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Committee

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The Business & Enterprise Committee

The Business & Enterprise Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Business, Enterprise & Regulatory Reform.

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Summary

The Committee notes the strong support for a level of governance between central government and local authorities for the delivery of economic development policies and business support. There is particularly significant support for RDAs' business focus. We agree that this is an important element of RDAs' approach to economic development and business support. However, there do remain detailed concerns about aspects of the structure, work and responsibilities of RDAs.

We would have liked to have had more evidence about the effectiveness of RDAs and had hoped that the review of RDAs the Government has commissioned from PricewaterhouseCoopers would be available before the inquiry concluded. We are surprised the Government has proceeded with plans to restructure the way regional policy is made before the report is available.

The Local Democracy, Economic Development and Construction Bill proposes substantial changes to the way that economic development policies are delivered. The four main proposals relating to economic development are: merging the existing regional economic and spatial strategies into a single integrated regional strategy, with local authorities and regional development agencies being jointly responsible for its drafting and agreement; giving local authorities the duty to undertake an economic assessment of their areas; devolving funding to local authorities to enable them, rather than RDAs, to deliver economic development policies; and encouraging collaboration between local authorities in delivering these policies.

In principle we support measures which will improve economic development at regional and local level. We also welcome the increased participation of local representatives in the process. We do, however, have a number of concerns in relation to some proposals contained in the Bill and these are detailed in this Report.

Most importantly, there needs to be a proper balance between RDAs' business focus and the role of councillors in representing the views of their constituents. We are concerned that the proposals in the Bill about the relationship between RDAs and local authorities place too much weight on the views of RDAs and business interests, particularly during the drafting and agreement of the single integrated regional strategy. We call for the role of local authorities—and of the communities they represent—to be strengthened.

We also consider that many of the provisions of the Bill need clarifying. We call for greater detail on the role of the Local Authority Leaders' Board; the status of the economic assessment in relation to the integrated regional strategy; the flexibility of the proposed Economic Prosperity Boards and, in particular, the ability of local authorities to leave them if they wish; and the degree to which delivery of policies will be devolved to local authorities. We also highlight the need for both RDAs and local authorities to ensure they have the staff and skills they need to carry out these new responsibilities.

Glossary

BERR — Department for Business, Enterprise and Regulatory Reform. The Government department which has responsibility for regional development agencies.

CLG — Department for Communities and Local Government. The Government department which has responsibility for local authorities and has introduced the Local Democracy, Economic Development and Construction Bill.

Economic Prosperity Boards (EPBs) — The statutory sub-regional authorities for economic development proposed by Part 6 of the Bill and intended to promote sub-regional collaboration. These were referred to as statutory sub-regional partnerships in the Government's original SNR document published in July 2007 and Economic Improvement Boards in the Government's revised SNR proposals published in November 2008. See chapter 6 of the Report.

Local authority economic assessment duty — Proposal put forward in the SNR and Part 4 of the Bill. The proposed duty will require local authorities to undertake an assessment on the economic circumstances and challenges of their local economy. See chapter 5 of the Report.

Local authority leaders' boards (LALBs) — The statutory body established under clause 66 of the Bill made up of representatives from district and county councils and, where appropriate, National Park and the Broads authorities. Clause 67 provides that leaders boards within a region and the corresponding RDA constitute the 'responsible regional authorities'. Under clause 68, the responsible regional authorities are responsible for the revision of the single integrated regional strategy. These were referred to local authority leaders' forums in the Government's original SNR document published in July 2007. See chapter 4 of the Report.

Local authority leaders' forums (LALFs) — The statutory body proposed in the Government's initial SNR document published in July 2007 as the body which would agree the single integrated regional strategy drafted by RDAs. It was also proposed that LALFs would have a scrutiny function over RDAs. The Government's proposals for this body were revised following the Government's consultation on its initial SNR proposals during which the body was re-named the Local Authority Leaders Boards (LALBs). See chapter 4 of the Report.

Local Democracy, Economic Regeneration and Construction Bill — The Government Bill which seeks to give effect to many of the SNR proposals. Part 4 relates to local authority economic assessments; Part 5 to regional strategies; Part 6 to economic prosperity boards and combined authorities; and Part 7 to Multi-area agreements. The Bill had its first reading in the House of Lords on 4 December 2008.

Regional assemblies — There are eight regional assemblies which have responsibility for the Regional Spatial Strategy (RSS). The majority of regional assembly members are from local authorities, with approximately 30% from other backgrounds. Under the SNR proposals, regional assemblies will be abolished and the RSS will merge with the Regional Economic Strategy (RES) to create a single integrated regional strategy. The single

integrated regional strategy will be the joint responsibility of RDAs and LALBs. See chapter 4 of the Report.

Regional development agencies (RDAs) — Established by the Regional Development Agencies Act 1998, there are eight English RDAs and the London Development Agency (LDA). See Annex A for the RDAs' boundaries. BERR's website states that "their primary role is as strategic drivers of regional economic development in their region. The RDAs aim to co-ordinate regional economic development and regeneration, enable the regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions." See chapter 2 of the Report.

Regional Development Agencies Act 1998 — Legislation which established the RDA structure of regional governance.

Regional Economic Performance Public Service Agreement (REP PSA) — PSAs set out the Government's key priority outcomes. The Regional Economic Performance PSA sets out the goal to "improve the economic performance of all English regions and reduce the gap in economic growth rates between regions". See paragraph 14 of the Report.

Regional economic strategies (RES) — The regional economic planning strategy, currently the responsibility of RDAs. The Bill proposes that the RES will merge with the Regional Spatial Strategy (RSS) in each region to form a new regional strategy, which will be the joint responsibility of RDAs and local authorities. See chapter 4 of the Report.

Regional select and grand committees — Established by the House of Commons on 12 November 2008. Regional select committees shall "examine regional strategies and the work of regional bodies for each of the English regions" (Standing Order Rule 152F). Regional grand committees will be created for each of the English regions (Standing Order Rule 117A). See chapter 4 of the Report.

Regional spatial strategies (RSS) — The regional spatial planning strategy, currently the responsibility of Regional Assemblies. The Bill proposes that the RSS will merge with the Regional Economic Strategy (RES) in each region to form a new regional strategy, which will be the joint responsibility of RDAs and local authorities. See chapter 4 of the Report.

Regional Strategy — Sometimes referred to as the single integrated regional strategy in the SNR documents, Part 5 of the Bill proposes that the Regional Strategy will replace the existing Regional Economic Strategy (RES) and Regional Spatial Strategy (RSS). Clause 65 of the Bill provides that there shall be a regional strategy for each region which will set out the policies in relation to sustainable economic growth (clause 65(2)(a)) and the development and use of land (clause 65(2)(b)) in the region. See chapter 4 of the Report.

Review of sub-national economic development and regeneration (sub-national review or SNR) — Government proposals to reform the economic development and regeneration policy making and delivery at sub-national level. The SNR began in July 2007 with the publication of the Government's proposals in the *Review of sub-national economic development and regeneration*. In March 2008, the Government launched its consultation on the proposals in its document *Prosperous Places: taking forward the review of sub-national economic development and regeneration*. The Government published its revised proposals in November 2008 in *Prosperous Places: taking forward the review of sub-*

national economic development and regeneration - The Government response to public consultation. See chapter 3 of the Report.

Single integrated regional strategy — see Regional Strategy.

Single pot budget — Funding mechanism for RDAs whereby the funds from the contributing departments are pooled together. The Departments for BERR, CLG, DIUS (Innovation, Universities and Skills), DEFRA (Environment, Food and Rural Affairs), DCMS (Culture, Media and Sport) and UKTI (UK Trade and Investment) fund RDAs.

1 Background

Introduction

1. This Report examines the role and effectiveness of regional development agencies, with a focus on the impact of the *Local Democracy, Economic Development and Construction Bill*¹ on economic development policy. The relevant clauses of the Bill² are the product of the *Review of sub-national economic development and regeneration*.³

Committee inquiry

2. The Committee's inquiry was intended as an opportunity to consider the general issue of sub-national governance in economic development policy and, particularly, the role of regional development agencies (RDAs) in undertaking this. Accordingly, when the Business and Enterprise Committee announced its inquiry into the role and effectiveness of RDAs on 3 June 2008, it asked for evidence on:

- the need for a level of economic development/ business/ regeneration policy delivery between central and local government;
- the effectiveness of RDAs and their role in adding value;
- RDA expertise;
- the extent of, and need for, their overseas activities;
- the consequences of expanding RDAs' remit to include new functions, as proposed by the sub-national review, including the delivery of EU funding;
- the accountability of RDAs; and
- how RDA performance has been measured in the past and will be measured in the future.

3. The launch of the inquiry, however, coincided with the Government's proposals to reform sub-national governance through the *Review of sub-national economic development and regeneration* (sub-national review or SNR) and the inquiry examined these proposals in depth.

4. During the Government's consultation on the SNR proposals, the Committee called for written evidence and took oral evidence. 114 written submissions were received, a significant number for a committee inquiry and indicative of the interest in this issue.⁴ The

1 Local Democracy, Economic Development and Construction Bill - <http://www.publications.parliament.uk/pa/ld200809/ldbills/002/2009002.pdf>

2 Clauses 63 - 132 - Part 4, Local authority economic assessments; Part 5, Regional strategy; Part 6, Economic prosperity boards and combined authorities; and Part 7, Multi-area agreements, relate to economic development.

3 Review of sub national economic development and regeneration (SNR1) – <http://www.berr.gov.uk/files/file40436.pdf>

4 Business and Enterprise Committee – <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmberr/1054/1054.pdf>

Committee took oral evidence from representatives of the private sector and local authorities at its meeting on 7 October 2008 and from RDAs on 14 October 2008.

5. When the Government revised its proposals as a result of the consultation, the Committee invited written submissions on the revised proposals and took evidence on these, and the recently -introduced Bill, from Pat McFadden MP, Minister for Employment Relations and Postal Affairs, whose remit includes RDAs, at its meeting on 15 December 2008.

6. Members endeavoured to visit the RDAs in their regions and the Chairman and Mr Anthony Wright MP visited the development agency for the North East of England, One NorthEast, in October 2008 as there are no Committee Members from that region. The Committee had also previously visited the West Midlands development agency, Advantage West Midlands, in May 2008 and the Scottish development agency, Scottish Enterprise, in June 2008 as part of its inquiry into creating a higher value-added economy. Inevitably, these visits provided the opportunity to discuss wider issues regarding the role of development agencies in promoting economic development and supporting businesses at sub-national level (although Scottish Enterprise lies outside the scope of this report on the English RDAs).

7. The Committee extends its thanks to all the individuals and organisations who took the time to provide evidence to assist Members with this inquiry.

Structure of the report

8. This Report is divided into two sections. Chapter 2 considers the broader issue of sub-national governance of economic development issues and RDAs' effectiveness in performing this function. As the inquiry evolved away from these broader issues, the Committee considers that these conclusions about the general role of regional development agencies are preliminary only and this is something that the Committee, or a successor, may wish to return to in future.

9. Chapters 3–7 focus on the SNR; chapter 3 provides a summary of the SNR proposals and process and chapters 4–7 each highlight a key group of SNR proposals:

- Single integrated regional strategy and associated regional governance structures;
- Local authority economic assessment duty;
- Sub-regional collaboration on economic development; and
- RDAs' delegation of decision making to sub-regions.

10. Each SNR chapter sets out the:

- initial SNR proposals (set out in the original SNR document, July 2007, and consultation document, March 2008);
- issues raised in written and oral evidence to these initial SNR proposals;

- revised SNR proposals, if applicable as not all the proposals were revised following the Government's consultation (set out in the consultation responses document, November 2008, and the Bill);
- issues raised in written and oral evidence to these revised SNR proposals; and
- the Committee's conclusions and recommendations.

11. It should be noted, however, that the conclusions and recommendations contained in chapters 3–6 are based on the Bill as first introduced into the House of Lords. Some of the issues relating to the SNR proposals or Bill highlighted in this Report might have been addressed during the passage of the Bill through the House of Lords.⁵ At the time of making this Report, the Lords are considering the Bill at Committee stage and no amendments relating to the economic development aspects of the Bill have been agreed.

2 Role and effectiveness of regional development agencies

Regional development agencies

12. The Regional Development Agencies Act 1998⁶ provided for the creation of eight English RDAs on 1 April 1999 and the London Development Agency (LDA) in July 2000. Schedule 1 of the Act sets out the boundaries of the nine development agencies and this information is annexed to the Report.

13. Section 4(1) of the RDA Act 1998 set out the following purposes for each RDA:

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

14. RDAs are also key partners in the delivery of the Regional Economic Performance Public Service Agreement (REP PSA) which seeks to:

5 For the purposes of this report, the overall review of sub-national economic development and regeneration process will be referred to as the SNR process. The initial review document published in July 2007 will be referred to as SNR1, the consultation document published on 31 March 2008 will be referred to as SNR2 and the Government's revised proposals published on 25 November 2008 will be referred to as SNR3.

6 Regional Development Agencies Act 1998 - http://www.opsi.gov.uk/Acts/acts1998/ukpga_19980045_en_1

improve the economic performance of all English regions and reduce the gap in economic growth rates between regions.⁷

15. Since their creation in 1999, RDAs' responsibilities have increased, taking on the administration of regional development grants (April 2002), research and development grants (April 2005), Business Link (April 2005), the economic and social funding elements of the Rural Development Programme (April 2006), European Regional Development Funds (ERDF) (2007) and the Manufacturing Advisory Service (MAS).

Need for a level of regional governance

16. In its call for evidence, the Committee invited comments on the need for a level of governance between the national and local in promoting economic development and regeneration. The very strong consensus was that there is such a need at sub-national level. Representatives from business organisations, for example the British Chambers of Commerce (BCC), Confederation of British Industry (CBI) and the Federation of Small Businesses (FSB), were supportive of a form of sub-national governance. The FSB told the Committee that it “broadly supports the need for a regional tier of economic development/business and regeneration policy. ... We do not believe that central government or local authorities have the ability or skills to operate effectively at this level.”⁸

RDA model of regional governance

17. The Committee went on to pursue the issue of whether the RDA model of regional governance was the most effective and the evidence received by the Committee was, on the whole, and subject to some of the detailed comment discussed in later paragraphs, supportive.

18. In their joint response to the Committee's consultation, the RDAs set out their model of regional economic development governance. They stated a number of key elements: business-focused approach; strategic economic leadership; partnership working; operating flexibly and remaining fleet of foot; making catalyst investments and being natural leaders across a region to respond to economic shocks.⁹ The Chief Executive of East Midlands Development Agency (EMDA) highlighted RDAs' business focus:

Why we are there is to sustainably grow the economy of our region. We do that through an economic strategy. We are able to consult across all stakeholders. We develop the evidential base so that we actually develop a strategy based on what is necessary from fact and evidence and the analysis of that evidence. What would not get done if we did not exist? I would like to think we are a very much business-led organisation. We are primarily there to ensure that businesses grow, develop and create wealth that can then be distributed in other ways. What would not get done is

7 Regional Economic Performance PSA - <http://www.berr.gov.uk/whatwedo/regional/regional-development/Regional%20Economic%20Public%20Service%20Agreement/page35792.html>

8 Ev 248

9 Ev 221

you would not have the business-led organisation, pulling everything together and making things happen.¹⁰

19. When the Minister appeared before the Committee, he was asked why RDAs are the best model to deliver the Government's economic development objectives. He responded:

I think they do several important functions quite well. They are a business-led organisation, which makes them different from other parts of government. They are not official-led, they are not Civil Service-led; they are business-led. They are responsible for a lot of regeneration and investment that happens across local authority boundaries and very often if something is the responsibility of several people that can mean that it is difficult to make progress. They deliver a lot of business support through various programmes which have just been simplified, a lot of them going into the new Solutions for Business Portfolio. They also respond to shocks, such as the floods which affected many parts of the country in the summer of 2007, where RDAs stepped in very quickly with loans to businesses and so on in a quicker way, I think, than would have been the case if the response had just been Whitehall-led. They perform a number of functions which, as you say, lie between that which Government at the centre does and that which would normally be done by local authorities.¹¹

20. The Committee saw several projects in which RDAs were involved during individual visits to Advantage West Midlands, One NorthEast and Scottish Enterprise, as well as Members' visits to their own RDAs. We were impressed by the achievements of these projects, as well as the positive comments made by a range of business people about the impact of the development agencies within their regions.

