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EMBARGOED UNTIL 00:01am FRIDAY 8 AUGUST

## Structure of Government No.3 **The Case for Abolishing Regional Development Agencies**

Economic disparities between England's regions are profound and long standing. London and the South East have generated a disproportionate share of the country's economic output for decades, and differences between the best and worst performing regions continue to increase.<sup>1</sup>

Established in 1999, Regional Development Agencies (RDAs) were the new Labour Government's proposed solution to this problem. Designed to co-ordinate economic development and regeneration on a regional scale, their purpose was to improve the relative competitiveness of England's nine regions, and reduce the imbalances that exist within and between them.<sup>2</sup>

Judged on their performance though, RDAs have been an expensive failure. Over £15 billion of taxpayers' money has been spent over the past nine years, with little discernable impact:

- **Employment** – annual increases in the number of jobs, and the number of people in work, have actually slowed since 1999. From 1992 to 1999 employment in England rose by an average of 0.3 percentage points a year. Since 1999, that rate has dropped to just 0.1 percentage points. Between 2000 and 2005 the number of jobs in England increased by 3 per cent, while between 1995 and 2000 the number increased by 9.5 per cent.
- **Competitiveness** – apart from London and the South East, England's regions grew faster in the seven years before RDAs were introduced than in the seven years after, in both per head and total output terms. The rate of business creation has not significantly increased since 1999.
- **Regional imbalances** – in economic output, the relative contribution of the seven regions besides London and the South East has dropped from 64 per cent in 1992 to 52 per cent in 2006. The gap between the richest and poorest regions has grown over the past decade, not diminished.

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<sup>1</sup> Office for National Statistics, Regional GVA Data

<sup>2</sup> [www.berr.gov.uk/regional/regional-dev-agencies/index.html](http://www.berr.gov.uk/regional/regional-dev-agencies/index.html)

This paper – the third in the TaxPayers’ Alliance’s Structure of Government series – argues for the abolition of RDAs, as unproductive, wasteful and unaccountable quangos. They have neither accelerated economic growth in the regions, nor reduced the disparities between them.

The money saved by abolishing them should be returned to businesses in the form of a four percentage point reduction in the small company rate of corporation tax – from 22 per cent to 18 per cent – which would establish an effective alternative to the wasteful bureaucracy of RDAs.

### **The other key findings in the report are:**

- Regional Development Agencies have **cost the UK taxpayer £15.3 billion since 1999**. In 2006-07 they received £2.3 billion from Westminster, £62 million from the EU and spent £2.6 billion.<sup>3</sup>
- Excluding London and the South East, **regional economic output (per head of population) increased by 40.6 per cent between 1992 and 1999**. In the seven years after RDAs were established, the increase was **only 36.5 per cent**.
- The economic output (per head) of the poorest performing region – the North East – was 40 per cent below that of London’s in 2006: £15,177 compared to £26,192.
- **In all regions except the North East, employment in the public sector has risen faster than in the private sector**. In the South West, 50.8 per cent of the jobs created since 1999 have been in the public sector (86,000 jobs).
- The focus on regional development has led to a neglect of more important sub-regional problems: for example GVA per head in Greater Manchester South grew by 76 per cent between 1995 and 2004, while in Manchester North it only grew by only 31 per cent.<sup>4</sup>
- **RDAs should not be seen as local bodies, but as part of central government**. They are only properly accountable to Whitehall departments, their key executives and board members are selected by Ministers and their objectives set by ministers.

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<sup>3</sup> Department for Business, Enterprise and Regulatory Reform FOI Response, 23/07/08; see Appendix B, Table B2

