



# **Lessons for Policy from Establishing and Running the former Northwest Development Agency**

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March 2019

The following Think Piece has been submitted to the UK 2070 Commission in response to its Call for Evidence. The views expressed are those of the author, and not the Commission.

## Paper 5d: DID THE RDA'S WORK?

### Lessons for Policy from Establishing and Running the Former Northwest Development Agency : Mike Shields CBE, BSc, Dip TP, MRTPI (Rtd).

#### Context

It is 20 years since the establishment of Regional Development Agencies (RDAs) for all the English regions, in the Regional Development Agency Act, 1998<sup>i</sup>. The Act set out succinct objectives for the new organisations, as follows:

'A regional development agency shall have the following purposes:

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

It is worth noting that these purposes say nothing about closing the gap between economic growth in different parts of the UK. It almost goes without saying that if regional inequalities in growth and wealth are already high, RDAs all pursuing similar growth strategies in their own areas would do nothing to close them. Technically the RDAs were asked to deliver a 'Public Service Agreement' to 'improve the economic performance of all English regions and reduce the gap in economic growth rates between regions'<sup>ii</sup>. Yet even if identical growth rates were achieved in all regions (which would be a considerable achievement) the economic gap would not be closed; in fact, as simple arithmetic demonstrates, it would increase. So any claim that RDAs 'failed' because they did not close the economic gap is simply untenable<sup>iii</sup>.

The Act gave the Agencies a range of powers and responsibilities. Amongst the most important was the requirement to formulate and keep under review a strategy, and to have regard to the strategy in exercising its functions. As far as the Act was concerned the strategy could be wide ranging (but it would not be a plan for the constraining statutory purposes of the Town and Country Planning Act). This gave the RDAs considerable freedom of manoeuvre. Regional planning, for the essentially regulatory purposes of the planning act, was given to the indirectly elected North West Regional Assembly.

A second point relates to the powers given by the Act to vest and acquire land. The Act gave the Secretary of State the power to vest publicly owned land in the RDA and gave the RDA power to acquire land by compulsory purchase 'for its purposes or for purposes incidental thereto'. This was potentially a sweeping power, especially as it was backed by an organisation with considerable expertise and resources, over a long timescale. Such powers were used in the North West – see Appendix 1 – and were effective in helping to secure the capture of some land value increases consequent on public investment (as was also true of the former Land Authority for Wales and the UK new towns programme). The potential incremental up lift for residential land value capture in England over the next 20 years has been estimated at £185 billion<sup>iv</sup>.

The origins of the RDAs lay in John Prescott's 'Alternative Regional Strategy', formulated by Prescott and his advisors, including David Taylor, in the years before Blair's New Labour came

into power<sup>v</sup>. Prescott was a significant figure in Blair's cabinet, initially as Secretary of State for Environment, Transport and the Regions. His alternative strategy had been formulated after extensive regional consultations. Behind it lay a sense of envy in the English regions of the powers and resources available to the Scottish and Welsh Development agencies. The crucial difference of course was that these agencies were subject to 'devolved' Ministerial control, via the Scottish and Welsh Offices and their respective Secretaries of State (and later by the Scottish Government and Welsh Assembly Government). So there was an evolutionary path to autonomy and democratic control in Scotland and Wales, which was absent in England. The English RDAs were run by boards of business people, local politicians and others, appointed by the Secretary of State and his London based civil servants

Initially the RDAs were funded from diverse sources from a variety of central government departments, but early in their existence (in 2002<sup>vi</sup>) they successfully argued the case for 'single pot' funding – essentially a block grant, although still drawn within Whitehall from various departmental budgets – which gave them a considerable degree of operational independence (discussed further below). However this drain on departmental resources, without specific controls on programmes and projects, cannot have been attractive to individual government departments.

The Agencies were initially established by seconded teams of civil servants and local government officers in late 1998. The NWDA Chief Executive was appointed on the 14<sup>th</sup> Dec 1998 and the Agency became operational in April 1999. The NWDA budget in 2000 was a little less than £200m, increasing to an annual average of around £400m until abolition<sup>vii</sup>. Although they inherited skilled and experienced staff from regional offices, regional inward investment agencies, English Partnerships and the Rural Development Commission, they were also able to recruit new staff into new structures, so further talented people from local government, the private sector and the civil service moved into the new agencies.

The following sections of this paper set out the experience of the Northwest Development Agency, as seen through the tacit knowledge and direct experience of some of those closely involved.

The Coalition government abolished the RDAs in 2011. It did so without explicit evidence and largely on the basis that expenditure needed to be reduced. Abolition was all about cost saving, as was made very clear by the Secretary of State responsible for abolition, Vince Cable. He had published a 'Reform' paper<sup>viii</sup> before the election (in 2009) arguing that the RDAs would probably have to go in order to eliminate their budgets of approximately £2.3 billion per annum. The fact that the RDAs were all focussed on helping to grow their regional economies and so contribute to enhanced GDP figures for England does not seem to have been taken into account.

