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# Regional governance and place-shaping – an evolving tripartite relationship

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**Lee Pugalis** looks at the origins and evolution of the tripartite relationship between Regional Assemblies, Regional Development Agencies and the Government Offices at the regional tier of governance

The contemporary ethos of governance in England largely stems from Conservative policy developments between 1979 and 1997. Through a wholesale process of privatisation and public sector rationalisation, a 'business-like' approach saw the transfer of local authority funding powers to centrally-appointed quangos (quasi-autonomous non-governmental organisations). Local authorities were effectively sidelined during this period as the Thatcherite distaste for public sector led intervention in all forms presided.

However, since the 1990s some genuine attempts have been made at 'holistic' regeneration, spatial planning and place-shaping, involving partnership coalitions of public, private, and voluntary and community stakeholders, which have been carried forward by New Labour. Whether these attempts were born out of democratic ideology or economic necessity remains unclear. This article examines the origins and evolution of the tripartite relationship at the regional tier of governance between Regional Assemblies (RAs), Regional Development Agencies (RDAs) and Government Offices for the English Regions (GOs), in terms of regeneration, spatial planning and place-shaping. It sets the scene for the changes taking place, and by so doing, lays the groundwork for a deeper exegesis of the Government's Review of Sub-National Economic Development and Regeneration (commonly referred to as the SNR) in the next issue of this journal.

## New regionalism

Tackling inter-regional inequality has been an omnipresent objective of New Labour since it gained power in 1997. RDAs and unelected RAs were first proposed in the 1997 White Paper *Building Partnerships for Prosperity* and were provided with a legislative basis in the 1998 Regional Development Act (hereafter referred to as 'the Act'). Each became operational in eight of the nine English regions in April 1999 (see Fig. 1). London has its own unique governance arrangements, including a directly elected major, so is excluded from this analysis.



**Fig. 1** The English regions

Source: Government Offices for the English Regions

Set out in the 2002 White Paper *Your Region, Your Choice*, the role and status of the proposed *elected* Regional Assemblies were rather different from those in the original plans. The North East of England was used as a test-bed for an elected regional governance structure, but a referendum in 2004 halted proceedings when the region voted a resounding ‘no’. Every council area in the North East voted no, in a unanimous public show of feeling that elected RAs would be little better than a talking shop. So, with the exception of London, all the English regions have a proxy unelected Assembly, or ‘voluntary regional chamber’ according to the Act, where membership is an ill-defined collective of local councillors, business interests and community representatives.

The decision to settle with unelected Assemblies in order to have a scrutiny body in place to oversee RDA activities has compromised the effective role of RAs from their birth. For instance, the North East Assembly (NEA) with its slogan ‘the voice for the region’ has so little power that perversely its voice is usually drowned out by their more powerful compatriots, One NorthEast, who it has been tasked with scrutinising. For those who do take special care to listen to the NEA, such as during the plan-making process of the Regional Spatial Strategy (RSS), its voice is often marginalised owing

to its strange structure and lack of implementation and funding powers. With a compromised framework from the outset, it is perhaps no great surprise that unelected Assemblies are to be phased out, with many of their strategy-making functions, including spatial planning, being transferred across to the RDAs.<sup>1</sup>

Since April 1999, the RDAs have managed the regional functions of the Rural Development Commission as well as the administration of the Single Regeneration Budget (SRB) Challenge Fund and English Partnerships' regional responsibilities. RDAs are centrally charged with the role of regional economic development, including regenerating the economic base of underperforming areas, in their quest to attract and retain inward investment. The Act gives the RDAs five statutory purposes:

- o to further economic development and regeneration;
- o to promote business efficiency, investment and competitiveness;
- o to promote employment;
- o to enhance development and application of skills relevant to employment; and
- o to contribute to sustainable development.

While the objectives set for RDAs are all-embracing – including sustainable development, social cohesion and place-shaping – their primary focus is economic development. This is reflected in their single-minded targetry framework that places emphasis on gross value added (GVA), jobs created, new businesses, and private sector leverage. Output narratives are prevalent in urban competitiveness stories where places, and consequently place-based projects, are framed as directly competing in 'place wars' and spatial 'contests' for finite inputs, including a choice clientele. So while most Regional Economic Strategies (RESs), which RDAs are charged with preparing, tend to cover 'business', 'people' and 'place' priorities, they inevitably stress the former but lack the spatial understanding of their regional counterpart, the RSS.

The RES production process is streamlined compared with the arduous practice of issuing the RSS. Partly as a result of disjointed timescales and key milestones, some RDAs and RAs have developed different evidence bases underpinning their respective strategies, including contradictory growth projections. Another explanation is that while both bodies purport to place sustainable development at the heart of their mission, arguably only the Regional Assembly takes this matter seriously. RESs tend to be visually appealing documents, but these slick productions tend to lack rigour and are replete with empty signifiers, such as 'sustainable economic growth', 'urban and rural renaissance' and 'quality of place', aimed at marketing the prospective investments of RDAs.

A third explanation for the resulting inconsistencies between RSSs and RESs is politics. RA members are largely made up of representatives from the local government sector, whereas RDA boards are business-led, with the majority of members directly appointed for their private industry background and achievements. In some regions, RAs and RDAs have vigorously clashed over housing numbers growth projections, with the former refuting government targets as being unrealistic and unsustainable, and the latter promoting increased growth.