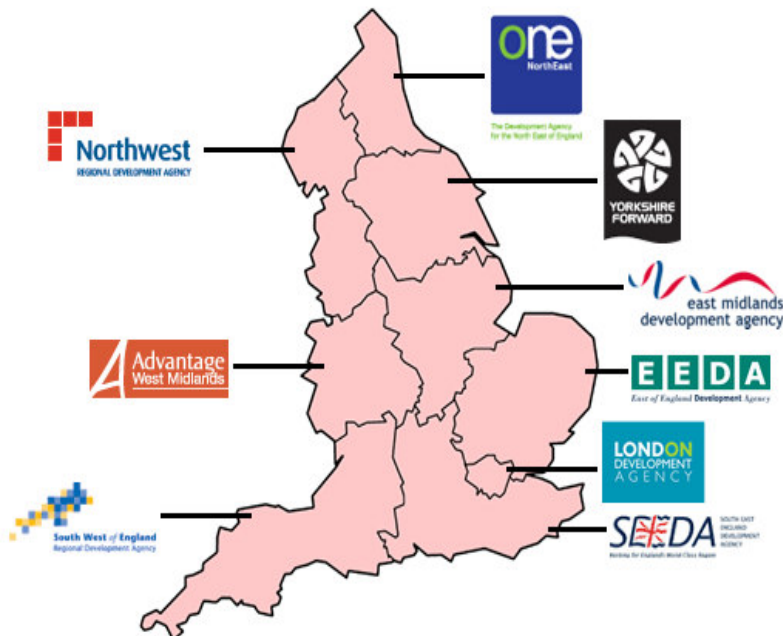
<sup>4</sup> Shakespeare, T (June 2008), 'The Future for Regional Governance', *Localis Research Notes*

- **Many RDA responsibilities are duplicated by other quangos, creating significant waste.** English Partnerships, another redevelopment quango, costs taxpayers £628 million per annum.
- **Examples of waste within RDAs abound;** extravagant trips to the south of France, ludicrous taxi expenses and lavish one day conferences are all commonplace. James Braithwaite, Chairman of SEEDA, spent £53,803 on transport in 2006-07. Yorkshire Forward spent £20,000 sending staff to a Film Festival in Dubai in 2006.
- The **average remuneration for an RDA Chief Executive** in 2006-07 was **£169,413**. For a (part-time) Chairman it was £82,147. The **highest paid Chief Executive was Pam Alexander, earning £192,801** for her work at SEEDA in the South East. **Margret Fay was the highest paid Chair** of an RDA Board, **earning £97,845** for her work at One North East. **These are high rewards for failure** (For a complete list of RDA employees earning over £100,000 see Appendix A).

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

*"Regional Development Agencies have failed in their core mission to narrow the gap between the economic performance of England's regions. At a time when businesses are increasingly over-regulated and over-taxed, RDAs have become a symbol of wasteful bureaucratic excess. They should be abolished before the Government hands them even greater powers."*

### England's Regional Development Agencies



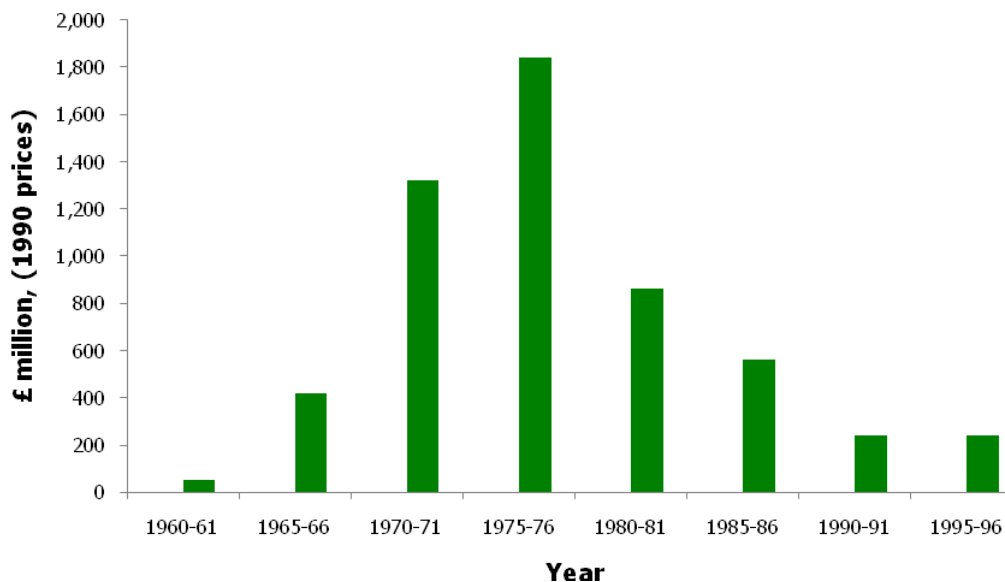
## 1. Regional Development Policy in the UK

The UK has a long tradition of regional policy, stretching back over seven decades to the early activities of the Industrial Transference Board and the aid given to workers migrating to areas with better job prospects.<sup>5</sup>

The creation of 'Special Areas' in 1934 marked a shift in regional policy towards the idea of taking work to the workers. In areas suffering from persistently high unemployment, firms were encouraged to expand, assisted by tax and rate rebates, small grants and infrastructure investment.<sup>6</sup>

In the immediate post war years regional assistance was low, but with the extension of 'Assisted Areas' in 1966 spending rocketed from around £20 million to over £1.8 billion in 1975 (in 1990 prices).<sup>7</sup> The problem of depressed regions was seen in terms of market failure and solutions relied on capital subsidies to raise labour demand.<sup>8</sup> The onset of Thatcherism – and the start of EU Structural Funding – saw UK government spending on the regions fall, but some 'assistance' was still seen as necessary on social grounds.

