



Japan Local Government Centre, London

Monthly Report for April 2009 (England) – RDA Impact Evaluation

Background

Nine Regional Development Agencies (RDAs) were established under the Regional Development Agencies Act 1998, with eight outside of Greater London launched in April 1999. The ninth, the London Development Agency (LDA), was established in July 2000 following the Greater London Authority assuming legal status.

Each RDA has five specific statutory duties:

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

Following the passage of the London Olympic Games and Paralympic Games Act 2006 all RDAs have had a further duty to prepare for the 2012 Olympic Games.

The RDAs (other than the LDA) are funded by six different government departments. This funding is pooled as the “Single Pot” and then allocated to each RDA. The eight RDAs outside Greater London report to the Department for Business, Enterprise and Regulatory Reform (BERR), which appoints the RDA’s Chair and 15-member board (drawn from the public, private and voluntary sectors), which in turn appoints the Chief Executive (subject to BERR approval). The LDA is funded by and reports to the Greater London Authority, which also appoints its Chair and board.

The eight RDAs outside of Greater London are also to some extent supervised by Regional Assemblies (drawn primarily from local government in each region, with business and third sector representation), though these will be abolished from April 2010 following the 2007 Sub-National Review. The RDAs are responsible for producing a Regional Economic Strategy (RES) in order to guide the region’s economic performance along identified agreed goals set by the RDA and its partners, with funding allocated accordingly. Each RDA then produced a Corporate Plan to show how it will allocate its budget in order to meet the objectives set by the RES.

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Impact of RDA spending

The nine RDAs currently have an annual budget of £2.3bn and have spent £15.5bn since their inception, according to the BERR sponsored report, *Impact of RDA spending*, undertaken by PriceWaterhouseCoopers (PWC). PWC were appointed by BERR in December 2007 to provide an independent assessment of the impact of RDA spending, both in each region and in England as a whole. Eight RDAs (other than the LDA) had already been subject to an Independent Performance Assessment in 2006/07 by the National Audit Office, which concluded that six were performing “strongly” and two were performing “well”.

The report concentrated on three lines of enquiry:

- *What has been the impact of RDAs’ spending both at the project and programme level and overall?*
- *What does the available evidence suggest has been the value for money of RDAs’ interventions?*
- *How has each RDA performed against its relevant objectives both at the project and programme level and, overall, in relation to its Corporate Plans and the RESs?*

In terms of impact, the report found that according to the evidence shown under the impact evaluation framework, the RDAs:

- *created and safeguarded nearly 213,000 net jobs;*
- *assisted over 35,000 net businesses;*
- *helped to create over 8,500 net businesses;*
- *assisted over 403,000 people (net) in skills development; and*
- *remediated over 570 hectares (net) of brownfield land.*

In terms of value for money of RDA interventions, the report found that *“there is credible evidence that all RDAs have generated regional economic benefits, especially if account is taken of the potential persistence of the projected benefits. Across all interventions the annual impact on GVA [Gross Value Added] resulting from jobs which have already been created or safeguarded is broadly equal to the cost, but if allowance is made for the expected persistence of these benefits, then every £1 of RDA spend will add £4.50 to regional GVA.”*

Finally, in terms of assessing RDA performance against objectives, the picture is more complex. However, it found that:

- *33% of evaluations, covering 43% of evaluated spend, did not provide an assessment of performance against objectives: this reflects the interim nature of many evaluations - over half of the evaluations covering physical regeneration had not assessed performance - and difficulties associated with a lack of specific*

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- and measurable objectives;*
- *of those programmes and projects where performance against objectives had been assessed, around 20% (by number and spend) had either exceeded or (fully) met their objectives whilst a further 28% by number (and 21% by spend) had largely met their objectives; and*
 - *proportionately more interventions focused on people had exceeded or fully met their objectives than other types of interventions.*

In conclusion, the report found that “there is credible evidence that all RDAs have generated regional economic benefits which exceed their costs... The picture, however, is varied. On the one hand, some projects and programmes have already achieved regional benefits in excess of costs, notably in the area of business support. On the other hand, some interventions have not yet achieved regional economic benefits in excess of their costs, although the majority of them have the potential to do so if the expected benefits arise.”

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