GOs were set up by the Conservative government in 1994 to co-ordinate and represent the work of government departments in each of the English regions, aligning central, regional and local policies. The establishment of GOs represented for the first time a multi-departmental national government presence in the English regions. They essentially act as the 'eyes and ears' of Whitehall in the regions and are a 'top-down' instrument: effectively a group of civil servants from several government departments dispatched to the regions. The move therefore demonstrates a 'de-concentration' rather than decentralisation of power.<sup>2</sup>

Their role is wide and varied, traversing planning, regeneration, housing and employment policy areas. In 2004-05, the GOs collectively managed a budget approaching £9 billion, although many of these responsibilities have since been passed over to quangos such as the RDAs. According to the Government Offices for the English Regions website, GOs are responsible for:

- o sponsoring each of the RDAs;
- o administering appointments to the boards of the RDAs;
- o advising and liaising with RDAs on strategy, business and action planning;
- o working with RDAs on the delivery of their agreed targets and objectives;
- o financial monitoring, including payment of grant in aid; and
- o reporting on progress against objectives, annually and throughout the year.

In addition, GOs also carry out planning duties on behalf of the Department for Communities and Local Government (CLG), including:

- o scrutinising draft development plans prepared by local authorities to ensure they have taken account of national and regional policy and guidance;
- o supporting local authorities in the transition to and preparation of their Local Development Frameworks;
- o looking at individual planning applications which may raise issues that have more than just local importance, and advising ministers whether they need to intervene (i.e. 'call in' the application for public inquiry and the Secretary of State's own decision); and
- o monitoring local authority development control performance.

GOs are said to be the primary means by which a wide range of government policies are delivered in the English regions. But with an ill-conceived mixture of 'sponsorship' and 'budget management' responsibilities, it is often impossible to untangle where the role of improving regional economic performance ends with the GOs and begins with the RDAs. Added to the mix is the role of the RAs, who are charged with setting the strategic framework for planning, housing, transport, and sustainable development, together with ensuring that RDAs are accountable to their region, including scrutiny of the RES. We are left with a distinct lack of clarity between the tripartite relationship of who takes the lead on place-shaping. There is unnecessary duplication between these three regional bodies. Inevitably, this leads to confusion as to which body is leading on any particular issue.

### **Policy confusion: a leadership vacuum**

The move to bolster regional governance from the mid-1990s was part of an economic 'glocalisation' of regulatory practices that emerged through the devolution of powers to local/regional governance structures on the one hand and a transfer to supra-national institutions, such as the European Commission, G8 and the International Monetary Fund on the other. Since the late 1990s, a triumvirate of powers – the Government Office, the Regional Development Agency and the Regional Assembly – has haphazardly shared regional governance responsibilities in each English region.

Once established, RDAs co-ordinated the management of the SRB process, but other related funding activities and responsibilities such as planning and transport remained with the GOs. The complexity of regeneration priorities is confused further by the overlap between RSSs and RESs, prepared by RAs and RDAs, respectively. Clearly, a more comprehensive understanding of urban-economic dynamics is needed to help join-up diverse policy interventions transecting different spatial scales.

More recently, in December 2008, the merger between English Partnerships and the Housing Corporation, and combining parts of CLG, has established a new national housing and regeneration body, suitably called the Homes and Communities Agency (HCA). Although a body with a national remit, the HCA works locally through nine regional teams, each with its own director. The HCA's role 'is to create thriving communities and affordable homes', helped by 'engaging local authorities in a 'single conversation' on all aspects of housing and regeneration'.

It would appear from an examination of this remit that going forward a new player will join the existing regional triumvirate of powers jostling over place-shaping duties. However, the proposals to be taken forward as part of the SNR mean that this new quartet will only have a few months to develop partnership relations with one another before the four has again been reduced to three.

In recognition of policy confusion and an apparent leadership vacuum in terms of place-shaping at the regional tier of governance, the SNR sets the framework for a single Regional Strategy (RS) and abolition of the RAs by 2010. Spatial planning functions will then transfer across to the RDAs – a move intended to streamline regional governance, speed up policy-making, and provide stronger economic leadership. Indeed, RDAs now appear to be taking forward 'Britain's new regional policy' agenda envisaged by the Labour politician Ed Balls at the turn of the 21st century.<sup>3</sup> Critics suggest, however, that the proposals are 'rotten to the core', claiming that the RS will suffer from short-term economic objectives and will lack the democratic accountability that the RAs offer.<sup>4</sup>

Nevertheless, the SNR paves the way for economic development to fully consider its spatial implications. The 'spatial turn' is evident in the Government's SNR-related publications; presenting hope that place-shaping can prosper. This will be the subject of an article in the next issue.

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Notes

- 1 L. Pugalis: 'SNR – a story of compromise'. *Journal of the Institution of Economic Development*, 2009, 107
- 2 M. Johnson, O. Mrinska and H. Reed: *The North in Numbers – A strategic audit of the Northern Regions*. IPPR North, Newcastle, 2007
- 3 E. Balls: 'Britain's new regional policy'. In E. Balls and J. Healey (Eds): *Towards and New Regional Policy*. The Smith Institute, 2000
- 4 T. Marshall: 'Rotten to the core'. *Planning*, 31 Aug. 2007, 15