Figure 1.1: Expenditure on UK regional assistance, 1960 – 1995<sup>9</sup>



<sup>5</sup> Law, C (1982), *British Regional Development Since World War 1*, (Methuen, New York), p.43

<sup>6</sup> Ibid, p.45 / Taylor, J (2002), 'The Evaluation of UK Regional Policy: How much progress has been made?' in Johansson, Karlson & Stough (2002), *Regional Policies and Comparative Advantage*, (Edward Elgar, MA), p.173

<sup>7</sup> Wren, C (1996), 'Grant Equivalent expenditure on industrial subsidies in the post-war United Kingdom', in *Oxford Bulletin of Economics and Statistics*, Vol. 58, pp. 317-53

<sup>8</sup> Taylor, J & Wren, C (1997), 'UK Regional Policy: An Evaluation', in *Regional Studies* Vol 31:9, pp.835-848

<sup>9</sup> Shows direct subsidy payments to firms; data taken from Wren, C (1996).

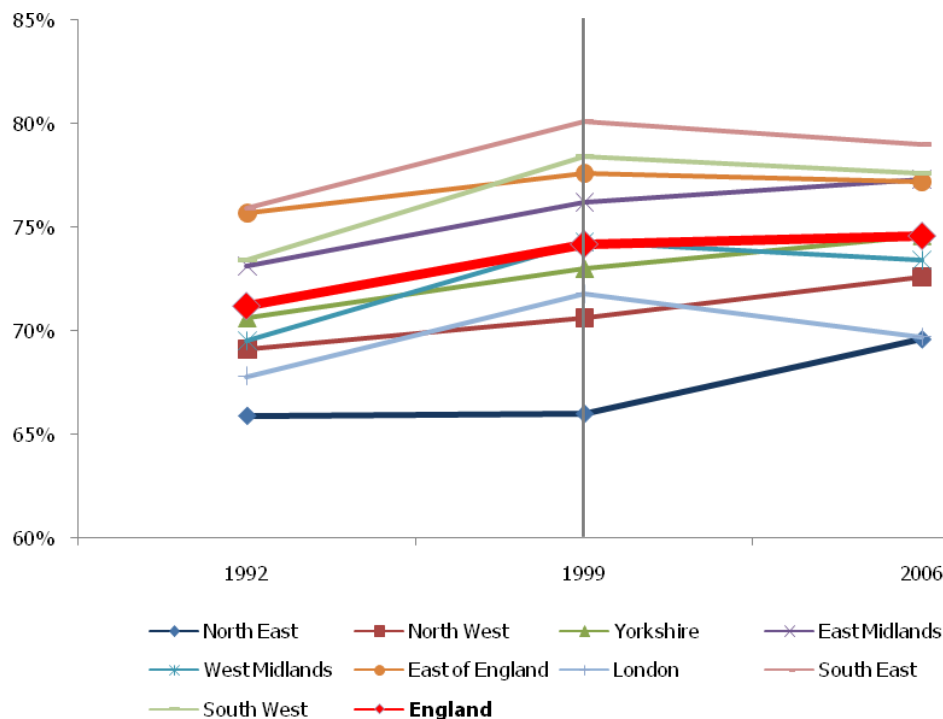
Labour's return to power in 1997 meant a return to regional intervention though centrally controlled, appointed agencies. In 1999 eight RDAs were established, to offer 'a better attunement of national policies and programmes to local needs and concerns'.<sup>10</sup> These new quangos did not replace the programs of financial aid given to 'Assisted Areas' – which continue today – but promised to reverse a trend that saw London and the South East increasingly dominate England's economic landscape. Nine years on and £15.3 billion of taxpayers' money spent, how have they performed?