21. The Committee notes 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 (RDAs) serve a useful function. The Committee acknowledges that other models could have been developed to perform the function, rather than that established by the Regional Development Agencies Act 1998, but believes that, given the nature of RDAs' responsibilities, it is appropriate that these organisations are business-led.

RDA boundaries

22. Although, on the whole, the evidence received by the Committee supported these constituent elements of the RDA model, the appropriateness of some RDA boundaries was raised. It was acknowledged by a number of witnesses that RDAs operating in a region with a strong sense of identity—the North East was most often cited as an example—are more easily able to operate effectively within a region,¹² but it was identified as more of a problem where cross-boundary issues are more frequent or the region itself lacks a clear sense of community or identity.

10 Q129

11 Q256

12 Q14

23. Essex County Council claimed that the boundaries were based on no more than the post war civil defence regional structure.¹³ The Committee pursued this issue with BERR and was informed that: “There have been various different arrangements for dividing England geographically for very many years. ... In terms of the distinct set of boundaries, given in the RDA Act, John Major's Government created a set of ten Government Office Regions in 1994. This standardised practices which at that point varied across Departments. The last major change to those boundaries was in 1998 when North West and Merseyside were merged (to form the current nine Regions). The boundaries are set out in Schedule 1 of the RDA Act 1998 which lists the counties which make up each Region.”¹⁴

24. In its written evidence, the Engineering Employers Federation (EEF) stated that:

one of the challenges of the regional structure is to ensure that its artificially imposed geographical boundaries do not become obstacles to economic competitiveness. The RDAs' focus on reducing regional disparities has also, arguably, made them somewhat inward looking. However business operates in an environment where the boundaries of RDAs are irrelevant to their day-to-day operations.¹⁵

25. This issue was discussed further at the Committee's meeting on 7 October 2008. The BCC considered that it was vital for the RDA boundaries to mirror the functional economic areas. Where necessary, it advocated joint working to do that, highlighting the economic area covering London, the South East and East Anglia which “is a huge economic area with London at its heart and we have got three RDAs. Where you have not got the RDAs joining up effectively that makes for a slightly piecemeal approach to economic development.”¹⁶

26. This point was also strongly argued by Essex County Council:

The challenge, frankly, for the East of England, is that, bluntly, we have the wrong boundary. We have the smallest RDA with one of the largest populations that it serves, and therefore its ability to actually act at a sub-regional level is hampered by the fact that for large chunks of East of England they would look to a much greater relationship with London and parts of the South East than they would do with the rest of the East of England. ... the effectiveness of any RDA is clearly dependent on its ability to serve a functional economic area. ... However, a critical issue—and the weakness—under the current structure, is that that often does not reflect the functional economic area. So it is difficult to intervene and deliver.¹⁷

27. When questioned about the suitability of their boundaries and potentially consequential inward perspective, the RDAs highlighted the degree of cross-boundary working and partnership undertaken, arguing that “we are not precious and defensive of

13 Q84

14 Ev66

15 Ev 205

16 Q18

17 Q72

our regions”¹⁸ and citing joint initiatives such as the Northern Way and Thames Gateway project. RDAs also considered that claims of confusion within business about RDA boundaries were overplayed. The Chair of EMDA said that “I think there is a lot of anecdotal stuff about confusion and what have you. ... When I meet them [multinational companies], and I meet them on a regular basis, never once have they raised with me: it is all a bit confusing having RDAs.”¹⁹ We note that many companies and trade bodies express private concerns about this aspect of RDAs but are reluctant to do so on the record. This makes it difficult for the Committee to reach definite conclusions.

28. When the Minister gave evidence to the Committee, he responded saying:

Am I saying they are a perfect representation of an identity that people feel? Not in every region, but would it really gain anything to start redrawing these boundaries? I am not sure about that either. They work in the sense that they are there and different parts of government are used to dealing with them, the local authorities are used to dealing with them, the boundaries are familiar. Whether they are perfect or not I do not know but I am not sure that changing them would lead to a better situation.²⁰

29. The Committee recognises the real concern that exists about the inevitable arbitrariness or inappropriateness of some borders between RDAs and seeks reassurance from both the Government and the RDAs themselves that strenuous efforts will always be made to work across boundaries where sub-national economies or industries that are truly national in scope demand a wider approach than a regional one.

RDA functions post Regional Development Agencies Act 1998

30. There were also a number of comments made, particularly by business organisations, about the increase of RDAs' responsibilities since 1999, as set out in paragraph 15. In its written evidence, the BCC lamented that “RDAs have not had the autonomy to resist central government imposing new initiatives and policies being tasked to them. The full remit of issues is extensive.”²¹ The CBI told the Committee that its members reported that RDAs tried to do too much and, as a consequence, did not fulfil their core functions as effectively as they might.²² In oral evidence, the BCC went on to argue that:

What we have got now is quite far from the original model. They have acquired a whole range of what you might call non-economic responsibilities to deliver government policy because they happen to be something that can deliver a policy objective below national level and that is the tool the government alights on. That has

18 Q138

19 Q145

20 Q257

21 Ev 116

22 Ev 135

been one of their problems because it has diluted their focus away from economic issues.²³

31. When this was raised with RDAs, they acknowledged that this was seen as a weakness by business organisations but argued that they had been given the additional tasks after proving to be successful deliverers for government.²⁴ The Minister indirectly supported this by saying that RDAs were well placed to respond to crises because of their flexibility and existing business focus.²⁵ Their single pot budgets²⁶ were highlighted as being crucial to RDAs' flexibility.

32. The Committee understands and shares the concerns of business organisations that the incremental increase in RDAs' responsibilities to date has resulted in some loss of their business focus. Moreover, the Committee is concerned that increasing RDAs' responsibilities in a piecemeal fashion could seriously impact on their ability to maintain the strategic outlook which the (sub-national review) SNR proposes. If responsibilities are to be widened in future, there must be full public consultation before any such change.

Performance and effectiveness

33. BERR's website states that, since 2005, RDA performance has been measured by progress reports (submitted by RDAs to BERR and publicly available on the web) and the National Audit Office's (NAO) series of independent performance assessments into each RDA (except the LDA) between June 2006 and March 2007.²⁷

34. The RDA progress reports are comprised of six core outputs²⁸ and each RDA has set target ranges against these outputs in their Corporate Plans. The progress made by the RDAs in delivering against their output targets is laid before Parliament at the mid and end-year. The progress reports for 2007-08 show that, on average for the ten outputs measured, RDAs exceeded the maximum target range on six outputs, achieving results within the target range for the remaining four outputs.²⁹

35. In its submission, BERR highlighted the following activities as areas where RDAs have been effective:

23 Q15

24 Q154

25 Q270 and 287

26 RDA funding is through the single pot, a fund which pools money from all the contributing Government Departments (BERR, CLG, DIUS, DEFRA, DCMS and UKTI)

27 BERR - <http://www.berr.gov.uk/whatwedo/regional/regional-dev-agencies/rda-performance/page12979.html>

28 The six core outputs are 1) Employment creation: number of jobs created or safeguarded; 2) Employment support: number of people assisted to get a job; 3) Business creation: number of new businesses created and demonstrating growth after 12 months and & businesses attracted to the region; 4) Business support: number of businesses assisted to improve their performance; including 4a) number of businesses within the region assisted to engage in new collaborations with the UK knowledge base; 5a) Regeneration: public and private regeneration infrastructure investment levered and 5b) Regeneration: hectares of brownfield land reclaimed and/or redeveloped; 6) Skills: number of people assisted in their skills development as a result of RDA programmes; 6a) number of adults gaining basic skills as part of the Skills for Life Strategy that count towards the Skills PSA Target and 6b) number of adults in the workforce who lack a full Level 2 or equivalent qualification who are supported in achieving at least a full Level 2 qualification or equivalent

29 BERR - <http://www.berr.gov.uk/whatwedo/regional/regional-dev-agencies/rda-performance/page46979.html>

- Large scale projects which are expected to have a positive impact on the regional economy: Birmingham New Street re-development and the port development in Great Yarmouth;
- More traditional economic development activities, such as:
 - ii. Managing Business Link and overseeing the delivery of the Business Support Simplification Programme; and
 - iii. Managing the delivery of EU funding.³⁰

36. The NAO's assessments measured ambition, prioritisation, capacity, performance management and achievement and found six agencies performing strongly overall and the other two performing well. In its submission to the Committee, BERR referred to the NAO reviews which found that RDAs were "fit for purpose organisations which are maturing as agencies with the ability, capacity and self-awareness to improve their performance further, that they are providing strong leadership, and have a track record of successful delivery."³¹

37. The picture of successful performance and effectiveness is contrasted, however, with the anecdotal views expressed to the Committee through the evidence received. The Committee was given differing reports of performance across a range of areas, including stakeholder consultation; provision of business support; co-ordination of stakeholders, particularly in a crisis; easing access to funding; and support for infrastructure projects.

38. In addition, a number of submissions referred to the fact that RDAs' objectives are affected by too many external factors to be able to accurately attribute their achievement to RDAs. This adds to the difficulty in measuring RDA effectiveness.

Government review of effectiveness of RDAs

39. Despite the positive performance reports, the Government also appeared to believe more information about the extent of RDAs' success was needed. In its submission to the inquiry, BERR referred to its commissioned research from PricewaterhouseCoopers (PwC) on the effectiveness of RDAs. It argued this was necessary because "we do not yet have a complete understanding of what the overall impact they [RDAs] have had in the regions". PwC was expected to publish its report in November 2008 but this deadline has slipped and the Minister informed the Committee when he gave evidence that the PwC report was now expected sometime in the new year. The Committee understands that the report is due shortly but has not been published at the time of writing.

40. The Committee notes the National Audit Office's (NAO) positive assessments of RDAs' effectiveness; it also notes the strong, but anecdotal, views expressed to it criticising aspects of RDA performance. Ideally, we would have delayed this report until the PricewaterhouseCoopers (PwC) report on RDA impact was available but we feel it is important that this Report is published in time to inform the House's consideration of the Local Democracy, Economic Development and Construction Bill.

30 Ev 61

31 Ev 62

This central issue of effectiveness is one to which this, or a successor committee, might wish to return.

41. We welcome the commissioning of the PwC report on the effectiveness of RDAs but are very disappointed that the Government has introduced legislation implementing the SNR proposals before its publication. It is regrettable that Parliament is being asked to decide on RDAs' future responsibilities without a full analysis of the way they fulfil their current ones. The Committee strongly recommends that the PwC report is published before the Committee stage of the Bill begins.

Expertise

42. The Committee also considered the extent of business skills and expertise within RDAs' staff and boards as this is an important factor in whether they can effectively serve businesses' needs and truly are 'business led'.

43. A number of submissions highlighted concern at the technical expertise of RDA staff. Some submissions referred to the amount of work contracted out to consultants and others on the business experience and capabilities of staff. The FSB stated that the majority of RDA staff had public, rather than private, sector backgrounds³² whilst the CBI asserted that “too many RDA staff appear to be ‘administrators’ rather than dynamic drivers of economic regeneration”, and argued that staff with strong commercial skills, particularly in negotiating, influencing, partnering, project management, risk management and appraisal should be recruited.³³ Many submissions suggested greater opportunities for secondments to and from RDAs to develop staff awareness, skills and experiences to help address this issue. Similar concerns about the skills and experiences of RDA board members were also raised.

44. In response, RDAs stated that 43% of RDA staff across the UK come from a business background, a figure that they felt to be a good balance between private and public sector skills and experience.³⁴ They also argued that their boards were business-dominated.

45. The Committee notes the concerns about the private sector experience of RDA staff and board members. Moreover, the Committee is itself concerned that the percentage of staff with a business background will decrease further if, as the Bill envisages, RDAs become more involved in matters currently undertaken by other regional bodies, such as planning. This could have a significant impact on RDAs' ability to be truly business led and we recommend that the Government monitors the experience of RDA staff and board members on a regular basis.

Overseas activities

46. The Committee was keen to look at RDAs' activities in promoting their regions' industries outside the UK. The Committee has considered twice previously the overseas

32 Ev 251

33 Ev 138

34 Q156 & 157

activities of RDAs. In its Sixth Report 2006–07, *Marketing UK plc—UKTI's five-year strategy*,³⁵ concerns were noted regarding duplication of promotional work, confusion about delivery and a dilution of the 'UK brand' and the Committee argued for greater co-ordination of activities and greater clarity over RDAs' and UK Trade and Investment's (UKTI) responsibilities. In its Fifth Report 2007-08, *Waking up to India: Developments in UK-India economic relations*,³⁶ the Committee considered the possibility of RDAs' overseas offices co-locating with other RDAs, UKTI or diplomatic offices abroad and recommended that this option be pursued more vigorously in future.

47. RDAs justified their overseas activities by stressing its effectiveness, arguing that “RDAs are very, very successful in attracting inward investment. If you just take pure involvement of RDAs, 50% of the jobs last year were RDA-driven. If you take RDA assisting UKTI in their endeavours, 83% of the jobs that came into the UK were for inward investment last year; so we are very successful. Also, we are very cheap. Every job that we generated last year was £336. That is extremely cheap in public terms or public expenditure to attract and retain jobs.”³⁷

48. Other submissions to this inquiry were mixed. Some argued that RDA overseas offices were useful in allowing regions to understand better the global market-place and promote their region within it. Others, however, were less supportive, arguing that they were not co-ordinated with national efforts, duplicated work done elsewhere and that such activities would be better done through UKTI or other national level initiatives, arguments similar to those made to the Committee in 2006-07. Likewise, some local authority submissions criticised RDA overseas activities for not considering, or co-ordinating with, local authorities' overseas activities.

49. Regardless of respondents' support for overseas activities, however, most stated that there was not sufficient evidence to support them or not. A number stated that they would welcome independent analysis of the costs and benefits of this activity, unaware of, or unconvinced by, the August 2007 Arthur D Little report, *Research and Analysis of Overseas Representation*, commissioned by UKTI.

50. In its submission, BERR stated:

In 2007 UKTI jointly reviewed with the RDAs and DAs their overseas representation, supported by research and analysis from consultants Arthur D Little (ADL). ... The review concluded that more could be done to strengthen existing arrangements and drive better co-ordination. As a result UKTI and the RDAs have agreed a new model for overseas representation which sees UKTI leading the co-ordination of a fully integrated overseas network, including co-ordinated business planning, consistent branding across England and promotional activity. Performance measures are being agreed, to provide a clear picture of joint impact,

35 Business and Enterprise Committee - <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmtrdind/557/55702.htm>

36 Business and Enterprise Committee - <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmberr/209/20902.htm>

37 Q162

and common UKTI-led evaluation; and options for co-location of teams and joint procurement are being exploited to help achieve better value for money. ...