Following abolition there was little or no objective evaluation of the RDAs and the few academic papers which do exist are thin. There was an evaluation of the RDAs by the National Audit Office (NAO) prior to abolition. A final report by the NAO in May 2010<sup>ix</sup> concluded that NWDA had demonstrated strong performance in delivering programmes that offered high value benefits for the region; had demonstrated good performance in implementing its plans; and good performance in management processes and procedures to reflect the results of evaluation. This reflected an independent performance assessment carried out by the NAO in

2006, when NWDA scored 20 points out of a total maximum of 24, scoring strongly on ambition and prioritisation. The report concluded that 'NWDA had clear vision of what it wants to achieve... It has a good track record of success in many areas... is good at painting a big picture of what it wants to achieve...and clear ambitions which are understood...the quality and commitment of staff is very high'<sup>x</sup>.

Before abolition of the RDAs all business organisations in the North West, including the CBI and the Federation of Small Businesses, wrote to the Secretary of State urging retention of the RDA. But by then it appears that decisions had already been taken - and in a climate of retrenchment by government as whole it may have proved more acceptable for the first wave of cuts to fall on bodies outside Whitehall.

The stimulus for writing this paper comes from two sources. First the establishment of the UK 2070 Commission, chaired by Lord Kerlake, which is looking at regional inequalities and problems across the UK, and what might be done about them post Brexit. Second the calls which are beginning to emerge from various quarters for the reestablishment of English RDAs or similar bodies: these include Sir John Armitt, now the Chair of the National Infrastructure Commission, in a speech he made shortly before accepting this position<sup>xi</sup>. Similarly the recent IPPR Commission on Social Justice argues for the establishment of 'economic executives' or regional economic authorities, based on 'meta regional' areas (larger than the previous standard regions) which, in all but name, appear to be RDA type bodies<sup>xii</sup>.

So the objectives for this paper are to:

- Review the early experience in the NW, mainly using tacit knowledge
- Be as balanced as possible, looking at achievements and weaknesses, as well as the critical issues of politics and effective leadership
- Derive some lessons as a guide for policy makers considering the case for regional policy post Brexit, and specifically considering the case for organisations similar in nature to the RDAs

## **Setting up the RDA**

The first task in setting up the RDA was to develop a clear understanding of the Chairman's views and priorities for the external modus operandi of the Agency and its early priorities/direction of travel - and discussing how the Chair/CEO relationship would best work. Once the style and modus operandi of the Agency were agreed with the Chair, it was important to develop an initial understanding of the objectives of each Board member, as they were appointed.

It was then necessary to understand the various inherited programmes (Single Regeneration Budget etc) and the people running them. This understanding had to be transmitted to the Chair and Board. Effective working relationships had to be fostered with Government Office North West (GONW) and with the defined Central Government representatives, principally the Department for Trade and Industry (DTI).

The senior structure of the Agency had to be determined and agreed with GONW – defining the Executive Directors and their responsibilities (Policy, Business Development, Finance, Regeneration, Marketing and Corporate Services) – followed by the process of advertising and

their appointment. The initial structure for each Directorate was agreed with the newly appointed Director, including ensuring the assimilation of transferred staff.

Early contact with the Local Authorities was vital, and their groupings where they existed (eg Association of Greater Manchester Authorities) and with the indirectly elected Regional Assembly, which had a scrutiny role in relation to the NWDA.

## **Building effective relationships with central and local government**

### *(a) Local Government*

The Chief Executive (CX) was a NW based CEO for 20 years working in 2 Metropolitan Districts and a UDC involving the same 2 Metropolitan Districts ( in Greater Manchester) and was able to immediately use his contacts initially in GM and then across the Region. Very much in demand, the CX visited local authorities and met with county based groupings of CEOs whenever asked and took the opportunity each time to look and listen, always responding positively to meeting requests. Particular effort was put into developing links with the non-City Region county areas of Cumbria, Lancashire and Cheshire, all of whom were initially concerned not to be dominated by the Manchester and to a lesser extent Liverpool City Regions. This paid many dividends during the first five years particularly in Cumbria where the concern about isolation and potential domination by the Greater Manchester and Merseyside City Regions was most keenly felt. It was very important to ensure that the District Authorities in each County area were given time and not treated as being of less importance than their County. Relationship issues in all the Counties including the 2 City Regions, were always present and always important to recognise.

Relationships with the Regional Assembly were sometimes difficult at officer level – the elected members were much more relaxed. Some officers felt that the RDA should be answerable to the Regional Assembly and deliver on its priorities. In many cases the issues were common, but not always. The RDA reported to its Board and the Chair to Ministers. The CEO was also accountable to the Permanent Secretary and the Public Accounts Committee and responsible to the Chair and the Board. This issue of Accountability was always under the surface, particularly with the Regional Assembly officers. The issue ought to have been openly addressed very early in the life of the RDAs. The principle that they would transfer from being answerable to Ministers to a directly elected Regional Assembly (the existing Assembly was a voluntary grouping of Council Leaders without any direct Regional elected accountability) should have been made much clearer much sooner. This was certainly felt to be the right solution to this issue, which sadly foundered when the proposal went to a referendum in the North East which said no. The reasons for this need to be carefully examined and understood if the concept of a Regional Elected Authority is to be reconsidered in the future.

In summary, the RDA coped with being regularly criticised for being democratically unaccountable by ensuring that it did in fact listen and learn from the views of the people and their elected representatives and of business, across the Region. Over the early years the Agency succeeded in this insofar as it was possible. It was a very important part of the Agency's modus operandi but in the end, real directly elected accountability was needed.

