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The Case for Reinventing Regional Development Institutions

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On regions and regional inequality, the late John Prescott hit the ground running. Before Labour took office in 1997, Prescott had spent the best part of two years developing a coherent regional policy, consulting across England and identifying the institutions he needed for his 'Alternative Regional Strategy'[1]. As soon as Tony Blair was in office, a Regional Development Agency (RDA) Bill was in progress, regional spatial strategies were in development and budgets for the RDAs were being agreed with the Treasury. The RDAs were established, with chairs, boards and chief executives appointed, in 1999[2].

Labour's Plan for the Regions?

In comparison Keir Starmer's government is still up in the air. A 10-Year Infrastructure Strategy[3] is a great idea, but has brought no development process with it. No longer set on 'levelling up', government risks appearing directionless.

So far, Treasury has seemingly decided on more of the same, concentrating further infrastructure investment in the wealthiest parts of the country – the wider South East. Rachel Reeve's speech of January 29th 2025[4] advocated major transport investments in the Ox Cam Arc (Oxford, Milton Keynes, Cambridge), investment in a new lower Thames crossing, and a slew of other transport projects all of them in the south east. It exemplified Treasury thinking and was faithfully reflected in the 10-year Infrastructure Strategy. Dame Chi Onwurah, Chair of the Science, Innovation and Technology Select Committee recently argued that in terms of productivity and GDP we are two nations: Greater London and the South East, and everywhere else. A huge opportunity to improve national productivity and output will be left unaddressed.

Regional re-balancing need not mean £billion mega infrastructure plans spread across the nation. Even small increases in productivity beyond London and the South East could break the stranglehold of stagnation. The question is how to achieve the required uptick.

[1] Alternative Regional Strategy: A Framework for Discussion, Parliamentary Spokesman Working Group, September 1982

[2] Regional Development Agencies Act 1998, Chapter 45, London: HMSO

[3] https://www.gov.uk/government/publications/uk-infrastructure-a-10-year-strategy

[4] https://www.gov.uk/government/speeches/chancellor-vows-to-go-further-and-faster-to-kickstart-economic-growth

The Old Industrial Towns

The Treasury seems happiest when building on existing regional success. So, the highest productivity parts of the North such as the 'Northern Arc' (South Manchester-Cheshire-South Liverpool)[5] should appeal.

But tackling the seemingly intractable social and economic problems of old industrial towns in remoter locations (like Workington, Barrow and Blackpool, 'further up' the North West, for example) is a different matter. Places like this are the true victims of de-industrialisation, although some retain critical skills in advanced manufacturing. They are relatively isolated and often have large-scale social problems in health, education, drug abuse, literacy, parenting skills, nutrition, alcoholism and much else. What they need is a long-term commitment from the state, perhaps in the form of 'social development corporations', able to work alongside local government, the private sector, statutory agencies and charities to share experience and turn these places round over a 20-year timescale.

For Labour this surely is becoming a crucial *political* imperative: these places need hope and stability. Local authorities outside the major cities have already switched to Reform big-time. By way of contrast, voter allegiances look more stable in the cities, which are better resourced to deliver improvement programmes. In this world, regional imbalances are set to deepen.

The Benefits of Regional Development Institutions

Success more widely across the regions cannot be achieved without some level of public investment, and the challenge of getting Treasury buy-in has to be faced. It's no good relying on mega-projects, with delivery timescales running into the 2040s: much better to craft a targeted investment *programme*, with some early wins made visible on the way.

And to ensure delivery, maybe it is time to revisit John Prescott's Regional Development Agencies (RDAs), which were wastefully swept away by David Cameron's enthusiasm for austerity and ultra localism. Wasteful because the evidence is that these institutions actually worked. There are four reasons why.

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[5] https://www.liverpool.ac.uk/heseltine-institute/blog/therealityofthenorthernarc/

First, RDAs were business-led, employing expert teams dedicated to making things happen: only the biggest and best of the city regions are able to match this competence. Second, RDAs had substantial and flexible investment funding in a single pot (which the RDA chairs fought for). Third, they had a strategic overview, alongside convening and advocacy powers: RDA chairs met regularly with ministers, as a group, and were able to make their voices heard: it was a breath of fresh air not always appreciated by civil servants in attendance. Fourth, they enjoyed close working relationships with government and local government, as well as the private sector.

The strength of close-working with the private sector and local government was underappreciated, but often proved crucial. If someone approached the RDA with an intelligent proposal, even one in the early stages, they were able to provide 'handholding' support, quickly putting together a team of expert advisors in fields as diverse as science, city planning, land acquisition, marketing or tourism. A feasibility study could be financed and a view quickly taken on whether a project was worth developing[6].