## 2. The Performance of Regional Development Agencies

Economic progress has been made since 1999; national unemployment has fallen and economic growth remained strong.<sup>11</sup> But RDAs' contribution to this has been limited, and their continued focus on 'regions' has masked important sub-regional economic developments. If we look at three key areas – employment, business creation and general economic growth – the case for keeping RDAs looks bleak.

**2.1 Employment:** Increasing employment is arguably RDAs' primary function. But regional employment trends over recent decades show that they have made little impact.

Figure 2.1.1: Percentage of Regional Working Age Population in Employment



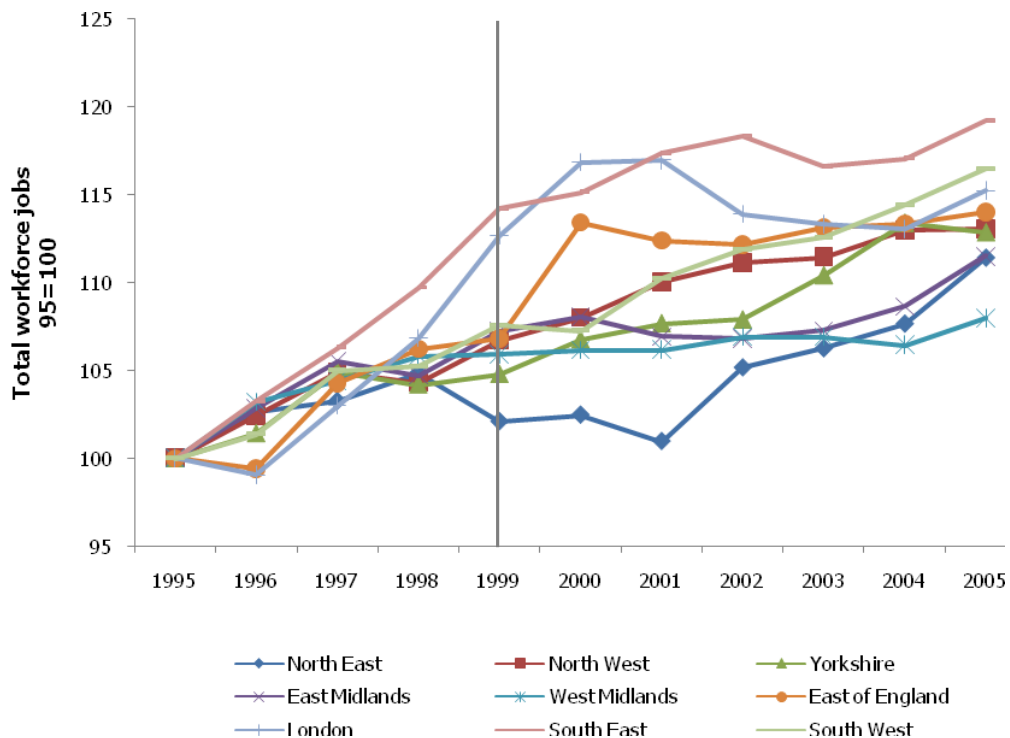
<sup>10</sup> Department of Environment, Transport and the Regions, 1997, para 3.2

<sup>11</sup> Shakespeare, T (June 2008), 'The Future for Regional Governance', *Localis Research Notes*

The graph above shows the percentage of England's regional working age population in work, 1992-2006. For the country as a whole, that number increased by 4.2 per cent in the seven years between 1992 and 1999, the year RDAs began operation. Between 1999 and 2006 the increase was just 0.5 per cent.

Rising immigration into the UK has certainly played some part in this slowdown. However if we look at the number of actual jobs in the regions – a variable less affected by population change – a similar trend is clear.

Figure 2.1.2: Total workforce jobs in the regions<sup>12</sup>



Annual increases in the number of jobs have actually slowed since RDAs were set up. Between 1995 and 2000 the number of jobs in England increased by 10.5 per cent, while between 2000 and 2005 the number only increased by 3.8 per cent. London and the South East saw the sharpest slowdown, but even when these two regions are excluded, the rate of 'jobs added' in the remaining seven regions fell from 7.8 per cent between 1995 and 2000 to just 4.2 per cent between 2000 and 2005.