### *(b) Central Government*

Here relationships were much more streamlined and effective - essentially down to the fact that the 8 RDAs (then 9 when London was added), decided at the outset at their regular Chairs/CEOs meetings, that they would focus on matters on which they could all agree and not seek to present major issues to government which were divisive across the Regions. That unity of approach, built on the growing trust between the Chairs and between the CEOs, presented a very strong and clear position to government. Care was taken also to seek to offer agreed proposals/ways forward to tackle the issues raised. The first major success was the agreement of government to move from departmental based funding (several departments but mainly the Department for Environment Transport and the Regions, DETR) when our remit was essentially about the development of our Regional economies, a DTI responsibility. The development of the Single Pot concept, supported by the Treasury, meant that all funding was brought together into one funding stream, and the responsibility for its use transferred out of Central Government to the RDAs. At the same time, the Government Departmental responsibility was moved from DETR to the DTI. All this was a game changer which came about because the RDAs spoke with one voice, developed a strong case for change and had direct access to Ministers.

There were regular meetings with DTI and other Ministers every 2/3 months; an annual meeting with the Chancellor and one with the PM. These Direct meetings of Chairs (accompanied by their CEOs) with Ministers were a particularly powerful mechanism. 10 business people being forthright on the issues and their views on what needed to be done were a real breath of fresh air – not always appreciated by the civil servants!

There was also a regular two way dialogue with the DTI by the CEOs – essential to keep each other informed of the others views/position on issues as they arose. Other departments were also involved whenever necessary and on some occasions (e.g. the foot and mouth crisis) there was direct discussion with other departments on specific issues. These regular meetings meant that all issues could be aired/discussed at a senior level and kept 'alive' for future discussion whenever needed. The RDAs had a high profile in Government which was very valuable when government decisions were needed, but also kept pressure on the RDAs to deliver and manage their growing budgets effectively.

### **The role of the RDA and its unfulfilled potential**

The approach adopted was to encourage all forms of economic regeneration impacting positively on the development of the Region's economy. The five county based offices, whose remit was to act as an enabler/facilitator to help make relevant things happen in their area, were the eyes and ears of the Agency and rapidly became fundamental to its overall effectiveness becoming a first port of call for public and private sector initiatives that needed support of one form or another. The attitude to encouraging regeneration and economic growth was not to set the Agency up as an implementer – we were not in business, not developers, not long-term investors and so on. Our role was to offer support; to facilitate solutions; to contribute to discussions about proposals/ideas as a 'critical friend' aimed at helping to get ideas into a state where success was deemed likely if appropriate support was forthcoming. That support ranged from comment/advice at one end of the scale to major investment at the other. The Agency supported independent analysis of proposals (feasibility

studies by respected experts) and then reviewed what was needed to make the project successful.

It was important to ensure that the public sector got effective value for money for any prospective investment. Not all projects went forward. We aimed to provide the minimum level of support necessary to kick start projects, from feasibility studies, to grant aid to direct investment where that was deemed an effective use of public funds. So, it is no surprise that so many projects which have come to fruition over the last 10 to 15 years can point to NWDA support as being important and often fundamental to their successful development. Had the RDA been supported by the coalition government instead of being closed to save money, this positive impact on the growth of the NW economy would undoubtedly have continued and become even more significant.

Growing and developing regional economies is a long term endeavour, principally driven by the private sector. Carefully tailored support from the public sector of the nature described above, can and does accelerate that process but it needs to be seen as a long term matter. The short-term horizon of governments makes this a difficult objective to achieve. It is essential that the English Regions are in a more effective position to drive this type of public support without depending unduly on the vagaries of Central Government support - particularly once we leave the EU. Sadly for the RDAs that was not to be with their abolition in 2011 and a resultant severe fall off in such supportive activity which could not be effectively addressed by LEPs (with no powers or meaningful resources), nor by the unstructured vagaries of Government devolution policy.

Strong regional governance is a vital ingredient in the quest to achieve parity of achievement in the distribution of public resources across the English Regions, an issue which has grown in importance ever since the end of World War 2, over 70 years ago. The very stark emphasis in public investment into the already successful regions of London and South East England to the detriment of all other regions exacerbates the disparity of performance between London and its mega region and the rest. The development of effectively funded English Regional Authorities could begin to close the gap and add significantly both to the growth of the 'disadvantaged' regions and to the overall benefit of the national GDP. With an all-party approach to such effective devolution of both powers and resources, the wealth of the nation as a whole can be radically improved. But it must become a long-term venture.

### **Key achievements and challenges in the initial years**

The initial challenges revolved around setting up an effective Agency organisation at the Regional and County level as well as developing effective links with Central and Local Government – see discussion above.

The next big challenge was preparing the first NW Regional Strategy. As the RDAs were required to do this in the 3 months before becoming operational, the first Strategy was inevitably a high level document utilising available information, without time to conduct any bespoke in depth assessment of the economy, although it must be said that many of the most important strategic projects later delivered first found their voice in the initial strategy. The

Strategy was updated regularly and became much more information based and relevant in later years.