The new overseas representation model has recently been rolled out in three "Pathfinder" markets (France, India and Canada) with full implementation in all markets by April 2009. As part of this roll-out, UKTI and the RDAs (except LDA) have agreed to use a common "UK" brand for marketing activity overseas. UKTI and the RDAs are confident that these new arrangements, which will be systematically monitored and evaluated, will deliver an even more effective UK FDI effort.³⁸

51. The Committee notes the conclusions of the Arthur D Little Report but this issue seems to remain a cause of concern to businesses. We are not fully convinced by the report's findings. The Committee will monitor the success of the new arrangements for overseas representation and expects to see more robust co-ordination in the future. The Committee also expects the new overseas representation model to lead to progress on the Committee's earlier recommendation that RDA overseas offices co-locate within Foreign and Commonwealth Office overseas and UK Trade & Investment (UKTI) offices, wherever possible. In its response to this report, we ask the Government to report progress on this important subject.

Regional development agencies' budgets

52. Over the course of the inquiry, the Committee considered the implications of the current economic climate on RDAs, particularly in the light of recent cuts to RDAs' budgets. As part of the 2007 Comprehensive Spending Review, the RDAs' budgets over the three years were reduced by 2.5% (£320 million). In addition, the RDAs identified cash savings of about £350 million, which will be funded from value for money savings. The following table below shows the revised budget figures:³⁹

Total RDA Allocation by Region	£ million	£ million	£ million	£ million
	2007-08	2008-09	2009-10	2010-11
Advantage West Midlands	291	279	275	269
East of England Development Agency	137	132	130	127
East Midlands Development Agency	176	159	158	154
London Development Agency	374	390	385	376

38 Ev 63

39 Note 2007-08 total does not sum to individual parts, total is consistent with PBR, individual parts consistent with PQ answer

Source of table -

Debate 17 December 2007 c1078 -

<http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm071217/text/07121810002151>

BERR - <http://www.berr.gov.uk/regional/regional-dev-agencies/funding-financial-gov/page20136.html>

HM Treasury, PBR 2007, October 2007, Cm 7227, Section D19 - http://www.hm-treasury.gov.uk/d/pbr_csr07_annexd19_181.pdf

North West Development Agency	395	391	386	377
One NorthEast	277	248	244	239
South East England Development Agency	163	160	158	154
South West of England Regional Development Agency	159	157	155	151
Yorkshire Forward	304	303	299	292
TOTAL [Single Budget]	2,274	2,219	2,190	2,139

53. RDA budgets have suffered further cuts. £300million was diverted from the Department for Communities and Local Government's funding stream to the single pot to establish HomeBuy Direct in September 2008. The money will be diverted in two stages; £25 million from 2009–10 budget and £275 million from 2010–11 budget. A number of submissions highlighted this funding diversion as an example of the lack of the Government's commitment to RDAs and to tackling economic disparities across the English regions.

54. When asked about this diversion, the Minister argued that:

The Government has to take difficult spending decisions and the view that we reached was that, given what was going on in the housing situation, it was important to announce a housing package in September. ... The Government reached a judgement that that was the right call on the money for the moment rather than the projects it was allocated to in a couple of years' time.⁴⁰

The Minister also said that the diversion amounted to about 5% of the budget over three years.⁴¹ Given that the money will be diverted in two stages, which amount to 1% in 2009–10 and 10% in 2010–11, the Committee believes that the 5% figure, while statistically accurate, was disingenuous.

55. The Winter Supplementary Estimate 2008-09 made further reductions in RDAs' budgets. The Department for the Environment, Food and Rural Affairs contribution to the single pot was reduced by £17.088m "due to DEFRA's need to set a balanced budget for 2008–09. This entailed a review of all areas of spend and a need to prioritise spending commitments"⁴² and a £17 million reduction in capital budget was made to meet cold weather payments and warm front delivery, essentially to cover overspends in other areas. The letter also stated that "BERR is unable to increase its contribution to the RDAs as there is no surplus budget and no availability of End Year Flexibility funding".

56. These budget reductions come when RDAs are already under increasing pressure to reign in their budgets and maximise efficiencies. The SNR document reported a "robust and sustainable value for money plan, which will enable a spending settlement for the

40 Q298

41 Q299

42 See Appendix 1 for further information

2008–09 to 2010–11 period on their existing budgets in line with the most ambitious departmental value for money programmes in the CSR.”⁴³

57. The Committee raised this issue with the Secretary of State, Rt Hon Lord Mandelson, when he gave evidence on 14 January 2009. The Secretary of State has recently been promoting the role of RDAs as a key source of business support to the regions, notably speaking on ‘putting the regions at the heart of industrial activism’ on 8 January 2009 at a breakfast meeting in Salford.⁴⁴ When speaking to the Committee, he said RDAs were doing a “first rate job and a job which is becoming all the more important in the economic conditions we are facing in the country now”.⁴⁵ When the Committee asked the Secretary of State about the apparent contradiction between his statements of support and the budget cuts, he conceded that, in principle, these would impact on RDAs’ ability to support businesses but went on to argue that it was not true to say the Government is cutting RDA budgets, rather it is ‘dipping into’ them “for specific tasks and reasons”.⁴⁶ He also admitted that the “dipping in has become a bit habitual”.⁴⁷

58. The Committee appreciates that the Government is facing a significant challenge in dealing with the effects of the current economic recession and that there are many calls on public funds. The Committee recognises that it may be that RDAs can make efficiency savings and operate effectively on a smaller budget. Any budget cuts made, however, must be done after a comprehensive and thoughtful review of RDAs’ budgets and programmes, rather than being determined by departmental budget shortfalls on other priorities.

59. It is important that RDAs have some certainty over their budget in order for them to work with regional, sub-regional and local partners to fund and deliver meaningful economic development programmes. The Government should support Ministerial rhetoric with financial clarity; ‘dipping into’ RDA budgets is no way to do that.

3 Review of sub-national economic development and regeneration

60. The SNR was published in July 2007 by the Treasury and the Departments for BERR and CLG (Communities and Local Government). The Government proposed that, in the context of globalisation and technological change, “regions and localities need greater flexibilities, powers and incentives to respond to economic change, and to ensure that all areas, including the most deprived, are able to contribute to and benefit from economic growth”.⁴⁸

43 SNR1, para. 6.113

44 BERR, ‘Putting the regions at the heart of industrial activism’ - <http://www.berr.gov.uk/aboutus/ministerialteam/Speeches/page49665.html>

45 Oral evidence taken on 14 January 2009 HC143-I Q129

46 Ibid, Q130

47 Ibid, Q131

48 SNR1, page 7

61. The SNR proposed reforms in four key areas:

- 1) empowering all local authorities to promote economic development and neighbourhood renewal, with greater flexibility, stronger partnership working and cooperation from other agencies, and better incentives for achieving economic growth and for ensuring disadvantaged areas benefit from and contribute to economic development;
- 2) a differential approach that supports local authorities in all areas to work together more effectively where they so wish, for example through pooling resources, responsibilities and targets at the sub-regional level, and supporting the development of robust decision-making at this level;
- 3) streamlining the regional tier outside London, based on more effective and accountable RDAs which would be responsible, working closely with local authorities, for preparing a single strategy for the region. RDAs will also provide support to local authorities and sub-regions in delivery of sustainable economic development, with stronger performance management; and
- 4) sharpening focus of central government departments through clearer objectives and responsibilities to provide more effective support and better coordination for economic development and neighbourhood renewal at all spatial levels.⁴⁹

62. Essentially, therefore, the SNR proposed radical reform to the roles and responsibilities of bodies at regional, sub-regional and local level which make and deliver economic development and regeneration policies. Its proposals were intended to increase the role of local authorities and other sub-regional partners in delivering economic development programmes and to enable RDAs to take a more strategic and co-ordinating function, allowing decisions to be taken at the most appropriate level.

63. It should be noted that the proposals relating to RDAs do not apply to the LDA, although the proposals relating to reforming the local authority role in economic development and neighbourhood renewal will apply to London.

64. On 31 March 2008, BERR launched a consultation, *Prosperous Places: taking forward the review of sub national economic development and regeneration*,⁵⁰ on the delivery of key parts of the proposals set out in the SNR. The consultation concluded on 20 June 2008.

65. Following its consultation, the Government published its revised proposals on 25 November 2008 in *Prosperous Places: taking forward the review of sub national economic development and regeneration—The Government response to public consultation*.⁵¹ This document stated that responses to the Government's consultation strongly supported the aims and purposes of the SNR. The Local Democracy, Economic Development and Construction Bill (the Bill) was introduced in the House of Lords on 4 December 2008.

49 SNR1, para. 6.5

50 *Prosperous Places: taking forward the review of sub national economic development and regeneration* (SNR2) – <http://www.berr.gov.uk/files/file45468.pdf>

51 *Prosperous Places: taking forward the review of sub national economic development and regeneration – The Government response to public consultation* (SNR3) – <http://www.communities.gov.uk/documents/citiesandregions/pdf/1073344.pdf>

Timing of the sub-national review

66. Over the course of the inquiry, the Committee questioned whether it was sensible to expand RDAs' responsibilities during the current recession. There were concerns that implementing the SNR proposals would require significant resources which might otherwise be targeted on supporting business and economic development. The Chair of EMDA acknowledged that the timing was not helpful, stating "if you ask me as a businessman, no, I would not do it now, but that does not mean that I would not do it. That is an honest answer".⁵² On the other hand, he noted that RDAs operated within a 'big picture' with a 20-year horizon.

67. Whatever the merits of the timing of reform during a major recession, it would be easier to implement if there was clarity about the proposals. Throughout the inquiry, the Committee was surprised and disappointed by the lack of detail contained in the Government's proposals about how the new arrangements for sub-national governance of economic development policy would operate in practice. This can only be a cause of significant concern for the RDAs and local authorities faced with implementing the legislation. We believe that much of the clarification called for in this report could, and should, have been provided at an earlier stage. It must be available during the Committee stage of the Bill.

4 Single integrated regional strategy and associated regional governance structures

Initial SNR proposals

68. The SNR proposed that there should be a single integrated regional strategy setting out the economic, social and environmental objectives for each region except London. This would replace the current Regional Economic Strategy (produced by RDAs) and the Regional Spatial Strategy (produced by regional assemblies). It expected the strategy would "act as a focus for economic development within the region, with national agencies, regional bodies, sub-regional tiers and local authorities all working together to achieve the agreed outcomes" and would include commentary on the overall vision for the strategy, evidence base, strategic priorities, policy and spatial priorities, delivery strategy, spending information and a consultation schedule.⁵³ Thus, "the new arrangements for the regional strategy place a premium on effective stakeholder engagement and management, on which the RDAs will lead".⁵⁴

69. RDAs would be given executive responsibility for developing the integrated strategies in consultation with relevant regional and sub-regional stakeholders, regional assemblies would be abolished and local authorities would be responsible for agreeing the integrated

52 Q216.

53 SNR1, para. 6.89

54 SNR2, para. 3.22

regional strategies.⁵⁵ Each strategy would be jointly signed off by the Secretaries of State for BERR and CLG.⁵⁶

70. The Government undertook to ensure that local authority leaders and all sub-regions were represented in a way which enabled “strategic decision making and prioritisation of decisions across each region, possibly involving a regional forum of leaders”.⁵⁷ The subsequent consultation document proposed that a forum of local authority leaders, representing all the local authorities in the region, would sign off the draft strategy and help to hold the RDA and its regional delivery partners to account.⁵⁸ If regional partners failed to agree the draft regional strategy, the RDA would submit the draft, with a note setting out the areas of disagreement, to Ministers. Ministers would consider this, and any independent advice, before deciding on a course of action.⁵⁹

71. The original SNR document did not refer to the expected timescales for the process but the consultation document stated that a full regional strategy review could, potentially, be achieved within 24 months: this included 12 months for scoping and preparatory work; three months for the RDA to draft and agree the strategy; six months consultation; two months for consequential revision and a further two months for its agreement by the Secretaries of State.⁶⁰ It stated that it would be for the regions themselves to decide how frequently the strategy should be renewed, but suggested five yearly reviews would be appropriate.⁶¹

72. Given RDAs’ enhanced role and responsibility, the SNR recognised the need to address their “lack of a clear democratic mandate”.⁶² It proposed that the Local Authority Leaders’ Forums should also be responsible for scrutinising RDA performance⁶³ and stated the Government’s intention to develop clear mechanisms for enhanced Parliamentary scrutiny of regional institutions as “there is not currently a structured, systematic role for MPs to play in holding regional institutions to account”.⁶⁴ RDAs would continue to be managed by a single Whitehall department, BERR, which would also have responsibility for the REP PSA (see paragraph 14).⁶⁵

73. The SNR also proposed reform of the RDAs’ objectives, replacing the existing 12 PSAs and ten output targets with one regional economic growth objective. This new objective would be aimed at increasing regional Gross Value Added (GVA) per head, in line with the REP PSA, and would provide a framework for all RDA activity and the integrated regional strategy. All RDAs would be responsible for achieving this growth target, working with

55 SNR1, para. 6.100

56 *Ibid*, para 6.105 & 6.136

57 *ibid*, para. 6.103

58 SNR2, page 6

59 *Ibid*, para. 4.25

60 SNR2, para, 4.21

61 *ibid*, para. 4.28

62 SNR1, para. 6.96

63 *Ibid*, para. 6.100

64 *Ibid*, para. 6.106

65 *Ibid*, para. 6.135 & 7

other stakeholders, and delegating funding and delivery to regional and sub-regional partners, as agreed.⁶⁶

74. Although the SNR proposed this extended remit for RDAs, it made it clear that they would remain business led and focussed.⁶⁷

Issues raised in evidence to initial SNR proposals

Single integrated regional strategy

75. The majority of submissions received by the Committee supported the idea of a single integrated regional strategy. RDAs argued that:

We said right at the start what we wanted was a bringing together of the spatial strategy and the economic strategy because it made no sense to be doing them at different times, quite honestly, because there is confusion, there is duplication and there is opportunity to get it wrong.⁶⁸

76. Representations from the business community also supported the proposal. The CBI argued that it made no sense to have the regional and spatial planning strategies as separate documents administered and delivered by separate organisations.⁶⁹

77. Although there was agreement that economic and spatial planning should be combined into a single strategy, however, there was disagreement about the appropriate balance between the two. The private sector argued that RDAs should be careful not to lose their economic focus or attention to businesses' needs. In contrast, local authorities were keen that the focus of the integrated regional strategy should include wider community issues, rather than being solely economic. Essex County Council considered the challenge facing RDAs would be “to make that translation from being focused around development of a regional economic strategy ... to actually trying to deal with the compromises and complexities of spatial planning around communities and the way communities develop—because it is about people; it is much more about people than it is about just the economy”.⁷⁰

Accountability for spatial planning decisions

78. Local authorities were concerned that the initial proposals weakened their role in relation to spatial planning decisions, and thus their link with communities and their electorate. They argued that the importance of spatial planning issues for communities warranted the involvement of elected representatives and that transferring planning responsibilities to RDAs would create a democratic deficit. Ashford Borough Council stated that “the decision incorporated in the SNR to abolish regional assemblies and place

66 Ibid, paras. 6.90 to 6.94

67 SNR2, para. 3.5

68 Q192

69 Q25

70 Q89

regional planning decisions in the hands of unelected quangos represents an unacceptable diminution in the role and influence of local government on decisions which will have profound effects on their communities”.⁷¹

79. RDAs countered this argument by referring to their “very, very detailed accountability”: from their internal procedures and boards (made up of business, local authority and other representatives), to Parliament, Government, regional assemblies and the National Audit Office.⁷² As EMDA stated:

“We do take managed risks. You are right, I do not have to stand next May to be re-elected as a local authority so I can take hard decisions. I would argue that I am more accountable in many ways by what I decide because it is immediate and, it is like business, if I make big mistakes my shareholders say, “goodbye”. It is the same principle, I think.”⁷³

Agreement of the integrated regional strategy

80. Many witnesses were concerned about the proposals relating to the agreement of the single integrated regional strategy and the role of the Local Authority Leaders' Forum. Local authorities sought clarification over what would happen if they could not agree the draft regional strategy with the RDA, fearing they would be powerless to prevent the RDAs referring it to the Secretaries of State for a decision. They called for their role in the process to be strengthened to prevent this happening.