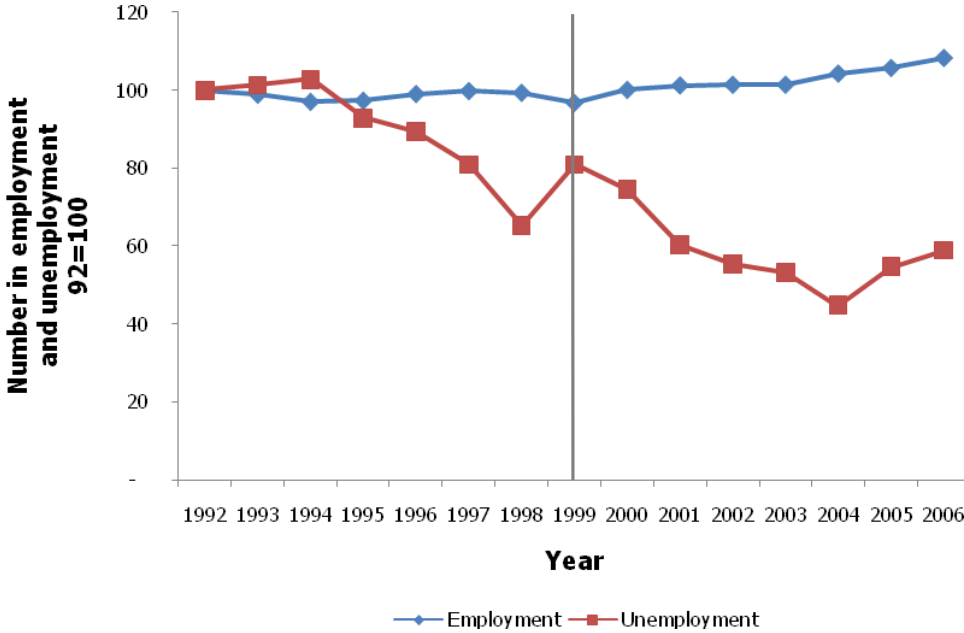
As RDAs are tasked specifically with fostering and sponsoring employment creating ventures, this fact undermines government claims to the value added by regional development agencies.<sup>13</sup>

<sup>12</sup> Pre-1995 regional data is not available.

<sup>13</sup> Regional Development Agencies Act, 1998, Part 1: Purposes

Not unaware of this, the Government’s defence of RDAs relies largely on the cruder – and more easily manipulated – figures for employment and unemployment. Even in areas with significant levels of economic disadvantage such as the North East, levels of employment have risen while the number of officially unemployed has continued to fall.

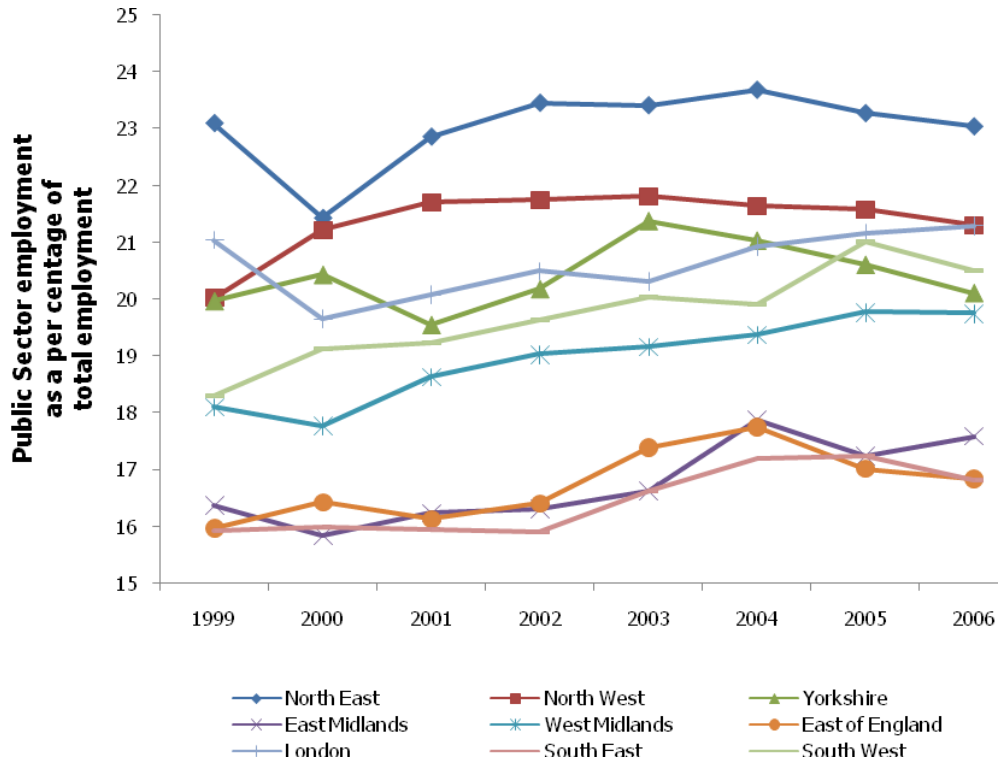
Figure 2.1.3: Employment and Unemployment in the North East



But even if we accept the fall in unemployment – which is partly due to people coming off job-seekers allowance and onto other welfare benefits, such as incapacity benefit – the number of people actually employed in some regions has risen only very marginally since 1992, and little above the pre-RDA trend.

