



EMBARGOED UNTIL 00:00 MONDAY 29 DECEMBER

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RESEARCH NOTE 42

Regional Development Agencies: Having a ball at the 2008 Party Conferences

Regional Development Agencies have been an expensive failure. Despite over £15 billion in taxpayer funding, they have proved ineffective in reducing regional income disparities, incapable of fostering sustainable economic growth and have frequently misused taxpayers' money. As the TaxPayers' Alliance's recent paper laid out, there is now a very strong case for abolishing Regional Development Agencies (RDAs).¹

Indeed with public finances under pressure, the Government itself is now planning cuts in RDA funding.² Opposition parties are actively considering abolishing the RDAs entirely.³

With their funding under threat, the RDAs took the opportunity of this autumn's Party Conferences to try and mount a defence. But, true to form, that defence came in the form of an appalling misallocation of taxpayers' money. Over the three main party conferences RDAs spent over £285,000 purchasing security passes, obtaining hotel rooms, reimbursing staff for expenses and paying for expensive events in an attempt to attract political support.

The information obtained from our Freedom of Information requests reveals that:

- The nine **RDAs spent £285,855 attending and participating in the 2008 Party Conferences.**
- **The Labour Conference was the most expensive to RDAs**, costing over £107,102.
- **RDA staff claimed £14,025 in expenses** (taxis, meals, drinks at the bar, etc).
- The **North West Regional Development Agency (NWDA) spent the most, at £89,885** in total. The South West RDA was the next biggest spender, at £53,149.
- Hosting events for politicians and the media was the biggest cost for RDAs. **The NWDA spent £67,671 on wine, food and venues at the Party Conferences.** The remaining eight RDAs spent £108,458 between them on events.

¹ For the complete TaxPayers' Alliance analysis of RDA performance, see the "[The Case for Abolishing Regional Development Agencies](#)", August 2008

² For instance, BERR is cutting its annual contribution by £50 m - <http://www.berr.gov.uk/aboutus/corporate/performance/annual-spending/page37729.html>

³ Birmingham Post, September 30 2008 - <http://www.birminghampost.net/news/politics-news/2008/09/30/advantage-west-midlands-will-be-scrapped-says-tories-65233-21932763/>



- Thousands were also spent on hotel rooms and conference passes. **For a full table of the costs incurred by the RDAs, please see Appendix A.1**

The RDA's spending at the conferences illustrates a common – if rarely visible – feature of British politics: public bodies – funded by taxpayers – lobbying Government. This is a perverse arrangement in which taxpayers' money is wasted in the pursuit of more taxpayers' money, or in seeking to influence the strategy decisions of policy makers.⁴

In the United States much of this spending would be considered illegal. Under the provisions of the Lobbying Disclosure Act of 1995, recipients of federal money are prohibited from using those grants to lobby politicians.⁵ As RDAs are entirely funded by the taxpayer (whether through Westminster or Brussels) this would make any activities seeking to influence the decisions of politicians illegal. Unfortunately however, in the UK such activity remains legal.

RDAs spending at the Party Conferences was a gross waste of taxpayers' money, at a time when small businesses need all the help they can get. Only abolishing RDAs will bring an end to this kind of wasteful spending.

Ben Farrugia, Policy Analyst at the TaxPayers' Alliance said:

"This is a serious misuse of public money. RDAs were not created to buy wine and canapés for politicians, but rather to improve regional economies. They have failed to do this, and instead use taxpayers' money to win over political support. Such behaviour only strengthens the case for their abolition."

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⁴ For related stories - <http://www.timesonline.co.uk/tol/news/politics/article5258248.ece> & http://www.timesonline.co.uk/tol/comment/columnists/daniel_finkelstein/article4863675.ece

⁵ Jack Maskell (2008), 'Political Activities of Private Recipients of Federal Grants or Contracts', *Congressional Research Service*, p.4 The regulation concerned is the Byrd Amendment



Appendix A.1

Regional Development Agency Spending at the 2008 Party Conferences

RDA	Total Amount, £				Hotel Rooms, £				Conference Passes, £			
	Lib Dem	Lab	Cons	Total	Lib Dem	Lab	Cons	Total	Lib Dem	Lab	Cons	Total
North West Development Agency	20,379	43,836	25,670	89,885	1,400	6,400	1,680	9,480	1,509	6,211	3,638	11,358
East Midlands Development Agency	0	4,392	2,712	7,104	0	446	319	765	0	3,520	2,161	5,681
One North East	1,727	3,304	3,050	8,081	360	807	640	1,807	0	276	1,100	1,376
South East England Development Agency	13,316	15,878	17,865	47,059	649	2,330	7,861	10,840	1,350	2,766	3,404	7,520
Yorkshire Forward	4,405	8,130	4,909	17,444	464	2,434	871	3,769	727	2,132	2,019	4,878
South West Regional Development Agency	30,985	12,735	9,429	53,149	1,760	3,400	1,240	6,400	1,387	2,395	1,451	5,233
Advantage West Midlands	1,298	1,347	16,014	18,659	530	180	280	990	538	704	646	1,888
East of England Development Agency	4,096	4,948	3,075	12,119	105	588	1,235	1,928	269	1,502	1,442	3,213
London Development Agency	7,169	12,532	12,654	32,355	1,259	3,518	4,500	9,277	772	3,297	2,555	6,624
	83,375	107,102	95,378	285,855	6,527	20,103	18,626	45,256	6,552	22,803	18,416	47,771

Table continues on following page.



RDA	Hosting events, £				Expense claims, £				Number of Staff Attending		
	Lib Dem	Lab	Cons	Total	Lib Dem	Lab	Cons	Total	Lib Dem	Lab	Cons
North West Development Agency	16,385	31,218	20,068	67,671	1,085	6	240	1,331	4	11	7
East Midlands Development Agency	0	0	0	0	0	425	231	656	0	4	5
One North East	1,227	2,156	1,125	4,508	140	65	185	390	3	3	4
South East England Development Agency	10,101	9,624	5,436	25,161	1,216	1,157	1,164	3,537	9	7	10
Yorkshire Forward	1,227	2,156	1,125	4508	497	950	218	1,665	7	10	7
South West Regional Development Agency	26,533	5,683	5,913	38,129	1,304	1,256	824	3,384	4	4	4
Advantage West Midlands	0	0	15,000	15,000	231	463	88	782	2	2	5
East of England Development Agency	3,524	2,500	128	6,152	198	358	270	826	1	3	4
London Development Agency	5,000	5,000	5,000	15,000	138	717	599	1,454	3	6	5
	63,997	58,337	53,795	176,129	4,809	5,397	3,819	14,025			