

RDA v LEP – commentary: the coalition’s approach to recovery

So, post the budget, we are slightly clearer on the future institutional landscape for development and regeneration – RDAs will be abolished and Local Enterprise Partnerships (LEPs) established. This stark statement, however, hides a continued host of unanswered questions, and provides a major opportunity for local and sub-regional leadership teams to shape this crucial area of government policy.

On RDAs, the clearest indications from Vince Cable in BIS suggest survival of some sort of development structures beyond local and city-region scale in those “areas with the most problems” – which he defines as North East, North West, Yorkshire and Humber, and West Midlands. He promises to “rebalance” future resources to those areas. This is somewhat misleading. Over 2008-11 RDA resources for the four regions mentioned amount to about £3.4bn, with expenditure per head this year (after cuts) expected to be around £40 per person in North West, Yorkshire and Humber, and West Midlands, and £86 per head in the North East. Expenditure for the other four RDAs outside London (which is de facto a matter for the Mayor) has amounted to 50% of this - £1.7bn - for a significantly larger population. Per person spend this year is expected to vary only from £15 in the South East (i.e. roughly 17% of that in the north east) to £29 in the East Midlands. It is rather difficult to see how much scope there can be for “rebalancing” in this context – especially when one considers, for instance, that in absolute terms there are more people in poverty in the south east than there are in the north east; that some of the poorest sub-regions in GVA per capita terms are in the south west (e.g. Cornwall, Torbay); and that both the East Midlands and East of England have urban and rural challenges arguably as acute as many struggling areas elsewhere.

On LEPs, again the suggestions from CLG and BIS are currently vague - “bottom up” proposals from local authorities for LA-business partnerships in functional economic areas. Conservatives in March had also suggested majority Business membership and an independent business chair for LEPs – which makes them look rather like RDAs which also have a business majority on the board, and a business chair (8 out of 15). There has been some suggestion of city region and Multi-Area Agreement LEPs. Currently statutory city regions have been established in the North West (Manchester), and Yorkshire and Humber (Leeds), with similar arrangements mooted for Birmingham. Of the remaining 13 MAA sub-regions, there are only two each in the South East and South West, one in the East Midlands, and none in the East of England. And, if the criteria for LEPs are functional economic areas, this normally requires sophisticated collaboration across local authority boundaries, for which the traditions and understanding in the (often still two-tier) south is mainly far less well-established than in the north.

In the North, then, strong, proactive statutory partnerships at city-region/sub-regional levels can envisage formulating LEP proposals; reaching new understandings with new types of RDA/regional institutions to deploy what remains of development and regeneration funding – probably to lever mainstream public sector spend and private investment as the economy recovers. Much as government may deny it, this is very much continuation of the Labour “project” started with the establishment of RDAs in 1999 to improve and rebalance regional performance, and evolved through the Sub-National Review (SNR) of 2007 and the Total Place/Capital thinking of the March budget.

The real challenge, though, will be the “south” – little government money; institutional deconstruction and fragmentation; limited capacity traditions and commitment to growth outside

the RDAs; and significant development and regeneration challenges. Is this where the whole coalition approach to UK recovery comes unstuck? London needs the space to grow in southern regions if it is to remain a world city; and government needs the fiscal receipts of growth in the south if it is to continue to resource regeneration of the north. Paradoxically, the conservative and libdem leadership teams of the south will be under much more pressure from the likely approach of "their" coalition government, than they ever were during the Labour years.

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