81. Business representatives also called for greater detail on how the process would work in practice. The CBI stated:

There is quite a lot of work still to do to refine the proposals to make sure that they are workable and that the RDAs are going to deliver something that is better than the current system that we have. Otherwise, what is the point? This is essentially a re-organising of regional structures and if that is to be meaningful to business then it has to deliver something that is better. We are not yet convinced that the detail behind that proposal has been worked out sufficiently to give us the confidence to say we are there.⁷⁴

82. The business community was further concerned that local authorities and local representatives had limited experience of economic development and business issues. They argued that the proposals would result in the economic aspects of the strategy depending on the agreement of these councillors. The BCC went on to suggest that, if the forum of local authority leaders could not agree a strategy because of spatial planning issues, it would delay both the spatial planning and the economic planning aspects of the strategy.⁷⁵ Other submissions were concerned that the inclusion of local authorities could potentially expose the process to party political divisions. In written evidence, the CBI argued that “by

71 Ev 82

72 Q232

73 Q199

74 Q27

75 Ev118

essentially giving local authorities a veto, the Government runs the risk that regional strategies will follow the ‘course of least political resistance’ instead of identifying and focusing upon the key areas of development and regeneration.⁷⁶ In oral evidence, the CBI went on to state that the process might place “quite a burden on those local authorities (with a dissenting minority) for ensuring that they can reach agreement on what, after all, might be some quite politically difficult decisions that have to be made”.⁷⁷

83. A number of business submissions suggested ways to prevent this situation occurring. The CBI argued that the forum should be opened up to all core stakeholders who would be collectively responsible for directing the development of the integrated regional strategy and become a focal point for engagement and consultation. The RDAs argued, however, that this would simply be reinventing the regional assemblies.⁷⁸ The EEF argued that the forum should have the power to make recommendations to change the strategy, but should not have a veto.⁷⁹

84. RDAs themselves also seemed unclear about what would happen if local authorities disagreed with the draft strategy. EMDA stated “at the moment, we do not know and that is one of the things that CLG are looking at”.⁸⁰ Advantage West Midlands (AWM), however, argued that it would be unlikely for the process to reach this stalemate and pointed to the experiences of the nine RDAs in drafting and agreeing the regional strategies (every three years) to date, with only one strategy disputed at the agreement stage.⁸¹

The workability of the proposed leaders’ forums

85. A number of witnesses also expressed concern about the lack of clarity over how the leaders’ forums would operate internally. It was suggested that the sheer number of local authorities in some regions would mean the local authority leaders’ forums were too large to agree of the strategy speedily. The Institution of Economic Development (IED) suggested that some regions have six times as many councils as others,⁸² the BCC referred to the proposal as a “recipe for paralysis of the process”⁸³ and Ashford Borough Council referred to the difficulties of

developing a model for a Regional Leaders’ Forum that would be both small enough to be “manageable” and “able to engage effectively with the RDA” whilst simultaneously being “representative” and having “sufficient authority” to take strategy decisions and agree priorities on behalf of all local authorities in the region. This will be a particular problem in the South East, with 74 very different local authorities covering a wide range of economic and social experiences.⁸⁴

76 Ev 139

77 Q46

78 Q238

79 Ev209

80 Q210

81 Q241

82 Ev 269

83 Q43

84 Ev 82

86. At the Committee's meeting on 7 October 2008, Essex and Lancashire County Councils both suggested that each region should be given sufficient flexibility and discretion to devise a forum which best suited its size and local authority climate, perhaps with a main forum delegating responsibility for some issues to committees.⁸⁵

Timetable for the drafting and agreement of the integrated regional strategy

87. Comments were also made about the short timetable for agreeing the integrated regional strategy. Barnsley Metropolitan Borough Council highlighted that the timescale proposed was shorter than for the existing regional spatial strategies, yet the integrated regional strategy would have a broader range of content.⁸⁶ In contrast, the FSB argued that the timescales for developing strategy were too slow and would restrict RDAs' flexibility and adaptability to changing economic circumstances.⁸⁷

Conflict of interests for local authorities?

88. A number of submissions expressed concern that the dual role of the Leaders' Forum, in both delivering policies with RDA funding (see chapter 7) and scrutinising RDA performance, would result in a conflict of interests. The CBI stated that "setting the strategy, delivering it and then holding the other people to account is quite a big function for a local authority to have"⁸⁸ although the business representatives agreed that mechanisms could be placed within the funding processes to avoid such a situation. The LGA also argued that the executive and scrutiny functions of the proposed forum should be separated.⁸⁹

RDAs' skills and expertise

89. Many witnesses raised the lack of RDAs' skills in relation to spatial planning. RDAs stated that they were already addressing this shortage and would both inherit some staff from regional assemblies and recruit new staff. Moreover, they suggested that acquiring the skills needed for their spatial planning role would not be an overwhelming challenge as RDAs would be "talking at the strategic level", leaving the detailed planning to continue as it currently does.⁹⁰

Consultation and engagement with stakeholders

90. The proposed consultation process for the new integrated regional strategy also raised a number of concerns. Representatives of business felt that the proposals would squeeze business interests, arguing that they did not require sufficient consultation with the private

85 Q102

86 Barnsley Metropolitan Borough Council submission to Government SNR consultation

87 Ev 251

88 Q60

89 Q115

90 Q193 & 195

sector. The FSB argued that consultation with recognised business organisations should be a statutory requirement.⁹¹ Other submissions argued that RDAs would need to develop new skills of consultation and engagement in order to ensure this relationship was productive. Essex County Council argued, for example, that

for all the talk of RDAs as strategic leaders, there is a clear contradiction here with the role of the local authority as a place-shaper and community leader. Put very simply, RDAs do not engage with local communities.⁹²

91. When giving oral evidence, however, RDAs highlighted the significant emphasis on consultation in the SNR proposals, arguing that:

we do not sit in a darkened room doing this, there is a huge consultation process, a huge inquiry in public, so everybody has the opportunity to say, “No, it shouldn’t be in bloody Bromsgrove, don’t put it in the strategy”. It is not as if we go into a little corner somewhere and say, “I’ve got a good idea, let’s put them in Bromsgrove because that will upset people and it doesn’t matter because we don’t have to worry about the people there”. This is a hugely open process.⁹³

Revised SNR proposals and Part 5 of the Bill

92. Following its consultation, the Government considered that there was broad support for a single integrated regional strategy and confirmed its proposals to merge the existing regional economic and spatial planning strategies and abolish regional assemblies. Clause 65, *Regional strategy*, of the Bill provides that “there is to be a regional strategy for each region other than London”. The existing economic and spatial planning strategies will become the integrated regional strategy for each region on the commencement of the clause, to the extent specified by the Secretary of State.

Role of local authorities

93. The proposals relating to the role of local authorities within the process, however, have been significantly revised in two ways. First, it is now proposed that planning responsibilities will fall *jointly* to RDAs and a Local Authority Leaders’ Board (LALB). Clause 68, *Review and revision by responsible regional authorities*, provides that RDAs and LALBs (the ‘responsible regional authorities’) must review and revise regional strategies. The Government anticipates that this solution will “form the basis for a stronger partnership at the heart of each region” and enable RDAs to retain their economic expertise and focus, with LALBs bringing democratic accountability to the process.⁹⁴

94. The revised SNR proposals state that each LALB will be:

- Streamlined, manageable, strategic and able to take the long term view;

91 Ev 248

92 Ev 241

93 Q200

94 SNR3, para. 2.28

- Representative of their region, including key sub-regions, different levels of authorities and the political balance; and
- Made up of local authority leaders, able to act on behalf of their authorities.⁹⁵

95. Clause 66, *Leaders' boards*, provides that they will be drawn from 'participating authorities' whose area falls wholly or partly within the region and that these authorities include district councils, county councils, National Park authorities and the Broads Authority.

96. The proposals and Bill are silent on how RDAs and LALBs will work together in undertaking their joint responsibility, although Clause 74(1)(a), *Revision: supplementary* states that the Secretary of State may make regulations regarding the procedure the responsible regional authorities should follow in revising the strategy.

97. The Bill gives the Secretary of State powers to intervene if it is felt that the LALB is not operating effectively. Clause 66(8), *Leaders' boards*, gives the Secretary of State power to withdraw approval for a Local Authority Leaders' Board that is not operating effectively and clause 67, *Responsible regional authorities*, provides that, if there is no Leaders' Board for a region, the RDA becomes the responsible regional authority solely responsible for drawing up the strategy. These provisions complement the existing powers available to the Secretary of State to give guidance or directions to RDAs in relation to the exercise of their functions through s27(1) Regional Development Agencies Act 1998.

98. Additional powers are reserved for the Secretary of State to intervene in the revision process. Clause 68(5)(a), *Review and revision by responsible regional authorities*, provides that the Secretary of State can direct that the strategy be revised and s72(1)(a), *Approval of revision by Secretary of State* permits the Secretary of State him or herself to revise the strategy if the responsible regional authorities fail to comply with this direction.

99. The revised SNR proposals state that RDAs and LALBs will be given the flexibility to agree the form and content of regional strategies, although a number of issues which they must cover were set out.⁹⁶ Clause 71, *Matters which must be taken into account on revision*, states that regard must be paid to national policies and advice contained in guidance set out by the Secretary of State as well as to a range of other matters such as the availability of resources, and the strategies of adjoining regions or devolved administrations.

100. Clause 69, *Community involvement*, places a duty on RDAs and LALBs to produce a statement on how they will involve their communities during the drafting process. The revised SNR proposals also state that there must be close dialogue between RDAs and LALBs with government departments to ensure a close alignment of priorities and investment.⁹⁷

95 SNR3, para. 2.29

96 SNR3, para. 2.31

97 SNR3, para. 2.37

101. Clause 70, *Examination in public*, provides that an Examination in Public panel⁹⁸ may be established to report to the RDA and LALB. The consultation response notes this is to “flag issues concerning the evidence base and to identify substantive issues of controversy at an early stage”.⁹⁹ The RDA and LALB must consider any such panel’s recommendations.

102. Clause 75, *Implementation*, requires RDA and LALBs to produce an implementation plan setting out how the strategy will be delivered. The plan must have ‘buy-in’ from regional stakeholders and an annual monitoring report will show progress.¹⁰⁰

103. The revised SNR proposals stated that the Government was still considering whether it would set statutory timetables for the strategy to be produced¹⁰¹ and the Bill is silent on this matter.

104. The Government provided a policy statement on regional strategies in January 2009. The document sets out information regarding the strategies, including the process to be followed when drafting and agreeing them. Paragraph 3.9 states that local authorities and RDAs must make a scheme for each region setting out how the RDA and LALB will work together to fulfil their duties to jointly produce the draft integrated regional strategy and implementation scheme and what the decision making process will be, including resolving differences.¹⁰²

Scrutiny of RDAs

105. The second revision is that LALBs will not have a scrutiny function over RDAs. This responsibility has been transferred to the eight regional select and grand committees for the English regions which were established by the House of Commons on 12 November 2008.

106. Standing Order Rule 152F established eight regional select committees which shall “examine regional strategies and the work of regional bodies for each of the English regions”. As the Leader of the House explained:

Concern has been expressed about the scope for overlap between the work of the regional Committees and the work of the departmental Select Committees. In order to minimise that, the motion invites the House to endorse the expectation that regional Select Committees will meet less frequently than departmental Select Committees and provides for only one of the regional Committee Chairs to serve on the Liaison Committee. We propose that each Committee should have up to nine members, nominated by the Committee of Selection in the usual way. As with all Committees of the House, their membership will reflect the composition of the House. That is the long-established practice of the House in relation to Select

98 An Examination in Public is a type of public inquiry which considers strategic issues and is already part of the regional spatial planning process.

99 SNR3, para. 2.39

100 SNR3, para. 2.42 - 3

101 SNR3, para. 2.35

102 Local Democracy, Economic Development and Construction Bill, Policy Document on Regional Strategies - <http://www.communities.gov.uk/documents/citiesandregions/pdf/1129855.pdf>

Committees of all kinds, including the Scottish, Welsh and Northern Ireland Affairs Committees.¹⁰³

107. Standing Order rule 117A established a regional grand committee for each of the regions. Their membership will “consist of those members who represent constituencies within the region and up to five other members nominated by the Committee of Selection”. As the Leader of the House explained:

While the motions to establish regional Select Committees present the House with an opportunity to provide for detailed investigations into and reporting on agencies and action at regional level, we want to ensure that all Members in a region can be involved in greater regional accountability. We therefore propose that as well as the regional Select Committees, we establish regional Grand Committees to include all Members from the region. The regional Grand Committees will be a forum to consider the “state of the region” and would meet annually, or twice a year if the need arose. As with regional Select Committees, we expect that they will generally meet in the region, taking Parliament out of Westminster and into the regions.