It was crucial to quickly develop effective regional based working links to the main drivers of the economy such as aerospace, automotive, chemicals, digital industries, environmental technologies, biotechnology, food and drink and financial services. This was fundamental to the Agency being able to hear at first-hand what these industries saw as the problems and opportunities facing them and agreeing how best the Agency could assist in dealing with the problems and realising the opportunities. At the same time the Agency established close working arrangements with the NW Universities Association, to help to foster the very many ways in which each of those Universities could contribute to the economic development of the Region. The establishment of the NW Science Council, chaired by the private sector and bringing together the Research/Strategy Directors of the Region's major industries was another important innovation, aimed at giving those industries a strong collective voice in looking forward, and advising on the major opportunities ahead. Government supported this approach and announced £174M of support funding for NW science.

The Agency worked alongside the Ministry of Agriculture, Fisheries and Food (MAFF), helping to tackle the huge impact of the foot and mouth outbreak, particularly in Cumbria, on the tourism sector and all its allied industries. A £16M programme of support was rapidly put in place followed by the development of a Rural Recovery Action Plan.

Government took a disappointing decision to locate Project Diamond (fourth generation light source and allied research) at Oxford, and not at Daresbury, which was the home of the existing third generation light source and associated research, and one of very few government funded research centres in the north of England. It is a good example of the huge regional disparity in the distribution of major research funds in England, sucking resources into the South East. The response led to the establishment of the NW Science and Daresbury Development Group aimed at helping the development of the region's science base and to securing government support to joint university based research funding aimed at fostering greater co-operative working between the region's universities and their closer working with the research capacity available at Daresbury. Today, 'Sci Tech Daresbury' is one of the region's most important concentrations of science and innovation.

Launching the Liverpool Vision Strategic Regeneration Framework (building on the strengths of the city as an engine for growth to support the regeneration of Merseyside and the NW) provided a strategic framework within which the Agency was able to support several major projects. In those early years there was difficulty in establishing effective joint working across the Districts of Merseyside, reflecting a wider problem of co-operation which was gradually resolved over subsequent years. The Launch of the New East Manchester Regeneration framework provided a similarly effective Strategic Framework for investment decisions, including Agency investment.

Another first was the launch of the North West's Strategic Transportation Priorities, led by the Agency and supported by a wide range of relevant bodies including the NW Assembly, the CBI, Liverpool and Manchester Airports, GMPTE, Railtrack, Merseytravel, the Rail Passengers Committee, the Freight Transportation Association and others. This was a ground-breaking



agreement listing the top 10 regional priorities for infrastructure investment. The majority of the schemes have been successfully implemented and, where they have not, they remain (like the Trans Pennine rail improvements) rather glaring omissions (see details in Appendix 2) There were several other examples of joint working at the regional level. Establishment of the North of England Chicago Office, supported by NWDA, ONE North East, and Yorkshire Forward (Yorkshire and Humberside's RDA) was an early example of important joint working, which sensibly reflected the North of England in the USA. Similarly a NW Brussels Office was established jointly by the Agency and the NW Assembly. A Regional Leisure Strategy clearly defined the NW region's strengths and opportunities, providing a common basis for decision making on Agency funding support. A Regional Marketing Forum helped develop programmes to improve the image of the NW. A Skills Development Fund helped support the development of the economy. A Regional Innovation Strategy supported business led innovation. And a new Regional Intelligence Unit provided essential up to date economic data to underpin policy development and regional strategy work.

### **Strengths of the RDA as an institutional model**

This depends entirely on your viewpoint. Strengths in one person's eyes are weaknesses to another. The relative independence of the Agencies, with a Board that sought to reasonably represent the wider community, delivering the main objective of the Agencies to secure the development of their regional economies, was seen by many as a strength. 6 of the 13 Board Members, including the Chair, came from business; 3 were elected members, one each came from the trade unions and the voluntary sector and 2 from other public sector bodies. This mix, was regarded by many as a strength, particularly its strong business voice. The Board was however responsible to the government, which carried with it the strength of being much more accessible to government, and the weakness of not being locally accountable to elected members. The latter of course has the built in disadvantage of not having explicit business representation, other than by any individuals who happen to be in business and secure elected status. Accessibility to government was certainly important, particularly in helping to secure the level of funding required to make a positive difference. Had the Agencies been established within a locally accountable framework, funding would have been much more difficult to secure over an effective timeframe. The answer to this negative aspect of local accountability needs to involve much greater devolution of both powers and resources (including the power to raise resources), enabling local elected bodies to take a longer-term view of the issues facing their economies and the need for long term solutions.

Looking solely at the actual model in place, the strengths could be summarised as follows:

1. Relative independence.
2. Reasonably well funded.
3. Ready access to a government which set up the Agencies and wanted them to succeed.
4. A strong voice for business.
5. Ability to work on an inter-agency basis whenever necessary.

### **Subsidiarity and county level arrangements**

The county level arrangements (for Cumbria, Lancashire, Cheshire, Greater Manchester and Merseyside) were of key importance. They acted as an essential bridge between the Agency

and local businesses and communities, facilitating access in both directions as well as building up a detailed knowledge of the issues within each County area insofar as they impinged on the Agency's objectives. They were physically accessible within each County area and became the focus for 'all things Agency' in those areas. The local knowledge of each area was critical to ensuring that the Agency focussed on the main issues and opportunities locally and seen to be effectively responding to them. Based in a single location, it would not have been possible for the Agency to have developed the same level of understanding of local issues and opportunities nor would it have been able to respond so effectively. The arrangements were fundamental to the whole approach, based on listening to business, and others, and engaging in productive dialogue.