Moreover, when the rise in public sector employment is stripped out of employment increases between 1999 and 2006, the gains made in many regions are much more modest than government figures suggest.

Figure 2.1.4: Public sector employment as a share of total employment



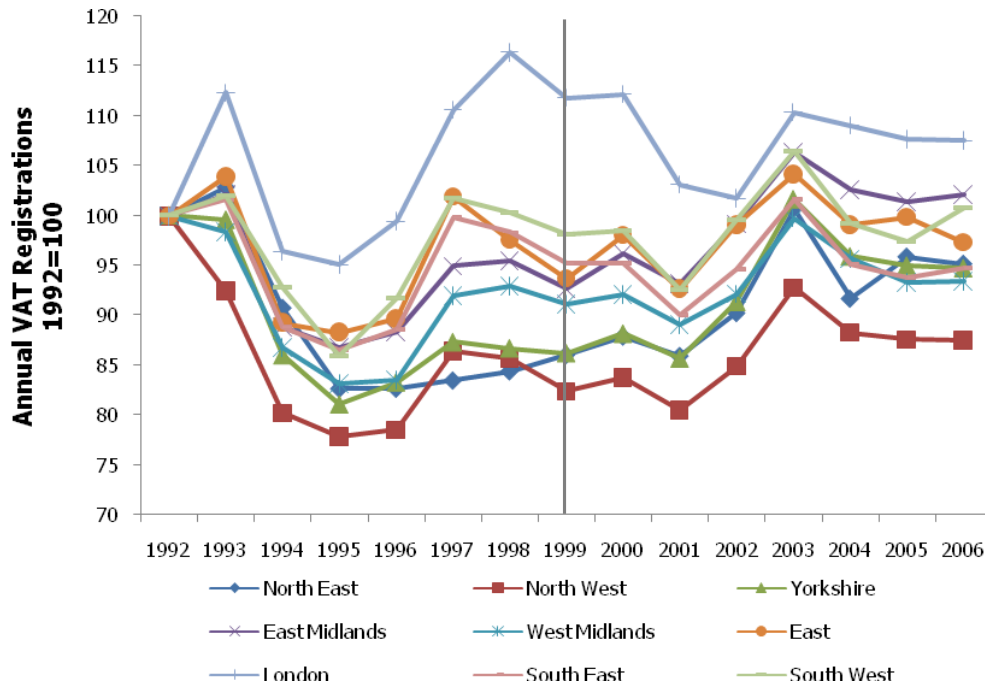
Over these seven years total employment increased by an average of 7.3 per cent, while public sector employment increased by over 13 per cent. When public sector employment is removed from general employment totals, it shows that most regions have not got any better at job creation since 1999.

In the South West, for instance, over half the new jobs created since 1999 have been in the public sector: of the 169,000 new jobs, 86,000 have been in the public sector, not to mention the 174 created since 1999 at the South West of England Regional Development Agency, whose employees are not officially classified as public servants.

Overall, RDAs have made little contribution to employment numbers. Regional increases above the pre-1999 trend can be easily explained by increases in public sector employment since Labour came to power in 1997, and in some regions the rate of increase in private sector employment has actually slowed since 1999. In terms of employment, RDAs have been little more than expensive bystanders.

**2.2 Business creation:** The principle activity of RDAs – through which they endeavour to increase employment, competitiveness and economic growth – is providing advice and financial support to new business ventures. Access to grants, investment and subsidised training are supposed to foster entrepreneurship and growth in the regions.