Regional Grand Committees will be able to hold wide-ranging debates and statements on regional issues, and provide Members in that region with an opportunity to put oral questions to regional Ministers to hold them to account for their work in fulfilling the responsibilities set out in the “Governance of Britain” Green Paper. That will meet our commitment that they should be directly accountable to Parliament in that role.¹⁰⁴

Issues raised in evidence on the revised SNR proposals

Single integrated regional strategy

108. The Minister told the Committee that RDAs’ focus on the business community would not be diluted by their new responsibilities, arguing: “by combining the economic strategy with the spatial strategy, I think that is an opportunity for economic gain and not one which will see a dilution in focus. I do not think that business will lose out from this, business has a great deal to gain from it”.¹⁰⁵

Accountability

109. A number of supplementary submissions raised the issue of RDA accountability. The Campaign to Protect Rural England argued that RDAs should become more transparent and that they should also be accountable to a number of departments, to reflect their wider remit.¹⁰⁶ The West Midlands Regional Assembly expressed a “degree of scepticism that the new parliamentary accountability arrangements will provide effective scrutiny of regional

103 House of Lords, 12 November 2008, c815

104 Ibid, c816

105 Q350

106 Ev134

organisations and strategy. This is due to the limited time available for detailed investigations.”¹⁰⁷

110. The Minister, however, considered that the new proposals ensured complete accountability:

The Government’s thinking evolved on this as the consultation took place and the process went through. ... In the end what we have asked local authorities and RDAs to do is to work together on this. There is nothing more directly accountable than elected local authority leaders, they are there and it is their role in this to be that democratically elected voice. I think there is an accountability of RDAs because they are accountable to the elected government of the day for what they do as well, so I do not accept that they are free-ranging out there and answerable to no-one.¹⁰⁸

Drafting and agreement of the integrated regional strategy

111. Of the small number of submissions received following the revised proposals, stakeholders expressed support for local authorities to be jointly responsible for the integrated regional strategy although continued concerns were expressed about how the relationship between RDAs and local authorities would work in practice. The CBI stated that the more collaborative approach would “ensure democratic legitimacy for the strategy without diluting the focus on economic development” although it also sought clarity on the exact process for formulating and agreeing the single strategy.¹⁰⁹ In its supplementary response on behalf of all the RDAs (except the LDA), One NorthEast told the Committee “it should be acknowledged however, that potentially challenging negotiations to reach clarity on the ‘joint responsibility’ between the RDAs and Leaders’ Board will be required in each region. The ease by which these arrangements are agreed is likely to differ across regions”.¹¹⁰

112. This was also raised by Dr Paul Benneworth from the Centre for Urban and Regional Development Studies at the University of Newcastle upon Tyne, who argued that greater emphasis should have been placed on the regional arrangements to ensure that local authorities would be able to agree with each other, and with their RDA, over the form and content of their regional strategy. He considered that, if this was not addressed, the exceptional powers for Government intervention will become instead the standard approach to regional planning.¹¹¹

113. In oral evidence, Ms Bernadette Kelly, Director of Planning from CLG, acknowledged that there might be difficulties in securing agreement across all the levels of local authorities and agreed that “there may be tensions obviously in some regions, but what we

107 Ev 421

108 Q378

109 Ev 140

110 Ev 339

111 Ev 112

hope is that there will be an incentive here for local authorities to work together to come up with a sensible proposition”.¹¹²

114. The issue of the membership of the LALBs and their relationship with RDAs was also considered at length by the House of Lords during Committee stage of the Bill on 24 February 2009. The Parliamentary Under-Secretary of State and Government Spokesperson for Communities and Local Government, Baroness Andrews, confirmed that: “as part of the working arrangements for preparing the draft strategy, we expect the RDA and the leaders’ board to set out how they will resolve any differences between them, either on the process or content of the strategy. We expect that mechanism to be in place before they start on a revision.”¹¹³

Consultation and engagement with stakeholders

115. The Minister stressed the importance of consultation in the proposed SNR process:

You mentioned business and they clearly want to and should be consulted, but they are not the only voice who should. There are environmental partners, social partners who should also be consulted. I think any region worth its salt is going to want to get buy-in to a strategy that is as big and as important for it as this and I believe they will do that and section 69 of the Bill asks them to do that. What we could have done, which we did not do, was produce a whole list of people you are supposed to consult with and ask them to go through a great tick box exercise. I think that would have been mistaken.¹¹⁴

The Committee’s conclusions and recommendations

Single integrated regional strategy

116. **The Committee recognises the broad support for the integration of the existing regional economic and spatial planning strategies and welcomes the Government’s decision to merge the two. The Committee emphasises, however, that it will be essential to balance the economic and the spatial planning aspects of the strategies. It will be difficult for RDAs to remain business led organisations whilst jointly responsible for a strategy which encompasses a range of often very sensitive community issues.**

117. **The Committee notes the tensions between witnesses about the need to represent business interests and the need to represent community concerns within the integrated regional strategy. The Committee believes that business interests cannot be presumed to take precedence over the democratically expressed wishes of local communities. The process that eventually results from the Bill must allow community concerns raised through the local democratic process to be fully recognised and taken into account.**

112 Q367

113 HL Deb, 24 February 2009, c67

114 Q352

Accountability

118. The Committee welcomes the fact that local authorities, through the Local Authority Leaders' Boards (LALBs), will retain their democratic link with spatial planning issues under the revised proposals. As the Committee has already stated, however, it is concerned that RDAs must remain business focused to perform their primary functions and that the Bill does not provide sufficient safeguards to local communities. The Committee urges Members to address these central points during the passage of the Bill through the House of Commons.

119. The Committee welcomes the revised proposals relating to the functions of LALBs and supports the Government's decision to separate the executive and scrutiny functions. We are concerned, however, that over the evolution of the Government's proposals an accountability gap may have been created. The Committee recognises that regional committees are expected to have a key role in the accountability of the integrated regional strategies and regional governance. It is too soon to judge their effectiveness but this Committee does have concerns about whether regional committees will have the time and resources to scrutinise sufficiently regional strategies. Nor is it clear how such scrutiny will fit with existing committees' remits, such as this Committee's scrutiny of BERR and its agencies, including RDAs.

Agreement of the integrated regional strategy and workability of the proposed leaders' boards

120. The Committee regrets the lack of clarity about the procedure to be followed if the integrated regional strategy cannot be agreed. The Committee notes that, other than clause 74(1)(a), the Bill is silent on the relationship between LALBs and RDAs and remains concerned about the confusion about how disagreements between the two can be resolved. The Committee recommends that the Government clarifies this before the Bill reaches committee stage in the Commons. If sufficient clarification is not provided, Members may wish to amend the Bill to address this.

121. The Committee is also concerned about a lack of clarity about how LALBs will operate. We believe that the effectiveness of some LALBs might be limited due to the size and diversity of their membership or the number of two tier authorities within the region. As the schemes for the establishment and operation of an LALB need to be approved by the Secretary of State, the Committee recommends the Government publishes draft guidance on the criteria that acceptable schemes should meet before Committee stage is reached.

Timetable for the drafting and agreement of the integrated regional strategy

122. The Committee shares witnesses' concerns about the proposed timetable for the drafting and agreement of the regional strategy. Experience of regional spatial strategies suggests that two years is likely to be too short a time for drafting, consultation, revision and agreement with Ministers. If this is the case, revising the strategy every five years also seems unrealistic. The Committee notes the undertaking

by Government officials that further guidance will be provided as the Bill progresses and calls on the Government to provide such guidance as soon as possible.

RDAs' skills and expertise

123. The Committee notes the concerns over RDAs' ability to deal with spatial planning matters. The Committee notes that RDAs have already begun to address this issue but is concerned that they may not be able to attract staff with spatial planning skills as quickly as they need. The Committee recommends, therefore, that colleagues on regional committees satisfy themselves that RDAs have sufficient skills and expertise as a matter of urgency.

Consultation and engagement

124. The Committee agrees that the success of regional strategies will rest on how well they address the needs of their region and reflect the views of all regional stakeholders. The Committee notes clause 69 of the Bill deals with community involvement and recommends that this provision should be strengthened. Currently it requires the responsible authorities to identify the "persons who appear to them to have an interest". The Committee considers that the Bill should specify that certain groups should be included in the consultation as a matter of course. The Committee does not seek to set out a definitive list here, but considers that bodies such as local chambers of commerce, emergency services, primary care trusts, parish councils, utilities, the Highways Agency and Network Rail should be included. We also recommend that regional committee colleagues consider the issue of whether there is effective consultation on integrated regional strategies.

5 Local authority economic assessment duty

Initial SNR proposals

125. One of the SNR's key points was that local authorities needed to place more emphasis on economic development and neighbourhood regeneration within their wider community responsibilities. The SNR proposed that a statutory economic development duty should be introduced to ensure this.¹¹⁵ This duty would require upper tier local authorities (either on their own or jointly with other authorities) to carry out an assessment of the economic circumstances and challenges of their local economy. The SNR envisaged that the assessment would form part of the analytical underpinning of the relevant regional strategy, local sustainable community strategy, Local Area Agreement and, potentially, Multi-Area Agreements.¹¹⁶

¹¹⁵ SNR1, para. 6.13

¹¹⁶ *ibid*, para. 6.14

126. The Government recognised that this duty was likely to involve additional costs and undertook to fund these fully.¹¹⁷

127. The Government also acknowledged that local authorities would need to develop capacity and expertise in these new areas and undertook to support local authorities to do this.¹¹⁸ It highlighted the Comprehensive Area Assessment (CAA) as an “important driver” in this process, which would “support the identification of capacity and leadership risks in an area while also providing an independent assessment of the quality of partnership working”.¹¹⁹ It went on to state that support to develop capacity and leadership would be provided through the National Improvement Strategy and stressed the importance of central government and RDAs in this development process.¹²⁰ In the SNR consultation document, the Government stated that it would work with the Local Government Association (LGA) and the Improvement and Development Agency (I&DeA) to assess capacity and develop a strategy for overcoming any shortfall that was identified, supported through the National Improvement Strategy.¹²¹

Issues raised in evidence on the initial SNR proposals

Status of the proposed assessment duty

128. All the submissions from local authorities highlighted concerns about the status of the new duty. Submissions pointed to the wording of the SNR consultation document which stated that the economic assessment would *inform* the integrated regional strategy. Local authorities sought assurances that the assessment would have a firmer footing within the process, for example, the County Council Network suggested that the proposals be strengthened to require upper tier authorities to lead, promote and deliver economic development and regeneration more generally.¹²²

129. During the Committee’s meeting on 7 October 2008, it became clear that private sector representatives also sought clarity on the precise purpose of the proposed assessment. The BCC was concerned:

that the economic assessment would become a bit of a tick box exercise where they call in some consultants, chuck some money at them and they will provide the assessment and it will go on a shelf.¹²³

Local authorities’ skills and expertise

130. Just as there were concerns about RDAs’ planning expertise, there were concerns about whether local authorities would have the skills and expertise in relation to economic

117 *ibid*, para. 6.15

118 *ibid*, para. 6.17

119 *ibid*, para. 6.59

120 *ibid*, para. 6.62

121 SNR2, para. 5.23

122 Ev 171

123 Q32

development issues they needed in order to undertake this proposed duty effectively. Witnesses alleged that local authorities had little or limited experience in this policy area. For example, the FSB was concerned “that some local authorities neither have capacity to provide the long-term leadership needed to plan for economic development, nor do they have the capacity to implement programme management and delivery effectively, or to perform the proposed economic assessments”.¹²⁴

131. When giving evidence, however, the BCC said it considered that RDAs and BERR would be well placed to support local authorities in developing the necessary skills (as the SNR proposals envisaged) , arguing that:

I think it is certainly the case that there is capacity and resource within the RDAs to help support local authorities to develop this sort of thing and there is also a high degree of expertise within Whitehall and the economic service within BERR and the like that could help transfer their knowledge and expertise via RDAs to local authorities.¹²⁵

132. Similarly, the LGA was confident that local authorities could develop sufficient expertise:

Local authorities throughout the country have lost a lot of capacity in relation to economic expertise. The pattern frequently now is that they would buy that in from consultants. I have concern, as the regeneration chair of the LGA, that local authorities across the board do not have the capacity at the moment. Some local authorities do, others do not. Again, it is not an insurmountable problem; we have performed this function before and we can do it again.¹²⁶

Revised SNR proposals and Part 4 of the Bill

133. The Government has not significantly revised this proposal after consultation. Clause 63, *Local authority economic assessment*, creates the requirement for local authorities to prepare an assessment of the economic conditions of its area. Clause 63(5) provides that the principal local authority must consult with its partner authorities (listed in clause 64, *Partner authorities*) and other stakeholders and clause 63(6) creates a duty for upper tier and district councils to co-operate in undertaking this duty. The Explanatory Notes that relate to the Bill state that responsible authorities will be required to have regard to guidance issued by the Secretary of State setting out what an assessment should contain and how it should be prepared, when an assessment should be prepared and when it should be revised.¹²⁷

134. The Government provided a policy statement on local economic assessments in January 2009. The document sets out the process that authorities, together with their regional partners, should follow when undertaking this duty, as well as the core principles

124 Ev 249

125 Q35

126 Q93

127 Local Democracy, Economic Development and Construction Bill Explanatory Notes (HL Bill 4—EN) - <http://www.publications.parliament.uk/pa/ld200809/ldbills/002/en/2009002en.pdf>

that local authorities should apply to their assessments. These include identifying the economic linkages within the area; the comparative strengths, weaknesses and threats; how local authorities and partners can influence economic development within the area; regeneration challenges; causes of worklessness and environmental considerations. The document also confirms that “assessments should form a significant element of the evidence base underpinning local and regional strategies”.¹²⁸

Issues raised in evidence on the revised SNR proposals

135. When giving evidence to the Committee, the Minister stated that the purpose of these proposals was to make the incorporation of economic development and regeneration policies within local authorities’ remit a requirement rather than, as is currently the case, optional. This was because “some local authorities do that well at the moment but it is patchy around the country”.¹²⁹

Status of the proposed assessment duty

136. The Minister clarified the status of the assessment within the new regional strategy process, arguing that it would enable local authorities to participate fully:

They (local authorities), through the leaders’ board, which will represent local authorities on this, will be able to say “This is our view of the needs in our area”, and they are their partners in drawing up the single strategy which involves both the planning element and the economic element in a way that has not happened before. I think you can see quite a clear line there between the assessment duty and the formulation of the single strategy.¹³⁰

137. This issue was also raised in the House of Lords during the Committee stage of the Bill on 9 February 2009 and assurances were given by Government Ministers that the economic assessment would feed into, amongst others, the integrated regional strategy.¹³¹

138. The Committee notes, however, that Part 5, *Regional Strategy*, of the Bill, including clause 71, *Matters to be taken into account in revision*, which lists the sources which those authorities drafting the strategy ‘must have regard to’, does not currently refer to the proposed duty.

Local authorities’ skills and expertise

139. When asked about the capacity of local authority staff to undertake these new responsibilities, the Minister acknowledged that the aim of the SNR is to raise their skills and expertise through the assessment duty. The Minister stated that:

128 Local Democracy, Economic Development and Construction Bill, Local Economic Assessments, Policy Statement - <http://www.communities.gov.uk/documents/citiesandregions/pdf/1130294.pdf>

129 Q309

130 Q312

131 HL Deb, 9 February 2009, c255

If you are asking me is there an issue of capacity in some local authorities, I think the answer is yes, there is, but the structure of the SNR is designed to raise that by fostering a focus at the very local level through the economic assessment duty and at the regional level through the Leaders' Board and the single strategy. (Q376).

The Committee's conclusions and recommendations

140. The Committee notes the Government's ambition to increase the role of local authorities in economic development and regeneration policy and agrees that the proposed economic assessment duty is one way to realise this. Concerns over local authorities' understanding of business, however, were raised in evidence to the inquiry and the Committee expects authorities to address any skill gaps before the first assessments are undertaken. The Committee recommends that the House seek assurance on this matter as the Bill progresses.

141. The economic assessment duty should not be seen as an end in itself, however, and there should be a clear mechanism to ensure the assessments are considered when the regional strategy is drafted. Despite assurances that this will be the case by the Minister, this is not reflected in the Bill. If this part of the Bill is not amended before it reaches the Commons, the Committee recommends that clause 71(1), Matters to be taken into account in revision, be amended to ensure that the economic assessments must be considered by responsible regional authorities when revising the regional strategy.

142. The Committee also notes the Government's commitment to provide support to enable local authorities to undertake this duty effectively. The Committee agrees that local authorities must be given the capacity required and recommends the Government should provide a statement setting out how this support will be provided and how Ministers intend to monitor its provision.