The reality of this answer raises the interesting question about defining the appropriate level at which issues should be dealt with. This whole vital issue of subsidiarity is also of key importance. Clearly there are major issues that can only be dealt with regionally (and to a lesser extent inter-regionally) and others which should be dealt with sub-regionally, i.e. at County/City Region level. Then there are essentially local issues which should be dealt with by the communities involved in line with 'localism' thinking.

In the early years at NWDA the issue of subsidiarity was not ignored – indeed it was directly addressed in a number of cases. Two examples come to mind. The tourism agenda needed to be managed at County rather than regional level - it was the locally based tourist attractions which were geographically significant, rather than the region, when it came to promoting tourism. Regionally it was of course important to address the subject strategically, which the Agency did, providing a context within which the independent sub-regional Tourist Boards operated. This was generally accepted across the NW as being the sensible way to manage this particular agenda. Similarly, the Agency fostered the development of County level reclamation programmes, managed and delivered at the County level with appropriate Agency funding support.

The principal of subsidiarity is a key issue in the debate over how best to deal with the regional agenda whilst retaining at the sub - regional and local levels all those matters best dealt with there. In England, successive governments have maintained centralised control over very many issues which ought to be devolved. Indeed centralisation maybe accelerating. In December 2014, the BBC's Home Editor, Mark Easton, reported that: 'In the spring of 2011, for the first time probably in living memory, central government was bigger than local government. The number of people employed by Whitehall overtook the number of people employed by the town halls' <sup>xiii</sup>. The debate about how this country manages the regional agenda once the UK leaves the EU must grasp this thorny issue of subsidiarity. The obsession with City Regions as if they were the only sensible way forward is badly misplaced. They are certainly an important part, but only part of a balanced way forward. They may work well for the big cities, but that is where it ends. We need an inclusive arrangement which recognises the importance of embracing all the geography of England, rural, urban and everything in between.

## **Leadership and the Board**

Money without effective leadership is unlikely to be very successful. Good leadership can deliver progress in growing the economy, if it is effective in understanding business needs, and can promote those needs to those who are able to assist in meeting them. Money in support of those needs does undoubtedly facilitate the process and is very likely to be even more effective. NWDA had both, although it is important to reflect on the fact that even though it operated with a budget of c. £400M for many years, that needs to be seen in the context of a regional economy with a GVA of c. £80 Billion - a budget equivalent to 0.5% of this. Over the years this level of support levered in £5 for every pound of public support, bringing the annual impact to a total of c. £2400M, equivalent to 3% of annual regional GDP. It seems reasonable to assume that a greater public investment could have had an even greater impact on GDP. Such an approach is one aspect of beginning to tackle the significant disparity in performance between London and the South East and the rest of England.

Lord Thomas's appointment as Chair of NWDA was widely anticipated and supported. He was highly regarded in business circles as the very successful MD of the Co-operative Bank, responsible for introducing its ethical approach to banking. His commitment to helping tackle the underpinning economic problems suffered by deprived communities was illustrated by his chairing the East Manchester Initiative in its early years. A similar position applied in the North East where the newly appointed Chair of ONE North East had been the successful Chair of the Northern Development Company, again highly respected in that region. These were people who had shown their commitment to their regions over many years and seen as highly appropriate people to Chair their RDAs. However, the lack of a regionally elected mandate for the Chairs and their various Board Members was sometimes raised as an issue, coupled with the associated concern over regional accountability. These appointments were in the hands of Ministers and not the electorate. Notwithstanding this democratic deficit, it remained the case that both Chair appointments were strongly supported in their regions, particularly by the business community, which was of course the main vehicle for delivering a successful regional economy.

Lord Thomas's Chairmanship ran from late 1998 to late 2002. During that period the Board went through a collective learning experience about the role and functions of the RDA; how the Agency should operate; agreeing the first Regional Strategy and so on. This resulted in the Board exhibiting a unanimity of purpose, which underpinned their whole approach in those early years. Each Board Member was assigned an area of responsibility by the Chair, which added to their collective understanding of the work the Agency was involved in and their overall commitment. The result was a very cohesive Board, where all concerned focused on the Regional agenda and resisted being diverted by more local or personal/work related issues. In addition to managing the Board, the Chair focused on his joint work with the other RDA Chairs and their dealings with Ministers, to great effect.

### **Weaknesses, errors, failures and overstretch**

The first two years were dominated by the several inherited programmes, mainly SRB. This, coupled with the complexity of dealing with a plethora of different funding streams, all meant that we were unable to focus on our prime remit regarding the economy until the single pot funding arrangement was put in place; and responsibility for determining how that funding was used fell to the Board.

The main weakness as perceived by the local authorities across the region was undoubtedly the issue of democratic accountability, already rehearsed above. This was reflected in some relationship issues with the Regional Assembly executive. There was also the fact that the NW's major City Region misguidedly regarded the RDA as largely unnecessary, certainly in respect of their area of operation, even though it was obvious that there were many important issues which could not be sensibly addressed at the City Region level, but required a regional approach.

