk/resources/publications.aspx

Strategy

Table Four: Significant External Milestones for the South West RDA

1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
1st Regional Economic Strategy	Foot and Mouth	General Election	2nd Regional Economic Strategy	Culture SW	Chair of Chairs	General election	3rd Regional Economic Strategy	SNR	Recession	Work with SLB	General election
Learning to succeed white paper	Regional Sustainable Development framework	Single Pot started	Regional Assembly	State of the Region Report	Sustainable strategy for farming & Food	The Way Ahead	Aerospace Lead	Regional Minister	Budget raids	New Regional Minister	Community Infrastructure Levy
	RA/RDA/ GOSW	DTI sponsor department	DCMS lead role	Haskins review of rural delivery	Sustainable Tourism Strategy		South West Debates	Floods in Gloucestershire and Cornwall	Reducing receipts	Regional Select Committee	Chair of Chairs
	Concordat	Regional Innovation Strategy	Egan Review	Sustainable Communities Plan	SW Future Scenarios		RSS draft	Energy White Paper	RETG	Regional Grand Committee	Single Regional Strategy
	Rural White Paper	SW /SE regional alliance on Broadband		SW Regional Compact (public bodies and VCS)	SW Fishing Strategy		Leitch review of Skills	Creative Britain	RDA input into PBR & Budget	RDA input into PBR & Budget	
	Urban White Paper				Regional Transport Strategy		2012 legacy strategy		Regional Business Forum	UK Low Carbon Transition Plan	
	International trade strategy								SW Low Carbon economic area	SW Science and Innovation Strategy	
										Digital Britain	
										Going for Growth	
										Low Carbon industrial	

1999/00

2000/01

2001/02

2002/03

2003/04

2004/05

2005/06

2006/07

2007/08

2008/09

2009/10

2010/11

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	
Grant in aid and Receipts	£58,615,000	£63,678,000	£120,429,000	£124,099,000	£140,501,000	£142,729,000	£178,818,000	£194,344,000	£185,492,000	£189,555,000	£174,525,000	£178,451,000	
EU funds (ERDF / RDPE)										£12,000,000	£65,100,000	£97,000,000	
	New deliver	y responsib	ilities										
	Single Regenerat	ion Budget		Regeneration									
	English Partnersh	nips		Physical Devel	opment								
Inward Investment				Inward Investment									
	Rural Developme	ent Commission		Rural Development									
		Regional Supply	Office	Procurement									
				South West Tour	ism	Tourism							
					RSA/SFI/GBI		Finance for Bus	siness					
					Statutory planni	ng role	Planning						
							Business Link		Business Supp	ort			
							Small Business S	Service	Small Busines	Support			
							Grant for R&D		Grant for R&D				
							Enterprise grant		Enterprise Grants				
							CA grants		CA Grants				
							S&IC		S&IC				
								2012 (Olympics)		2012			
								RDPE		Rural Progran	nme		
									ERDF	Convergence	& Competitiven	ess	
									S4B		Business Progra		
											Skills (SFA)	Skills	
											New Industry New Jobs	NINJ	

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mouth to Budleigh Salterton Railway | Mayflower Heritage Centre, Plymouth | Pitts
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eadership SW | Peninsula Medical School | Exeter University Innovation Centre - Phas
Advanced Engineering Skills Project (AESP) | St Austell Town Centre | Bristol Airport
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