6 Sub-regional collaboration on economic development

Initial SNR proposals

143. The SNR sought to promote collaborative working at sub-regional level on economic development and regeneration policy, as part of the proposed increase in the role of local authorities. The Government particularly highlighted collaborative working in the areas of transport, spatial planning and skills and employment policy.¹³²

144. The SNR recognised that local authorities faced a number of difficulties in collaborating on economic development issues and highlighted the recent development of Multi-Area Agreements (MAAs) as an effective mechanism for addressing these. MAAs are voluntary groupings of local authorities with collective targets, performance indicators and pooled resources, with a maximum life span of three years.¹³³

¹³² SNR1, paras. 6.66 – 6.69

¹³³ *ibid*, paras. 6.72 – 6.78

145. The Government recognised, however, that local authorities might wish to collaborate on a broader range of policy issues than those currently covered by MAAs and on a more permanent basis. The SNR proposed statutory partnerships between local authorities which could pool responsibilities for economic development policy areas beyond transport and on a permanent basis.¹³⁴

146. The SNR consultation document stated that the proposed statutory sub-regional arrangements would:

enhance the ability of authorities to drive forward improvements to support sustainable sub-regional growth, and enable funding and responsibility to be devolved or delegated directly to the sub-region, rather than to individual local authorities or to one local authority acting as the accountable body for a sub-regional partnership. Such arrangements would also bind in local authorities to long-term decision-making.¹³⁵

147. The consultation document also stated that any sub-region wanting to adopt these arrangements would have to adhere to four fundamental principles:

- collaboration between elected members of existing local authorities;
- funding costs must be met by partners;
- cost-neutrality, the costs should be covered by efficiency savings created by joint working; and
- accountability.¹³⁶

Revised SNR proposals and Part 6 of the Bill

148. The consultation showed support for formal collaborative arrangements, particularly at sub-regional level on transport, skills provision and community regeneration. The Government, therefore, proposed to establish statutory sub-regional authorities for economic development, known as Economic Prosperity Boards (EPBs)¹³⁷.

149. Clause 83 of the Bill, *EPBs and their areas*, provides for the establishment of EPBs, with subsections (2) to (6) setting out the conditions that must be met before a Board can be created. These include that no local authority within the Board is separated from the other authorities within the Board (condition B) and that no local authority not in the Board is surrounded by authorities that are (condition C). Under clause 86, *Exercise of local authority functions*, local authority functions can be exercised by the EPB *instead of* (clause 86(4)(a)) or *concurrently with* (clause 86(4)(b)) the local authority. EPBs will be voluntary but clause 90, *Changes to boundaries of an EPB's area*, makes it clear that any subsequent changes to membership will only be possible if the Secretary of State agrees and if the

¹³⁴ *ibid*, para. 6.80

¹³⁵ SNR2, para. 5.36

¹³⁶ *ibid*, para. 5.39

¹³⁷ The statutory sub-regional partnerships in the SNR consultation were re-named Economic Improvement Boards in the consultation response. These have since been re-named Economic Prosperity Boards.

conditions set out at s83 are still met. Clauses 98 to 108¹³⁸ make similar provisions for combined authorities, which are groupings of authorities which can take over transport and economic development and regeneration functions.

150. It was intended that the legislation would set out a framework for EPBs but, within this, each EPB would have the flexibility to propose its own functions for approval by Ministers on a case by case basis.¹³⁹ Clause 92, *Review by authorities: new EPB*, provides that sub-regions would be required to show, through an initial review of economic development across the area, that the proposed functions are appropriate for delivery at sub-regional level and do not duplicate existing programmes.

151. Clause 64(2), *Partner authorities*, lists EPBs as a partner authority which must be consulted by a lead local authority in undertaking an economic assessment.

152. The Government provided a policy document on the options for sub-regional co-operation in the Bill in January 2009. The document sets out the rationale for greater co-operation at sub-regional level, as well as detailing the process for establishing an EPB. The document states that, before any changes to an existing EPB can be made, a new review must take place and a revised scheme must be published.¹⁴⁰

Issues raised in evidence on both the initial and revised SNR proposals

153. The Minister told the Committee that:

In the end there is quite a simple idea behind this, which is to get the different bodies, who are not the national government but at a smaller level than the national government in a particular region, working together for the economic good of that region.¹⁴¹

154. There was relatively little comment on this proposal in the response to the Committee's initial call for evidence, although the majority of the witnesses agreed that greater collaboration at sub-regional level was desirable in order for economic development policy support better to mirror functional economic areas.

The workability of the proposed Economic Prosperity Boards

155. During the Minister's evidence, the Committee asked about the membership of EPBs and, in particular, the process by which local authorities could leave the partnerships. The Director of Planning from CLG made it clear that, following their creation, local authorities would only be able to opt out with the consent of the Secretary of State.¹⁴²

¹³⁸ Clauses 98 – 102, Combined authorities and their areas and clauses 103 – 108, Requirements in connection with orders about combined authorities.

¹³⁹ SNR3, para. 2.16

¹⁴⁰ Policy document on options for Sub-Regional Cooperation in the Local Democracy, Economic Development and Construction Bill - <http://www.communities.gov.uk/documents/citiesandregions/pdf/1130456.pdf>

¹⁴¹ Q341

¹⁴² Q333

156. In his supplementary submission, Dr Benneworth argued that EPBs would have greater capacity to be effective if local authorities were obliged to collaborate, rather than encouraged to volunteer. He wrote that the voluntary nature “reduces their [the EPBs’] capacity to deliver ‘real’ joining up of participants’ strategies which are driven by statutory requirements”.¹⁴³

157. The Minister confirmed that the EPBs could operate across regional boundaries¹⁴⁴ and this was confirmed in the policy document published in January 2009.

158. Consideration of the Bill as far as it relates to EPBs was begun at Committee stage in the House of Lords on 24 February 2009. A number of concerns were raised, mostly relating to their status within the existing structure of regional and sub-regional bodies and the procedure that must be followed in the event of a local authority wanting to withdraw. Lord Greaves described the current provisions as a “strait-jacket which, once you are in it, you will find it difficult to get out of”.¹⁴⁵

An additional layer of bureaucracy?

159. A number of comments from the private sector highlighted concerns about creating additional bureaucracy through an extra layer of governance. In his supplementary memorandum, Dr Paul Benneworth agreed, arguing:

it must be recognised that this arrangement is being created in a light-touch way in an institutional environment already extremely tangled with statutory local performance frameworks and agreements. This might undermine the willingness of partners to participate actively in the EPBs and undermine any potential effectiveness this innovation may have.¹⁴⁶

160. The CBI made a similar point when it argued “we question whether it is necessary to have another new body to deliver this”¹⁴⁷ whilst Essex County Council told the Committee that “there would need to be clarity concerning the additional benefits that a Board would bring as compared to any existing arrangements”.¹⁴⁸

The Committee’s conclusions and recommendations

161. The Committee’s inquiry has found that there is significant support for collaboration on economic development issues at sub-regional level and, in principle, the Committee welcomes the Government’s attempts to encourage this. The Committee notes, however, the concerns of witnesses that Economic Prosperity Boards (EPBs) might be an unnecessary addition to the plethora of organisations and

143 Ev 111

144 Q345

145 HL Deb, 24 February 2009, c90

146 Ev 111

147 Ev 141

148 Ev 246

strategies which operate at local, sub-regional and regional level. The Committee shares this concern and recommends the House consider this issue as the Bill progresses.

162. The Committee recommends that the Government provide further information on what use, if any, the Secretary of State will make of the review required by clause 92 when deciding whether to make an order establishing an EPB. The Committee also notes that the Bill is silent on the role of RDAs in relation to this review.

163. The Committee is concerned that there is a potential for conflict between the requirement for collaboration to be flexible, to adjust to possible changes in local authority leadership and direction, and the need for a certain amount of stability to make collaboration across local authority boundaries meaningful. The SNR explicitly envisages that EPBs will provide this stability, by stating they will “bind in local authorities to long-term decision-making” (see paragraph 146).

164. The Committee is concerned about the process by which local authorities or combined authorities can leave EPBs. It notes the conditions placed on local authorities when applying to create an EPB or combined authority and believes that these will circumscribe the decision of the Secretary of State when considering an application from an authority to withdraw. The Committee is concerned that an authority might be prevented from withdrawing from an EPB, even though it no longer wished to participate; considerable disruption could be caused if one of the members of such a body was no longer a willing participant. Moreover, the Bill does not state whether those authorities who wish to leave will be able to reverse clause 86(4) and re-gain control of powers that have been ceded to the EPB. The Committee also notes that orders to change the boundaries of an EPB or combined authority can only be made if all the councils concerned agree and it is unclear what the consequences will be if unanimity cannot be reached. These points, and the consequences for local democracy if there is no change, must be clarified as the Bill progresses.

7 RDAs’ devolution of decision making to sub-regions

Initial SNR proposals

165. The Government wanted local authorities to have a greater role in the delivery of economic development and regeneration policies and for policy decisions and delivery to be delegated to the most appropriate spatial level. Accordingly, the SNR proposed the delegation of decision making to local authorities or sub-regions from RDAs wherever possible, unless there were clear reasons for not doing so.¹⁴⁹

166. The SNR also asserted that local authorities would be able to provide more effective economic development and regeneration policies if they had greater certainty over their funding received from other bodies, such as RDAs, European Regional Development Funding (ERDF) and proposed new Homes Agency. It suggested that “these reforms will

¹⁴⁹ SNR1, para. 6.48

allow local authorities to plan further ahead and get them in a better position to make the long-term investments necessary to improve performance in their localities”.¹⁵⁰

167. It argued that this applied “in particular for sub-regions which represent functional economic areas and which have the capacity to manage large projects, provided decision-making structures are in place which allow effective prioritisation of investments”.¹⁵¹ It also went on to emphasise that RDAs should seek to focus more strongly on providing capacity support for local authorities to facilitate this.

Revised SNR proposals

168. As part of its revised proposals, the Government stated that it had not amended this proposal and that legislation was not required to implement it. RDAs will continue to deliver interventions themselves only where it is appropriate for them to do so, otherwise they will commission programmes and projects from other bodies (e.g., local authorities, universities, sub-regional partnerships).¹⁵² The Government states that this proposal will allow considerable scope for partners to plan the commissioned programmes and projects but will retain strong accountability with the RDAs.

169. Investment planning will allow local authorities and sub-regional partners to have a determining role in planning and delivering interventions, although formal approval and accountability will remain with RDAs.

170. The discussions at Committee stage of the Bill in the House of Lords, however, suggest that the Government has, in fact, changed its position relating to the devolution of decision making to local authorities. During the debate on 24 February 2009, Baroness Andrews stated that: “Our position is a change of emphasis, not policy. The RDA, as part of its joint responsibility for delivery of regional strategy, needs to be able to ensure that the programmes and projects that it funds are consistent with the strategy so that there is coherence and fairness across the are, so that lessons learned from evaluation work of programmes in different areas about what is working effectively and value for money are adopted. It is also vital, especially at this time, to preserve the flexibility of RDA budgets so that they can, if necessary, be flexed to address economic imperatives.”¹⁵³

171. The Committee notes that some local authorities already undertake some degree of economic development agenda through Sustainable Communities Strategies, Local and Multi Area Agreements.

150 *ibid*, para. 6.48

151 *ibid*, para. 6.71

152 SNR3, paras. 2.51 - 55

153 HL Deb, 24 February 2009, c84

Issues raised in evidence on both the initial and revised SNR proposals

Status of the proposed decision making responsibilities

172. Witnesses were concerned by the lack of detail on how decision making responsibilities would be passed to local authorities. In particular, there was widespread fear that RDAs would *delegate*, rather than devolve, funding. In its submission, Barnsley Metropolitan Borough Council made the following distinction between powers being ‘delegated’ and ‘devolved’:

Delegation implies that RDA funds would be passed down to local partners to be spent within tightly defined frameworks set at the regional level. In contrast, devolution of funding would mean that local partners had much more discretion for decision making at the local level, albeit within a regional framework.¹⁵⁴

173. The LGA told the Committee that it had legal advice that existing legislation already enabled RDAs to devolve funding to local authorities but that it had perceived an increasing reluctance to do this in advance of SNR legislation. The LGA was concerned that this suggested that RDAs might not be easily persuaded to devolve these powers and functions.¹⁵⁵ Lancashire County Council also told us that it had experienced RDA reluctance to devolve funding.¹⁵⁶

174. In its supplementary submission, Essex County Council returned to this concern, stating that “the extent to which local authorities are delegated RDA funding is still dependent upon *their* (RDAs’) understanding of the ‘spirit’ and devolutionary intent of SNR. ... Government will need to monitor the extent to which RDAs, in practice, delegate to these agencies and move towards a more strategic role”.¹⁵⁷

175. In its supplementary submission on behalf of all RDAs, One NorthEast sought to provide clarification and reassurance on this point:

RDAs, as agreed with the LGA, consider there to be three broad approaches to the delivery of economic development activities:

- (i) Regional direct delivery by the RDA, for example responding to economic shocks, inward investment, and innovation
- (ii) Regional or sub regional delivery through contractual partnerships and extended enterprises for example through Business Link

154 Barnsley Metropolitan Borough Council submission to Government SNR consultation

155 Ev 286

156 Ev 278

157 Ev 247

- (iii) Sub-regional and local delivery supported by increased delegation to local authorities and other local delivery bodies (e.g. Economic Development Companies, Urban Regeneration Companies and other forms of Special Purpose Vehicles).¹⁵⁸

Local authorities' skills and expertise

176. There were also concerns that local authorities might not have the skills they needed to undertake these tasks. Local authorities, on the other hand, argued that some authorities had sufficient expertise and were already active on economic development issues through existing powers. Essex County Council stated that, as a starting point, it wanted a presumption that local authorities were competent to undertake this spending function¹⁵⁹ whilst the LGA maintained that, if a local authority was not felt to have sufficient skills and expertise, it could face the ultimate punishment at the ballot box.¹⁶⁰

177. A number of submissions questioned how a RDA might measure the readiness of local authorities to take on additional responsibilities. Many argued that funding should not be devolved until local authorities have proved that they have sufficient skills and experience to do so and that some sort of proof of capacity should be sought as a measure of local authorities' competence. Essex County Council raised the point that assessing capacity would be even more of a challenge for those RDAs with a high number of local authorities in their regions.¹⁶¹

178. In oral evidence, RDAs themselves told the Committee that they believed local authorities had the skills to deliver these programmes. EMDA cited the £50 million, about 43% of its budget, which it already delegates to local authorities in the East Midlands.¹⁶² EMDA set out its own procedure for measuring the ability of local authorities to deliver economic development programmes:

We do have our own internal auditors, so if we are going to work with a body like a local authority, a sub-regional partnership, we do a due diligence and then we have an understanding and agreement, a round of understanding, heads of agreement, whatever, that they will deliver X, Y and Z. We follow it up very closely, we monitor it and they have to give monthly reports. Every six months I meet with the chair and chief executive of every sub-regional partnership to assess where we are and what we are doing.¹⁶³

The Committee's conclusions and recommendations

179. The Committee agrees that RDAs will be better able to focus on strategic economic and spatial planning matters if as much as is reasonable of the delivery of the strategy is undertaken by local authorities and other sub-regional partners.

158 Ev 340

159 Q111

160 Q101

161 Q111

162 Q221

163 Q226

180. The Committee welcomes the assurances provided to it, through One NorthEast, that RDAs are preparing to delegate responsibility to local authorities. It notes, however, that the very different terms 'delegation' and 'devolution' of responsibility are used interchangeably in the SNR documents and finds this unhelpful and confusing. Moreover, the Committee notes the comments made by Baroness Andrews that the Government appears to have changed its position over the extent to which RDAs will be requested to delegate or devolve decision-making. This must be clarified as a matter of urgency.

181. The Committee notes the comments made in evidence regarding the process by which RDAs will be able to accurately measure the readiness and skills of local authorities to deliver these responsibilities. The Committee seeks further information from the Government on how RDAs will measure local authorities' readiness and ability. The Committee foresees that difficulties might arise if a local authority has a different opinion of its capability than that of its RDA. The Government should be able to get tell whether a RDA is generally willing to devolve funding to local authorities by considering the degree to which it devolves funding to other local authorities or in other policy areas. The Committee calls on it to clarify whether it intends to do this and what steps it would take if RDAs are found to be unwilling to devolve decision making to local authorities appropriately.