Looking at the final documents issued by the NWDA prior to its closure, it does seem that the Agency gradually spread itself very widely, rather than perhaps adopting a more rigorous focus on developing the regional economy. There were of course mounting pressures to get more involved in a range of environmental and climate based issues.

As already discussed, the accountability issue was due to be addressed by the introduction of directly elected Regional Assemblies which would have taken over responsibility for the RDAs. For reasons which could be debated at length, the referendum in the North East killed off that idea and there was no Plan B. Any future arrangements must hinge on carefully structured devolution of both powers and resources based on the principle of subsidiarity, across England, coupled with changes to Local Government such that it can operate democratically at Regional, Sub Regional and Local levels. The current position on devolution in England is, as already indicated, a hotch potch of different packages without any discernible structure or any suggestion as to how the regional dimension is to be factored in. Nor is there any real clarity of commitment to long term devolution across England at all, with real movement of both power and resources from the centre, based on the application of the principle of subsidiarity. We need cross party commitment to devolution in England, to sit alongside what has already happened in the rest of the UK, applying that principle of subsidiarity with Central Government focussing on national issues, and the civil service trimmed to reflect its reduced role, helping to offset the cost of establishing the Regional tier.

### **Issues of scale and boundaries for working and for building relationships**

It is important to remember that RDAs were not generally seeking to develop close working relationships with local communities other than to understand their general views on proposals aimed at developing the regional economy. The principal RDA focus had to be on the target industrial sectors who collectively drove the economy, and establishing close working relationships with those sectors in order to understand how RDAs could best assist in helping grow the economy. In those terms, the geographical scale of the NWDA was appropriate, as it was for developing effective working relationships with local government. For example, local government controlled the planning system including determining the location and form of development – matters which (rightly) were not the responsibility of RDAs – an example of subsidiarity in action.

The question about adopting a wider area such as the North of England, warrants careful consideration. Many people in England view themselves as coming from particular areas, such as the North East, Yorkshire, the South West and so on and these associations need to be taken seriously in defining boundaries. Indeed a poll for the Economist magazine in 1999

showed that people identified more strongly with their region (49%), than with their local community (42%), and country (41%). This is perhaps an area for some up to date research. 'Mega Regions' would certainly be able to address major infrastructure issues more effectively than 9 RDAs acting independently. However, in the North of England, inter regional working was encouraged by all three RDAs (NW, NE and Yorkshire/Humberside) leading to the establishment of the Northern Way, which has now led to the Northern Powerhouse.

There are certainly a limited number of issues which lend themselves to being addressed across groupings of RDAs as in the example above. However there are many more issues which need to be addressed within those smaller and often well understood Regions. The question is where the balance should lie. Experience in NWDA and ONE North East points to the 'standard region' as serving the clear majority of Regional needs effectively, with a much more limited range of essentially major infrastructure issues lending themselves to inter-regional action. In the North of England there is a proven appetite for joint working whenever that is the most sensible way forward.

### **Lessons and conclusions**

Those who experienced the positive impact of having an NWDA would probably say 'yes' to their return as there is nothing at the same level which has replaced them, certainly not LEPs, with their lack of powers and meaningful resources. In the North West, the Greater Manchester Combined Authority (GMCA) would probably argue that it has taken over that mantle within its geographical area, but it remains to be seen how effectively, given that most of the major industrial sectors across the region are not centred in Manchester.

Elsewhere across the NW the point certainly stands. The people who miss RDAs are likely to be the ones who benefitted. It would be an interesting exercise to approach the various industrial groups and ask them how they viewed the work of the RDA in the NW and whether it should be re-introduced in some form. They are the key audience to 'interrogate' on this question. My experience of working as a CEO across Metropolitan Local Government, a UDC and an RDA over 20 years is that, with the partial exception of the more advanced City Regions, such as Manchester, the rest of the NW would benefit significantly.

Although the GMCA is working effectively on some fronts within its boundaries, it is not able to address many issues which need to be dealt with over a wider geography. In particular as indicated above, many of the main industrial sector groups in the NW are not sufficiently represented in GM for it to be a relevant boundary for them. Aerospace, automotives and chemicals are good examples. All of these, and others where GMCA does have a significant presence, such as media, food and drink and financial services, need to be addressed regionally but in a realistic national and international context. It is all about effective subsidiarity.

Overall, there is a clear need to see in place a body responsible for supporting the growth of the NW economy, working with any relevant activities carried out at sub-regional level aimed at promoting economic development. The basis on which such a decision could be taken should flow from a clear political imperative to effectively redress the significant imbalance between the English regions to ensure that every region contributes to the maximum of its

potential capacity to the growth of England's economy. That is clearly not the current state of affairs and is a major contributor to the overall level of national underperformance, which has to be tackled. To do that, the Regions need to have both the powers and resources devolved to them to enable them to address these important issues and opportunities effectively. Such devolution from the Centre, based on the principle of subsidiarity, should also be applied to the sub-regions, be they City Regions or County based alliances, to ensure that they too help to boost regional economies as well as tackling the many other issues best tackled at that level.