Figure 2.2.1: VAT Registrations, 1992 - 2006



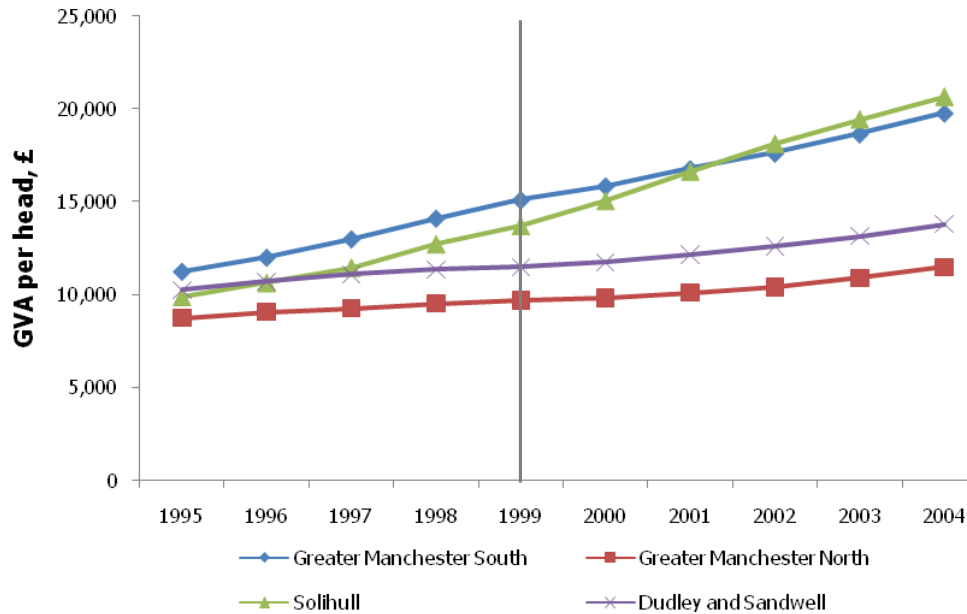
The graph above shows the number of businesses registering for VAT each year – a good guide to business creation – as a proportion of the number registered in 1992. In England that number has fallen by 2.2 per cent.

Indeed there were more VAT registrations in 1998 – 160,365 – than in 2006, where the number had fallen back to 159,315; despite seven years in which RDAs spent millions publicising their available grants and services.

In all but two regions – London and the South East – the number of businesses registering for VAT has increased since 1999, by an average of 6.5 per cent. However the similarity among regional trends suggests that business creation is linked to wider economic conditions. The number of VAT registrations began to increase in 1995, in all regions, four years before RDAs were established. The figures could also be affected by tougher enforcement of VAT registration rules, which may explain the national rise in 2003.

**2.3 Economic Growth:** RDAs were created to increase economic growth and reduce regional disparities. But the evidence does not support the Government's claim that RDAs have been drivers of regional economic growth.

Figure 2.3.1: Gross Value Added per head, 1992-2006



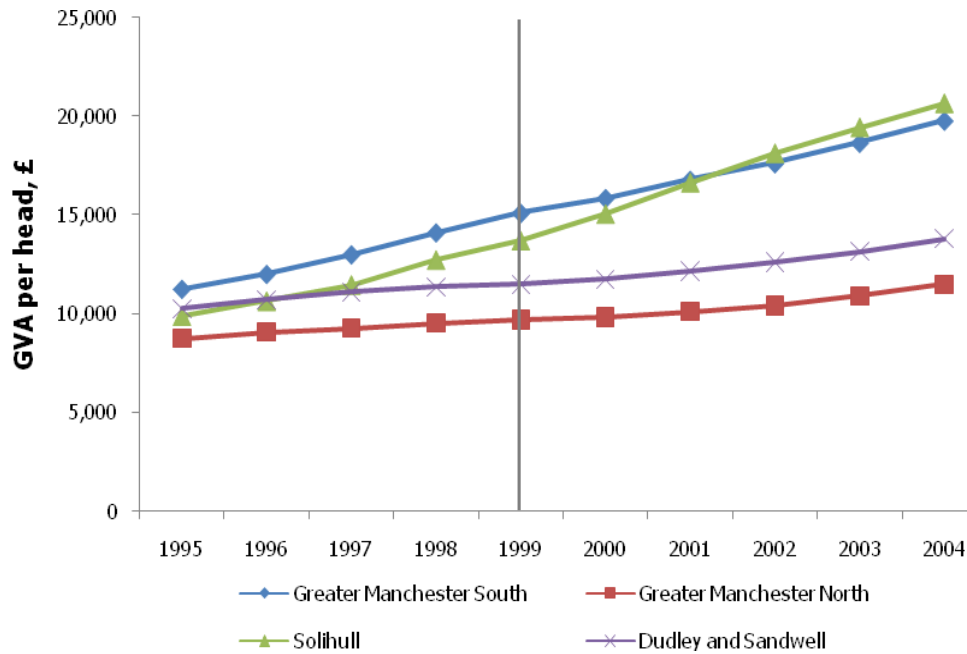
Gross Value Added (GVA) is increasingly favoured as the Government's indicator of regional economic performance. In the graph above, regional GVA has been divided by regional population, establishing a GVA per head.