Conclusions and recommendations

1. The Committee notes 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 (RDAs) serve a useful function. The Committee acknowledges that other models could have been developed to perform the function, rather than that established by the Regional Development Agencies Act 1998, but believes that, given the nature of RDAs' responsibilities, it is appropriate that these organisations are business-led. (Paragraph 21)
2. The Committee recognises the real concern that exists about the inevitable arbitrariness or inappropriateness of some borders between RDAs and seeks reassurance from both the Government and the RDAs themselves that strenuous efforts will always be made to work across boundaries where sub-national economies or industries that are truly national in scope demand a wider approach than a regional one. (Paragraph 29)
3. The Committee understands and shares the concerns of business organisations that the incremental increase in RDAs' responsibilities to date has resulted in some loss of their business focus. Moreover, the Committee is concerned that increasing RDAs' responsibilities in a piecemeal fashion could seriously impact on their ability to maintain the strategic outlook which the (sub-national review) SNR proposes. If responsibilities are to be widened in future, there must be full public consultation before any such change. (Paragraph 32)
4. The Committee notes the National Audit Office's (NAO) positive assessments of RDAs' effectiveness; it also notes the strong, but anecdotal, views expressed to it criticising aspects of RDA performance. Ideally, we would have delayed this report until the PricewaterhouseCoopers (PwC) report on RDA impact was available but we feel it is important that this Report is published in time to inform the House's consideration of the Local Democracy, Economic Development and Construction Bill. This central issue of effectiveness is one to which this, or a successor committee, might wish to return. (Paragraph 40)
5. We welcome the commissioning of the PwC report on the effectiveness of RDAs but are very disappointed that the Government has introduced legislation implementing the SNR proposals before its publication. It is regrettable that Parliament is being asked to decide on RDAs' future responsibilities without a full analysis of the way they fulfil their current ones. The Committee strongly recommends that the PwC report is published before the Committee stage of the Bill begins. (Paragraph 41)
6. The Committee notes the concerns about the private sector experience of RDA staff and board members. Moreover, the Committee is itself concerned that the percentage of staff with a business background will decrease further if, as the Bill envisages, RDAs become more involved in matters currently undertaken by other regional bodies, such as planning. This could have a significant impact on RDAs' ability to be truly business led and we recommend that the Government monitors the experience of RDA staff and board members on a regular basis. (Paragraph 45)

7. The Committee notes the conclusions of the Arthur D Little Report but this issue seems to remain a cause of concern to businesses. We are not fully convinced by the report's findings. The Committee will monitor the success of the new arrangements for overseas representation and expects to see more robust co-ordination in the future. The Committee also expects the new overseas representation model to lead to progress on the Committee's earlier recommendation that RDA overseas offices co-locate within Foreign and Commonwealth Office overseas and UK Trade & Investment (UKTI) offices, wherever possible. In its response to this report, we ask the Government to report progress on this important subject. (Paragraph 51)
8. The Committee appreciates that the Government is facing a significant challenge in dealing with the effects of the current economic recession and that there are many calls on public funds. The Committee recognises that it may be that RDAs can make efficiency savings and operate effectively on a smaller budget. Any budget cuts made, however, must be done after a comprehensive and thoughtful review of RDAs' budgets and programmes, rather than being determined by departmental budget shortfalls on other priorities. (Paragraph 58)
9. It is important that RDAs have some certainty over their budget in order for them to work with regional, sub-regional and local partners to fund and deliver meaningful economic development programmes. The Government should support Ministerial rhetoric with financial clarity; 'dipping into' RDA budgets is no way to do that. (Paragraph 59)
10. Whatever the merits of the timing of reform during a major recession, it would be easier to implement if there was clarity about the proposals. Throughout the inquiry, the Committee was surprised and disappointed by the lack of detail contained in the Government's proposals about how the new arrangements for sub-national governance of economic development policy would operate in practice. This can only be a cause of significant concern for the RDAs and local authorities faced with implementing the legislation. We believe that much of the clarification called for in this report could, and should, have been provided at an earlier stage. It must be available during the Committee stage of the Bill. (Paragraph 67)
11. The Committee recognises the broad support for the integration of the existing regional economic and spatial planning strategies and welcomes the Government's decision to merge the two. The Committee emphasises, however, that it will be essential to balance the economic and the spatial planning aspects of the strategies. It will be difficult for RDAs to remain business led organisations whilst jointly responsible for a strategy which encompasses a range of often very sensitive community issues. (Paragraph 116)
12. The Committee notes the tensions between witnesses about the need to represent business interests and the need to represent community concerns within the integrated regional strategy. The Committee believes that business interests cannot be presumed to take precedence over the democratically expressed wishes of local communities. The process that eventually results from the Bill must allow community concerns raised through the local democratic process to be fully recognised and taken into account. (Paragraph 117)

13. The Committee welcomes the fact that local authorities, through the Local Authority Leaders' Boards (LALBs), will retain their democratic link with spatial planning issues under the revised proposals. As the Committee has already stated, however, it is concerned that RDAs must remain business focused to perform their primary functions and that the Bill does not provide sufficient safeguards to local communities. The Committee urges Members to address these central points during the passage of the Bill through the House of Commons. (Paragraph 118)
14. The Committee welcomes the revised proposals relating to the functions of LALBs and supports the Government's decision to separate the executive and scrutiny functions. We are concerned, however, that over the evolution of the Government's proposals an accountability gap may have been created. The Committee recognises that regional committees are expected to have a key role in the accountability of the integrated regional strategies and regional governance. It is too soon to judge their effectiveness but this Committee does have concerns about whether regional committees will have the time and resources to scrutinise sufficiently regional strategies. Nor is it clear how such scrutiny will fit with existing committees' remits, such as this Committee's scrutiny of BERR and its agencies, including RDAs. (Paragraph 119)
15. The Committee regrets the lack of clarity about the procedure to be followed if the integrated regional strategy cannot be agreed. The Committee notes that, other than clause 74(1)(a), the Bill is silent on the relationship between LALBs and RDAs and remains concerned about the confusion about how disagreements between the two can be resolved. The Committee recommends that the Government clarifies this before the Bill reaches committee stage in the Commons. If sufficient clarification is not provided, Members may wish to amend the Bill to address this. (Paragraph 120)
16. The Committee is also concerned about a lack of clarity about how LALBs will operate. We believe that the effectiveness of some LALBs might be limited due to the size and diversity of their membership or the number of two tier authorities within the region. As the schemes for the establishment and operation of an LALB need to be approved by the Secretary of State, the Committee recommends the Government publishes draft guidance on the criteria that acceptable schemes should meet before Committee stage is reached. (Paragraph 121)
17. The Committee shares witnesses' concerns about the proposed timetable for the drafting and agreement of the regional strategy. Experience of regional spatial strategies suggests that two years is likely to be too short a time for drafting, consultation, revision and agreement with Ministers. If this is the case, revising the strategy every five years also seems unrealistic. The Committee notes the undertaking by Government officials that further guidance will be provided as the Bill progresses and calls on the Government to provide such guidance as soon as possible. (Paragraph 122)
18. The Committee notes the concerns over RDAs' ability to deal with spatial planning matters. The Committee notes that RDAs have already begun to address this issue but is concerned that they may not be able to attract staff with spatial planning skills as quickly as they need. The Committee recommends, therefore, that colleagues on

regional committees satisfy themselves that RDAs have sufficient skills and expertise as a matter of urgency. (Paragraph 123)

19. The Committee agrees that the success of regional strategies will rest on how well they address the needs of their region and reflect the views of all regional stakeholders. The Committee notes clause 69 of the Bill deals with community involvement and recommends that this provision should be strengthened. Currently it requires the responsible authorities to identify the “persons who appear to them to have an interest”. The Committee considers that the Bill should specify that certain groups should be included in the consultation as a matter of course. The Committee does not seek to set out a definitive list here, but considers that bodies such as local chambers of commerce, emergency services, primary care trusts, parish councils, utilities, the Highways Agency and Network Rail should be included. We also recommend that regional committee colleagues consider the issue of whether there is effective consultation on integrated regional strategies. (Paragraph 124)
20. The Committee notes the Government’s ambition to increase the role of local authorities in economic development and regeneration policy and agrees that the proposed economic assessment duty is one way to realise this. Concerns over local authorities’ understanding of business, however, were raised in evidence to the inquiry and the Committee expects authorities to address any skill gaps before the first assessments are undertaken. The Committee recommends that the House seek assurance on this matter as the Bill progresses. (Paragraph 140)
21. The economic assessment duty should not be seen as an end in itself, however, and there should be a clear mechanism to ensure the assessments are considered when the regional strategy is drafted. Despite assurances that this will be the case by the Minister, this is not reflected in the Bill. If this part of the Bill is not amended before it reaches the Commons, the Committee recommends that clause 71(1), Matters to be taken into account in revision, be amended to ensure that the economic assessments must be considered by responsible regional authorities when revising the regional strategy. (Paragraph 141)
22. The Committee also notes the Government’s commitment to provide support to enable local authorities to undertake this duty effectively. The Committee agrees that local authorities must be given the capacity required and recommends the Government should provide a statement setting out how this support will be provided and how Ministers intend to monitor its provision. (Paragraph 142)
23. The Committee’s inquiry has found that there is significant support for collaboration on economic development issues at sub-regional level and, in principle, the Committee welcomes the Government’s attempts to encourage this. The Committee notes, however, the concerns of witnesses that Economic Prosperity Boards (EPBs) might be an unnecessary addition to the plethora of organisations and strategies which operate at local, sub-regional and regional level. The Committee shares this concern and recommends the House consider this issue as the Bill progresses. (Paragraph 161)

24. The Committee recommends that the Government provide further information on what use, if any, the Secretary of State will make of the review required by clause 92 when deciding whether to make an order establishing an EPB. The Committee also notes that the Bill is silent on the role of RDAs in relation to this review. (Paragraph 162)
25. The Committee is concerned that there is a potential for conflict between the requirement for collaboration to be flexible, to adjust to possible changes in local authority leadership and direction, and the need for a certain amount of stability to make collaboration across local authority boundaries meaningful. The SNR explicitly envisages that EPBs will provide this stability, by stating they will “bind in local authorities to long-term decision-making” (see paragraph 146). (Paragraph 163)
26. The Committee is concerned about the process by which local authorities or combined authorities can leave EPBs. It notes the conditions placed on local authorities when applying to create an EPB or combined authority and believes that these will circumscribe the decision of the Secretary of State when considering an application from an authority to withdraw. The Committee is concerned that an authority might be prevented from withdrawing from an EPB, even though it no longer wished to participate; considerable disruption could be caused if one of the members of such a body was no longer a willing participant. Moreover, the Bill does not state whether those authorities who wish to leave will be able to reverse clause 86(4) and re-gain control of powers that have been ceded to the EPB. The Committee also notes that orders to change the boundaries of an EPB or combined authority can only be made if all the councils concerned agree and it is unclear what the consequences will be if unanimity cannot be reached. These points, and the consequences for local democracy if there is no change, must be clarified as the Bill progresses. (Paragraph 164)
27. The Committee agrees that RDAs will be better able to focus on strategic economic and spatial planning matters if as much as is reasonable of the delivery of the strategy is undertaken by local authorities and other sub-regional partners. (Paragraph 179)
28. The Committee welcomes the assurances provided to it, through One NorthEast, that RDAs are preparing to delegate responsibility to local authorities. It notes, however, that the very different terms ‘delegation’ and ‘devolution’ of responsibility are used interchangeably in the SNR documents and finds this unhelpful and confusing. (Paragraph 180)
29. The Committee notes the comments made in evidence regarding the process by which RDAs will be able to accurately measure the readiness and skills of local authorities to deliver these responsibilities. The Committee seeks further information from the Government on how RDAs will measure local authorities' readiness and ability. The Committee foresees that difficulties might arise if a local authority has a different opinion of its capability than that of its RDA. The Government should be able to get tell whether a RDA is generally willing to devolve funding to local authorities by considering the degree to which it devolves funding to other local authorities or in other policy areas. The Committee calls on it to clarify whether it

intends to do this and what steps it would take if RDAs are found to be unwilling to devolve decision making to local authorities appropriately. (Paragraph 181)

Annex A - List of RDAs and boundaries

Schedule 1 of the Regional Development Agencies Act 1998 sets out the boundaries for the nine English RDAs:

East Midlands

The counties of Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire. The non-metropolitan districts of Derby, Leicester, Nottingham and Rutland.

Eastern

The counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk. The non-metropolitan districts of Luton, Peterborough, Southend-on-Sea and Thurrock.

London

Greater London.

North East

The counties of Durham and Northumberland. The metropolitan districts of Gateshead, Newcastle upon Tyne, North Tyneside, South Tyneside and Sunderland. The non-metropolitan districts of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees.

North West

The counties of Cheshire, Cumbria and Lancashire. The metropolitan districts of Bolton, Bury, Knowsley, Liverpool, Manchester, Oldham, Rochdale, St. Helens, Salford, Sefton, Stockport, Tameside, Trafford, Wigan and Wirral. The non-metropolitan districts of Blackburn with Darwen, Blackpool, Halton and Warrington.

South East

The counties of Buckinghamshire, East Sussex, Hampshire, Isle of Wight, Kent, Oxfordshire, Surrey and West Sussex. The non-metropolitan districts of Bracknell Forest, Brighton and Hove, the Medway Towns, Milton Keynes, Portsmouth, Reading, Slough, Southampton, West Berkshire, Windsor and Maidenhead and Wokingham.

South West

The counties of Cornwall, Devon, Dorset, Gloucestershire, Somerset and Wiltshire. The non-metropolitan districts of Bath and North East Somerset, Bournemouth, Bristol, North Somerset, Plymouth, Poole, South Gloucestershire, Swindon and Torbay. The Isles of Scilly.

West Midlands

The counties of Shropshire, Staffordshire, Warwickshire and Worcestershire. The metropolitan districts of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. The non-metropolitan districts of Herefordshire, Stoke-on-Trent and Telford and Wrekin.

Yorkshire and the Humber

The county of North Yorkshire. The metropolitan districts of Barnsley, Bradford, Calderdale, Doncaster, Kirklees, Leeds, Rotherham, Sheffield and Wakefield. The non-metropolitan districts of the East Riding of Yorkshire, Kingston upon Hull, North East Lincolnshire, North Lincolnshire and York.

Appendix 1 - Correspondence from BERR on the Winter Supplementary Estimates

Winter Supplementary Estimate 2008/9

I am responding to your letter of 17 November in which you requested further information on BERR's Winter Supplementary Estimate 2008/9.

RDA Funding

£17.088m reduced contribution from Department for the Environment, Food and Rural Areas (DEFRA)

The funding for the Regional Development Agencies' (RDAs) and the London Development Agency (LDA) is managed through BERR as the central sponsoring Department. Contributions from other Departments, such as DEFRA, are channelled via BERR through a "single pot".

The reduction in DEFRA's contribution to the RDA "single pot" was due to DEFRA's need to set a balanced budget for 2008/9. This entailed a review of all areas of spend and a need to prioritise spending commitments.

All RDAs have more difficulty in accommodating reductions to Near Cash expenditure rather than Capital, and the impact is felt across all aspects of Programme activity. The biggest area for collective RDA expenditure is Business Support activity, and therefore it bears most of any Near Cash expenditure reductions. The reduction has been applied to a large range of schemes, for example - reduced support for Business Start-up, Business Transformation Programme and Grants for Business Investment (formerly Selective Finance for Investment in England).