All this would amount to a major re-structuring which needs to be properly researched and the subject of an appropriate form of public enquiry which can result in specific proposals being put to Parliament. Every effort should be made to secure sufficient cross party support for the outcome to be long lasting. Tinkering with aspects of this important agenda will not suffice. The UK's imminent exit from the EU demands that these issues are effectively addressed as a matter of immediate priority. An English economy, performing to its maximum capacity, alongside similar economic performance in Scotland, Wales and Northern Ireland will benefit all our citizens and offers a realistic vision for the future which can hopefully be strengthened even more by the development in increased international trade. The lack of any regional dimension in England would impact adversely on this vision.

This important re-structuring for the future needs to be based on 3 clear principles:

- (a) Direct Electoral Accountability at all three levels regionally;**
- (b) The application of subsidiarity to the devolution of powers and resources from the centre and their application at the lowest level at which they can effectively be applied, and**
- (c) Fairness/equity in the distribution of public resources based on helping each region to reach its maximum potential, all aimed at rectifying the current serious imbalance between the 9 English regions, and maximising the contribution that the English economy can make to the overall economic performance of the UK .**

The redistribution of powers and resources needs to be reflected in necessary changes to the scale of operations at each governing level, so the cost of managing the new structure remains affordable.

Finally, in devolving powers to each of the three levels of Regional based governance, these really must include the power to raise funds/secure resources at each of those three levels, in addition to those funds devolved from the centre, to give real flexibility to the devolved accountable elected bodies. This should include ensuring that the huge land value increases associated with the granting of planning permission contribute to the costs involved in promoting and developing regional economies. According to the Centre for Progressive Policy and the National Housing Federation, increases in land value amounting to a staggering £13Bn accrued in 2016/17 in England alone. Agricultural land value can be increased by as much as 275 times! The experience of the former Land Authority for Wales should be carefully considered in this respect.

Alongside the issue of democratic accountability and equity, the case for re-establishing some form of RDA based system will need to consider the following broad technical issues:

**1 Appropriate Spatial Areas: including super regions (north, midlands, southeast and southwest), standard regions, city regions/ remainder areas, or selected particular areas for special treatment**

**2 Type of Agency: executive bodies and/or democratic bodies as devolved entities or creatures of government**

**3 Powers and Goals: special powers with a narrow or a broad focus, charged with reducing regional and other spatial inequalities**

**4 Resources and Funding**

## **A Way Forward?**

What then are the key conclusions which need to be addressed, utilising the experience of the RDAs as one source of practical information?

What has become absolutely clear in preparing this paper is that tinkering with the existing arrangements will not deal with the regional inequalities issue effectively. The failed attempt in the NE to impose a regionally elected tier above the existing levels of local government, with all the assumed additional bureaucracy involved, emphasises this point. The relationship between Central Government, Regional Government, Sub Regional local government (City Region and County based) and communities needs to be thought through without the current arrangements providing an effective straight jacket. Instead, an approach which recognises the legitimacy of a series of different levels of governance needs to be defined, with their powers determined by application of the principal of subsidiarity (the devolution of powers and resources from the centre and their application at the lowest level at which they can be effectively be applied) and with effective control being exercised through electoral mandates. As the total amount of 'governance' involved does not change, it should be possible to keep the overall cost at current levels. So, for example:

Central Government – Defence, Foreign Affairs, International Development, Fiscal Framework, Immigration, matters requiring national legislation, Strategic Policy setting e.g. national infrastructure, but NOT straying into the application of Strategic Policy, that being the remit of other layers of government, based on subsidiarity. The scale of the Civil Service should be tailored to this more circumscribed role and reduced in size accordingly.

Regional Governance – based on the standard regions and RDA experience, the preparation of Regional Economic Strategies embracing regional infrastructure issues, regional housing requirements to be met at the sub regional level, regional issues supporting the economy, including skills requirements and a range of other strategic policy issues (e.g. innovation, tourism) mostly delivered at the sub regional level. The clear emphasis here should be on the largely private sector driven Regional economy. In addition, careful thought needs to be given to the future arrangements for strategic land use and transportation planning.

Sub Regional Governance – City Region and County based activities covering such vital areas as education delivery, health and social care integration and delivery, housing, tackling deprivation, local transport and infrastructure issues, town centres, green belts etc.

Community Based Activity – building on the principles embodied in the Localism legislation e.g. neighbourhood plans, community based services etc.

All four categories are necessary. The illustrations as to what each would do are just that. Much research and consideration is needed to produce a definitive set of powers/responsibilities at each level. There will also need to be a measure of flexibility for arrangements to be adjusted when circumstances require it. As indicated, all of this within a clear democratic accountability framework; the application of subsidiarity and the distribution of resources and the powers to raise resources at the three levels, to be defined, in order to give each level an appropriate degree of independence to reflect Regional and Sub Regional opinion.

The micro management from the centre, where we sadly lead the free world, must cease. The centre does not necessarily know best. This is a significant illustration of the belief held by very many in our country that the people locally are not listened to. Effective devolution of powers based on subsidiarity and within a democratic framework can change that mind set. It is a course of action which needs to be taken as a matter of urgency.

