



## Uncertainty for RDAs under new coalition government

Jamie Carpenter and Shafik Meghji, Regeneration & Renewal, 17 May 2010

### Tory and Liberal Democrat manifestos included plans to revamp or abolish the agencies.

The regional development agencies' future has been thrown into doubt after the formation of a new coalition government in which both partners have previously outlined plans to revamp or scrap the agencies in their current form.

Plans to make sweeping changes to England's RDAs, which were established by the former Labour government in 1999, featured in both the Conservative and Liberal Democrat election manifestos.

In its manifesto, the Conservative Party said that it would give councils and firms the power to form business-led local enterprise partnerships that would replace RDAs.

In March, then shadow business secretary Ken Clarke [said of the agencies](#): "As they stand (now), they will go. If, in the unlikely event that some localities want something on that regional scale, they can have it, because we are going to allow local leadership to say what structure they'd like."

Meanwhile, the Liberal Democrat manifesto set out plans [to refocus RDAs' work](#) on enterprise support and economic development or even abolish them. "Where existing RDAs have strong local support, they may continue with refocused economic development objectives," it said. "Where they do not, they will be scrapped and their functions taken over by local authorities."

But deputy leader of the Liberal Democrats Vince Cable - responsible for the RDAs in his new role as business secretary - has previously [voiced a tougher line on the agencies](#).

In a document published last September setting out his proposals for cutting the budget deficit, Cable said that abolishing the agencies would save £2.3 billion a year.

"Some (of the RDAs') funds could be reallocated to local authorities, but there should still be scope for large savings," the document said.

[Dermot Finch](#), chief executive of think-tank the [Centre for Cities](#), said the outlook for the agencies was poor.

"I see quite a lot of common ground on RDAs between the Conservatives and the Lib Dems," he said. "They are both sceptical about the benefits of RDAs, except in one or two areas where there seems to be local support for them."

"The thing that will drive this is the fiscal situation. If the Treasury decides that certain projects do not offer value for money, they will be cut. It's a new ball game now. You don't need legislation to stop giving the RDAs money: the Government will just stop giving them money."

Finch added that any replacement bodies would have smaller budgets than the RDAs.

Simon Bedford, director of consultancy Drivers Jonas Deloitte, said new laws would not necessarily be required to replace the RDAs. He said the first set of urban development corporations were closed down without legislation in the 1990s.

Bedford said the start of the next three-year spending round next spring "looks like a sensible time to transfer RDAs' powers and funding to other bodies". But, he added, winding down the agencies would "take some time" as they "are in contracts with all sorts of organisations".

However, Gerry Hughes, executive director at property consultancy GVA Grimley, suggested that an overhaul of the RDAs would not be an early priority for the new government.

"In the early policy priorities set out by the coalition, RDAs were not mentioned, which suggests an early indication that they are not seen as a priority for change," he said.

A spokesman for the RDAs stressed that the agencies had an important programme to deliver and would be "carrying on with that work".

He said: "We are looking forward to working with new ministers, to understand their priorities for the future and to help them realise their aspirations for economic growth."

The formation of the new coalition government also means that the future of national housing and regeneration quango the Homes & Communities Agency (HCA) is unclear. In an interview earlier this year, Grant Shapps, who was reported to have been appointed housing minister as *Regeneration & Renewal* went to press, was quoted as saying that the agency would be "scaled down", but refused to elaborate. It was rumoured he intended to give social housing funding - which the HCA currently hands out - directly to councils.