The difference between the reduced contribution and the reduced Grant-in-Aid has arisen because the LDA, as a Local Authority, receives direct (i.e. voted) funding whilst the RDAs receive (non voted) funding via payments of Grant-in-Aid. The following table shows the relationship between the quoted figures of £20m and £17.088m:

	Near Cash	Capital
	£k	£k
Total reduction in DEFRA contribution	(20,000)	
Of which the LDA's proportion is voted rather than non voted	2,912	
Reduction in Grant-in-Aid (the non voted impact)	17,088	

BERR is unable to increase its contribution to the RDAs as there is no surplus budget and no availability of End Year Flexibility (EYF) funding.

£17m reduction in Capital budget as a result of cold weather payments and warm front delivery

I have been advised that the reduction of £17m in the RDA's Capital budget is being accommodated through two means:

- Identifying small schemes that can be delayed until the first quarter of 2009/10
- Reviewing the contracted intervention rates for existing schemes and agreeing with other funding partners that RDAs will reduce contribution in 2008/09, and increase contributions in 2009/10

Typically, this will be across ten or more schemes per RDA. As both cuts were notified early in the financial year, the RDAs have managed the reductions through the project development and contracting processes. It should be noted that the cumulative effect of these reductions will inevitably lead to a reduction of, and in some cases cancellation of, schemes in the future. The impact for 2009/10 and prioritisation of expenditure going forward is currently under appraisal.

The forecast increase in the Department for Work and Pension's (DWP) Annually Managed Expenditure (AME) costs for Cold Weather Payments has been funded entirely by the reduction in BERR Departmental Expenditure Levels (DEL). There have been no specific cuts in DWP's DEL to fund this particular programme. However, DWP is continuing to make very significant efficiencies across its budget, to live within its challenging CSR07 settlement and respond to the pressures of rising unemployment.

Apart from BERR's £1m contribution, the £50m increase in the Warm Front programme for 2008/9 (announced as part of the Government's Energy Efficiency package on 11th September 2008) has been funded from DEFRA's Departmental Unallocated Provision (DUP). The DUP was set aside to provide a contingency fund to respond to unplanned events, such as large scale animal disease outbreaks and emergency situations. Therefore no spending programmes have been directly cut as a result of the Warm Front increase and DEFRA will look to flexibility within its budgets if it has to respond to an emergency situation in the current financial year.

The correct text in respect of the £17m transfer to DEFRA and the Department for Work and Pensions (DWP) should read "£1m to DEFRA for increased Warm Front Activity" and "£16m to DWP for Winter Fuel Payments".

The £16m was transferred via the Departmental Unallocated Provision (DUP) as the budget made available was Capital but the required form of funding needed by DWP was Near Cash. HM Treasury therefore facilitated the transfer via the DUP to change the nature of the funding.

Reduced grants to the London Development Agency (LDA)

Each year budgets are allocated to the LDA and RDAs from a “single pot” from Government. This single pot is made up of funding provided by a number of Government Departments, and is allocated on an agreed full formulaic basis.

Since actual in-year budgetary needs vary from initial allocations, the RDAs and LDA agree to “swap” budgets between themselves during the year to ensure maximum usage of the funding. Normally, “swaps” are made on the basis of the same type of budget (e.g. Capital swapped for Capital) and on the basis of timing (e.g. the RDAs switch budgets to the LDA one year and receive repayments the following year(s), depending on the arrangement agreed between the lending and receiving RDA).

The LDA had benefited from additional Capital budget “borrowed” from the RDAs in previous years for expenditure related to the 2012 London Olympics. The agreement was that this would be returned in 2008/9. The LDA’s Capital budget was therefore reduced from the indicative allocation in the Main Estimate in respect of the return of the £39.5m borrowed from other RDAs. The overall reduction in the LDA’s budget through the Winter Supplementary Estimate is as follows:

	£k
LDA’s voted budget in Main Estimate	389,674
Reduction in respect of DEFRA contribution	(2,912)
Budget “repaid” by LDA to RDAs	(39,501)
LDA’s proportion of the reduction in BERR’s contribution (Capital in budgets but Capital Grants in the Estimate)	(2,504)
LDA’s voted budget in the Winter Supplementary Estimate	344,757

Insolvency Service Non Cash

The Insolvency Service receives fees in relation to insolvency cases but these are not realised until some time later when asset realisations have been completed. An annual provision has to be made for doubtful debts in relation to fee charges; this is calculated as a proportion of fees charged. The provision has increased in line with the number of cases being handled. An increase in such a provision currently results in additional (DEL) Non Cash charges, hence the £14.3m budget increase needed. In view of the current economic climate, there could be a need to increase this further through the Spring Supplementary Estimate.

The figures in the Main Estimate reflect the CSR07 Settlement which was agreed in 2007. In reality, the position by the beginning of any financial year seldom mirrors the situation envisaged at the time of a Settlement.

Departmental Unallocated Provision (DUP)

The movements in BERR's DUP are shown in the following table. As explained in the Memorandum to the Main Estimate for 2008/9, BERR's Capital CSR07 Settlement included planned use of certain EYF stocks and other flexibilities (although utilisation of these would need to be agreed by Treasury and included in a Supplementary Estimate). This resulted in a negative Capital DUP to balance in-year allocations.

	Near Cash	Non Cash	Capital
	£k	£k	£k
DUP in Main Estimate	556	15,028	(113,955)
Switch to British Shipbuilders' Liabilities	(516)		
PES transfer to Cabinet Office for Security Monitoring and Co-ordination Centre	(40)		
Switch to Insolvency Service		(14,300)	
Switch to Icelandic Trawlermen liabilities		(728)	
Environmental Transformation Fund underspend switched into DUP			27,000
Enterprise Capital Fund underspend switched into DUP			27,400
Switch from RDA Capital	16,000		
PES transfer to DWP for Cold Weather Payments	(16,000)		
DUP in Winter Supplementary Estimate	0	0	(59,555)

Part of the remaining £59,555k negative Capital DUP will be rectified by receipt of £35m from the Department for Innovation, Universities and Skills (part repayment of a loan made by BERR in 2007/8) through the Spring Supplementary Estimate.

In view of the 2008/9 fiscal position, HM Treasury have been unable to agree to any utilisation of EYF until the Spring Supplementary Estimate. BERR has been promoting Capital savings to redress the remaining negative balance but will be seeking use of EYF in the Spring Supplementary Estimate if this proves absolutely necessary.

9 December 2009

Formal Minutes

Tuesday 3 March 2009

Members present:

Peter Luff, in the Chair

Mr Adrian Bailey
Roger Berry
Mr Brian Binley
Mr Michael Clapham

Mr Lindsay Hoyle
Lembit Öpik
Mr Anthony Wright

1. Regional development agencies

Draft Report (*Regional development agencies and the Local Democracy, Economic Development and Construction Bill*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraph 1 to 181 read and agreed to.

Annex, Glossary and Summary agreed to.

A paper was appended to the Report as Appendix 1.

Resolved, That the Report be the Fourth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report together with written evidence reported and ordered to be published on 7 October 2008.

Written evidence was ordered to be reported to the House for placing in the Library and Parliamentary Archives.

[Adjourned until Tuesday 10 March at 10.15 am]

List of witnesses

Tuesday 7 October 2008	<i>Page</i>
Mr Chris Hannat, Head of Policy, British Chambers of Commerce , Mr Steve Radley, Chief Economist, EEF and Ms Karen Dee, Head of Infrastructure, CBI	Ev 1
Councillor David Sparks, Chair, transport and Regeneration Board, Local Government Agency , Councillor Stephen Castle, Cabinet Member for Economic Development, Regeneration and London 2012, Essex County Council and Mr Sean McGrath, Head of External Relations, Lancashire County Council	Ev 13
Tuesday 14 October 2008	
Mr Nick Paul, Chair, Advantage West Midlands , Dr Bryan Jackson, Chair and RDA Chair of Chairs, and Mr Jeff Moore, Chief Executive, East Midlands Development Agency	Ev 26
Monday 15 December 2008	
Rt Hon Pat McFadden MP, Minister of State for Employment Relations and Postal Affairs and Ms Philippa Lloyd, Director of Regions, Department for Business, Enterprise and Regulatory Reform and Ms Bernadette Kelly, Planning Executive Director, Department for Communities and Local Government	Ev 46

List of written evidence

1	Department for Business, Enterprise and Regulatory Reform	Ev 61, 66
2	1 st East	Ev 67
3	ACAS	Ev 68, 71
4	Advantage West Midlands	Ev 72
5	Aldeburgh Music	Ev 80
6	Arts Council England, East	Ev 81
7	Ashford Borough Council, Kent	Ev 82
8	Association of North East Councils & the North East Assembly	Ev 93
9	Association of Regional Observatories	Ev 94
10	Aston University	Ev 95
11	Graham Pierce, Aston University & Sarah Ayres, Bristol University	Ev 97
12	Barnsley Metropolitan Borough Council	Ev 103
13	Dr Simon Bennett, QinetiQ	Ev 104
14	Dr Paul Benneworth, Newcastle University	Ev 106, 111
15	Birmingham, Coventry and Black Country City Region	Ev 112

16	British Association of Shooting and Conservation	Ev 113
17	British Chambers of Commerce	Ev 114
18	British Furniture Confederation	Ev 119
19	British Music Rights	Ev 121
20	CABE	Ev 123
21	Campaign for National Parks	Ev 127
22	Campaign to Protect Rural England	Ev 130, 133
23	CBI	Ev 134, 140
24	CBI West Midlands	Ev 141
25	Centre for Cities	Ev 142
26	Centre for Urban and Regional Development Studies, Newcastle University	Ev 144
27	Chemical Industries Association	Ev 153
28	Chief Economic Development Officers Society & The CSS	Ev 155
29	Community and Voluntary Forum Eastern Region	Ev 159
30	Confederation of West Midlands Chambers of Commerce	Ev 161
31	Cornwall County Council	Ev 164
32	Country Land and Business Association	Ev 166
33	County Councils Network	Ev 169
34	Cranfield University	Ev 172
35	Derbyshire and Nottinghamshire Chamber of commerce	Ev 173
36	Councillor Gerald Dawe	Ev 174
37	East of England Development Agency	Ev 175
38	East of England Regional Assembly	Ev 183
39	East Midlands Development Agency	Ev 187, 197
40	East Midlands Environment Link	Ev 199
41	East Midlands Principal Authorities	Ev 201
42	East Midlands Regional Assembly	Ev 201
43	EEF	Ev 203, 210
44	Engineering and Machinery Alliance	Ev 211
45	English Heritage	Ev 216
46	English National Park Authorities Association	Ev 217
47	English Regional Development Agencies	Ev 221
48	English Regions Network	Ev 232, 235
49	The Environment Agency	Ev 236
50	Essex County Council	Ev 239, 242, 246
51	W J Kliszewicz, The Experience Group Ltd	Ev 247
52	Federation of Small Businesses	Ev 248
53	Finest	Ev 253
54	Goodrich Control Systems Ltd	Ev 253
55	Groundwork UK	Ev 254
56	Hertfordshire Prosperity	Ev 255
57	Historic Houses Association	Ev 259
58	Institute of Directors in the East of England	Ev 261
59	Institute of Historic Building Conservation	Ev 264
60	Institute of Physics	Ev 265

61	Institution of Economic Development	Ev 267
62	IPPR North	Ev 272
63	Ipswich Borough Council	Ev 275
64	Jaguar Land Rover	Ev 276
65	Lancashire County Council	Ev 277, 280
66	Leeds City Region	Ev 282
67	Leicestershire Asian Business Association	Ev 284
68	Local Government Association	Ev 285
69	London Development Agency	Ev 288
70	National Housing Federation, Shelter & The Chartered Institute of Housing	Ev 295
71	The National Trust	Ev 297
72	Natural England	Ev 300
73	Neo Products Ltd	Ev 306
74	NESTA	Ev 307
75	Norwich City Council	Ev 314
76	Northern Business Forum	Ev 314
77	North East Businesses & One NorthEast	Ev 316
78	North East Chamber of Commerce	Ev 317
79	North West Regional Development Agency	Ev 320
80	Nottinghamshire County Council	Ev 330
81	One NorthEast	Ev 331, 339
82	Opportunity Peterborough URC	Ev 340
83	Oxford Innovation Ltd	Ev 342
84	Public and Commercial Services Union	Ev 344
85	Punjab Link Council	Ev 346
86	The RAC Foundation for Motoring	Ev 348
87	Royal Institute of British Architects (RIBA)	Ev 349
88	Royal Institution of Chartered Surveyors (RICS)	Ev 353
89	Royal Society for the Protection of Birds (RSPB)	Ev 356, 360
90	Royal Town Planning Institute	Ev 360
91	South East England Development Agency (SEEDA)	Ev 365
92	Semta	Ev 369
93	Skillfast UK	Ev 371
94	Solihull Metropolitan Borough Council	Ev 373
95	South East England Regional Assembly	Ev 375
96	South West Regional Development Agency	Ev 379
97	Taxpayers' Alliance	Ev 383
98	University of Birmingham	Ev 396
99	University of Warwick	Ev 398
100	West Midlands Business Council	Ev 400
101	West Midlands Higher Education Association	Ev 403
102	West Midlands Regional Assembly	Ev 404, 420
103	West Midlands Regional Forum of Leaders	Ev 421
104	Ken Wigfield	Ev 423
105	Wildlife Trusts	Ev 424

106	Wiltshire County Council	Ev 428
107	The Woodland Trust	Ev 430
108	Wychavon District Council	Ev 432
109	Yorkshire Forward	Ev 435
110	Yorkshire & Humber Assembly	Ev 444

List of unprinted evidence

The following memoranda have been reported to the House, but to save printing costs they have not been printed and copies have been placed in the House of Commons Library, where they may be inspected by Members. Other copies are in the Parliamentary Archives, and are available to the public for inspection. Requests for inspection should be addressed to The Parliamentary Archives, Houses of Parliament, London SW1A 0PW (tel. 020 7219 3074). Opening hours are from 9.30 am to 5.00 pm on Mondays to Fridays.

Regional Studies Association

British Library

R&D Society

List of Reports from the Committee during the current Parliament

Session 2008–09

First Report	Energy policy: future challenges	HC 32
Second Report*	Pre-appointment hearing with the Chairman-elect of Ofcom, Dr Colette Bowe	HC 119
Third Report	Work of the Committee in 2007-08	HC 175

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First Report	The work of the Committee in 2007	HC 233
Second Report	Jobs for the Girls: Two Years On	HC 291
Third Report	Post Office Closure Programme	HC 292
Fourth Report	Funding the Nuclear Decommissioning Authority	HC 394
Fifth Report	Waking up to India: Developments in UK-India economic relations	HC 209
Sixth Report	After the Network Change Programme: the future of the post office network	HC 577
Seventh Report	Keeping the door wide open: Turkey and EU accession	HC 367
Eighth Report**	Scrutiny of Arms Export Controls (2008): UK Strategic Export Controls Annual Report 2006, Quarterly Reports for 2007, licensing policy and review of export control legislation	HC 254
Ninth Report	Construction matters	HC 127
Tenth Report	Post Office finance: matters arising from evidence taken on 10 June 2008	HC 662
Eleventh Report	Energy prices, fuel poverty and Ofgem	HC 293
Twelfth Report	Post Office Card Account: successor arrangements	HC 1052
Thirteenth Report	Companies House	HC 456
Fourteenth Report	Departmental Annual Report and Scrutiny of the Department for Business, Enterprise and Regulatory Reform	HC 1116

* First Joint Report with Culture, Media and Sport Committee

** First Joint Report of Committee's on Arms Export Controls