The big change in all this is the effective application of devolution in England to the regions and sub regions. It needs to be progressed rapidly but in a carefully structured way. Lessons should be learned from the gradual transfer of powers to Scotland and Wales. The role of MPs needs to be considered although it will be important to avoid them having split affiliations – constituency, Government and Region etc. That simply would not work efficiently. A first staging post might be to initially mirror the Scots/Welsh approach of appointing Ministers to each Region – not as a small part of a larger job, but as their only job on which they can commit 100%. Carefully structured devolution can and should then follow.

This approach should be an all-party one to avoid the spectre of it all crumbling if/when there is a change of government. Let us hope that the Kerslake Commission UK2070 work will be able to chart an effective way forward. This is a serious challenge but there is much to gain.

RMCS 26/10/18.



## Appendix 1

### **Ancoats, Manchester: land assembly and land value capture**

In August 2018 the Sunday Times 'Best Urban Places to Live' survey referred to Ancoats as 'a go to place in its own right' and 'the Shoreditch of the North'. It has not always been so attractive. In the 1970s Manchester's economy seemed in freefall. Between 1971 and 1981 it lost 56,000 jobs in manufacturing and distribution, (23% of the total jobs in those sectors), gaining only 17,000 jobs in the 'information handling' service sector (Peter Hall, London 2001, Unwin Hyman, 1989). Many jobs were lost in East Manchester, adjacent to Ancoats, and formerly the home of the city's engineering industry. The city centre retained a 'down at heel' feel, with empty floors in Victorian buildings. Few wanted to stay after 6pm - and nobody wanted to live there.

The twin catalysts for Manchester's city centre revival in the late 1980s were its City Centre Urban Development Corporation, coupled with the pragmatic approach to regeneration displayed by the city's leaders, who put their efforts behind city centre renewal (the City Pride initiative), international sport, city centre culture, the Metrolink tram network, and city centre living, with positive results.

But Ancoats was left behind, on the wrong side of Manchester's inner ring road. Speculators had bought into disused and low value property in the area, in advance of Manchester's (failed) Olympic bid and subsequent (successful) Commonwealth Games bid, but little or no investment was forthcoming. The area was too remote, too run down, and most important, in too many 'absentee landlord' ownerships.

The catalyst for change was a very large Compulsory Purchase Order (CPO) taken forward by the Northwest Development Agency. During the 1970s, local authorities had become increasingly reluctant to exercise CPO powers, because of their cost, unpredictable timing and their increasing lack of legal, estates and planning skills required for implementation. The Regional Development Agency Act 1998 gave sweeping powers for compulsory purchase to the RDAs: 'A Regional Development Agency may, for its purposes, or for purposes incidental thereto, acquire land by agreement or, on being authorised to do so by the Secretary of State, compulsorily'.

NWDA used a CPO to assemble land in Ancoats in 2002, bringing together 197 different ownerships under one single body. According to a report published by NWDA in 2011, shortly before its abolition, the £70m invested by the Agency in Ancoats was well on its way to returning £320m private investment. Development momentum increased with Single Regeneration Budget funding from the city council, alongside grants from NWDA, English Heritage and the Heritage Lottery fund. Development clearly stalled following the 2008 financial crisis, but is now showing a strong revival, restoring historic mills, factories, housing and a former church, alongside well designed new build projects. Following NWDA's demise, the Ancoats ownerships were passed to the Housing and Communities Agency, and some may have subsequently been sold on to private interests. By buying in advance of regeneration the CPO supported private investment, and helped the public sector to realise some of the land value capture brought about by public sector investment in Ancoats, and indeed elsewhere in the city centre.

## **Appendix 2**

### **The North West's Strategic Transport Priorities (2003)**

#### **1. Manchester Hub Rail System**

Radical improvements to the system including the Manchester Airport rail link and better links with Liverpool

#### **2. M6 Motorway**

Traffic management and new investment to relieve congestion

#### **3. West Coast Mainline**

Secure committed investment in rolling stock and infrastructure

Establish a strategy for freight terminals

Remove capacity constraints

#### **4. Trans Pennine Rail Network**

Increase passenger and freight capacity

#### **5. Trans Pennine Road Improvements**

Traffic management and new investment to relieve congestion

#### **6. Manchester Metrolink and Merseyrail Systems**

Extend Metrolink Phase 3

Extensions to Merseyrail including new airport rail interchange at South Parkway and light rapid transit

#### **7. Liverpool Airport**

An access plan for public transport and improvements to M62 Junction 6

#### **8. Manchester Airport**

#### **9. Port of Heysham Access**

New access road from M6

#### **10. Port of Liverpool Access**

Improved strategic access to the port and to Liverpool city centre.

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The author gratefully acknowledges the helpful comments and contributions from two colleagues at the Heseltine Institute, Alan Chape OBE, and Ian Wray. Alan was formerly Liverpool's Assistant Chief Executive, and thus very much on the receiving end of the NWDA's activities. He has a unique understanding of both Liverpool and Merseyside politics and the economy. Ian is a Visiting Professor in Geography and Planning at Liverpool University, and was formerly Chief Planner at NWDA, responsible for planning, transport and housing. Particular thanks also go to Mike Collier CBE, CPFA, FRSA, the founding CEO of ONE North East, whose views on the regional inequalities issue and possible ways forward coincide very largely with mine and are reflected in this paper.

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