All that the RDAs had has now been lost: leadership, expertise, flexible funding, advocacy and convening powers. There is no home any more for a strategic view at regional level.

Addressing RDA Weaknesses

Prescott's RDAs lacked two critical ingredients. First, whilst they had sweeping land assembly powers through compulsory purchase (with associated land value capture) and were statutory consultees on planning applications, they lacked the fast-track planning system enjoyed by Urban Development Corporations and the New Town Development Corporations. A new style RDA should be given these powers for specified purposes and in specified areas, like a roving Urban Development Corporation. It should be a front-rank adviser and consultee on wider issues, including any regional and national plans, to counter balance well informed (but often anti-development) environmental lobbies.

There was a second issue. For many people the RDAs lacked democratic legitimacy. Although the business led boards included some appointed local government politicians there was no directly elected regional tier to which RDAs might report. Amongst other things, this

[6] Securing the resurgence of the UK's provinces – eight lessons from a former Regional Development Agency Mike Shields and Ian Wray, Town and Country Planning, November 2019

meant that they were unsuitable for statutory planning purposes. The government's more recent commitment to Strategic Authorities (SAs) with directly elected mayors at county level appears to offer a simple solution to this problem[7]. Acting together, the five counties in the North West for example could convene as the core of a democratic board (with a rotating chair) for the new style RDAs. Mayors could be supplemented with appointed business leaders, academics and quite possibly a government minister.

Arguably the SAs might provide the whole function and perhaps some of the best resourced SAs (comparable to former Scottish Regional Councils) might be able to do so - but not all. And the cost of duplicating specialist expertise in areas like science, property and finance would be prohibitive

Transport Infrastructure and the Regional Dimension

Sometimes, opportunities extend cross regional boundaries. The Northern RDAs had this covered through their Northern Way, which brought the three north of England RDAs together and identified the single most pressing transport problem the North faced: the congested rail network in central Manchester. This remains the case today, some 15 years later.

Cities have overlapping catchments across much of the North, so infrastructure plans for rail, for example, need to be examined at a regional scale, informing plans at the city region level. Most likely, the larger scale investments will be needed anyway in the major cities, which form the regional hubs of the national network and are places where capacity limits are most keenly felt. Addressing the problems in these hubs will spread benefits across the wider regions, with service reliability uplifted and the benefits of 'south eastern-style' integrated services and ticketing brought nation-wide.

John Prescott had also thought about the need for a strategic overview of the national rail network, setting up the former Strategic Rail Authority (SRA)[8]. It had a national network perspective but this did not inhibit its commitment to devolution at the time. So, for example, the

[7] English Devolution and Community Empowerment Bill, 2025 https://bills.parliament.uk/bills/4002
[8] A New Deal for Transport: Better for Everyone – White Paper on the Future of Transport, Cm 3950, July 1998; The Strategic Plan, Strategic Rail Authority, January 2002

SRA oversaw the transfer of the Mersey Electrics network to Liverpool city region's passenger transport authority.

The SRA made a start on formal examinations of wider policy ambitions a region-by-region basis. This informed its long-term plans for the rail network, which took the form of individual route 'utilisation strategies'. It wanted a two-tier approach to ensure that the rail sector did not narrowly pursue self-serving objectives.

In this model, regional plans set out the wider challenges, opportunities and ambitions: the wider economic development context. The soon-to-be fledged Great British Railways (GBR) could benefit from a re-instatement of this approach, taking for itself responsibility for individual route utilisation strategies, with wider regional aspirations set for it (and other national utilities) across the relevant Government Departments – plural because, of course, John Prescott's multi-dimensioned Department of Environment, Transport and the Regions (DETR) has long since departed. And a change of Secretary of State in the Blair Government, had seen the early abolition of the SRA.

Preparation of the route by route 'utilisation strategies' continued, successfully passed to Network Rail. But the Department for Transport declined to take on the rolling production of regional planning assessments. So the wider regional context, so essential to ensure that rail investments support and help drive identified regional economic priorities, was lost and with it the contextual link with business and local authorities. Today, instead of validated and joined-up long term plans, rail finds itself buffeted by competing ideas from city region mayors and others.

Conclusion: Social Cohesion, Productivity and Growth

The RDA model was effective in delivering transformational change. Despite their merits and success RDAs were criticised by some for their lack of democratic accountability. But the governance arrangements for any new regional institutions can avoid this, by building on current devolution proposals for Strategic Authorities.

For infrastructure investment and economic regeneration, for community development, housing plans and across social, health and education, we need to recreate regional institutions that can engage with local and regional businesses and their growth plans; secure fast track planning approvals; and make long term commitments to the old industrial towns. These are key to securing social cohesion, raising productivity and increasing growth across the whole of the UK.