In the seven regions excluding London and the South East, GVA per head increased by an average of 40.6 per cent between 1992 and 1999; in the seven years following the establishment of RDAs, GVA per head increased by only 36.5 per cent. Except the North East, all the regional economies grew faster between 1992-1999 than 1999-2006.

Nor have RDAs narrowed the gaps between regions. London and the South East's GVA per head have increased from an average of £16,869 in 1999 to £23,853 in 2006 – a £6,984 rise. In the other seven regions, GVA per head has only increased by £4,495 over that same period. This difference can be explained in part by the success of the financial sector in London and the South East, but this does not account for the fact that the poorest regions in 1999 remain so today, and that their relative contribution to national wealth has actually gone down. The economic output (per head) of the poorest performing region (the North East) is still 40 per cent below that of London.<sup>14</sup>

<sup>14</sup> Shakespeare, T (June 2008), 'The Future for Regional Governance', *Localis Research Notes*

Figure 2.3.2: Sub-Regional Disparities



Finally, the RDAs' focus on spatial 'regions' has diverted attention from important sub-regional disparities – the social and economic differences that occur within regions. The effect is that help is not being given to those areas most in need.

Take for instance the GVA per head in Greater Manchester South, which grew by 76 per cent between 1995 and 2004, while in Manchester North it grew by only 31 per cent. In Solihull, GVA per head increased by over 109 per cent, but just twenty miles away in Dudley by only 35 per cent.

This highlights a major problem with the regional approach embodied by RDAs. The most able parts of a region predictably benefit more from RDA activity, leaving the areas most in need of assistance behind. The high welfare claimant counts, low skill levels and poorer standards of living in many of the county's most depressed sub-regions have not been seriously addressed.

### 3. The Lack of Accountability

Judged on their performance, Regional Development Agencies have not made any contribution to regional economic progress. But the misleading performance indicators and vague management appraisals which the Government favours disguise this fact.

In the annual RDA self-assessments, for instance, no methodology exists to explain how measures are calculated. The National Audit Office's external assessment – based on forms filled in by RDAs themselves – measures qualities such as 'ambition', 'prioritisation' and 'capacity'. Such information tells the public next to nothing about the activities of their RDAs, making it impossible for them to hold these quangos to account.

A Secretary of State is responsible for appointing the board members of each RDA and its Chief Executive, making them notionally accountable to Whitehall. But as the previous papers in this Structure of Government series have shown, proper oversight of quangos by elected politicians is impossible. The Department for Business, Enterprise and Regulatory Reform supposedly monitors RDA activities through the annual self-assessments, but in practical terms RDAs are left to spend taxpayers' money indiscriminately.

Government originally intended for RDAs to be held accountable through elected Regional Assemblies. These would have had been, in reality, nothing more than another level of bureaucracy, offering little check on the activities of the RDAs, and following the North East's rejection of the idea in a 2004 referendum the plans were shelved. This arrangement has suited the Government well, however. RDAs are, after all, just government agencies working in pursuit of central government objectives, and as long as the lack of transparency and accountability continues, Government will continue to grant greater powers and responsibilities to them (often at local authorities' expense).

### 4. Waste and Duplication

Poor accountability encourages poor management, and RDAs are notorious for waste and ill-considered investments. A lack of transparency in RDA operations makes identifying problems difficult, but as all RDAs suffer from these abuses we can assume it is a problem with the RDA model as a whole.

- **Trips abroad:** many RDAs have spent thousands sending staff to MIPIM, a developer's trade fair in the French Riviera. The South East of England Development Agency (SEEDA) paid for 13 staff to attend in 2005-06, at a total cost of £191,000.<sup>15</sup> In 2006, Yorkshire Forward flew 15 staff to a

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<sup>15</sup> The Telegraph, 11 March 2008

film festival in Dubai, at a cost of £20,000; ten of them flew business class.<sup>16</sup>

- **Poor investments:** a national centre for aquatic research to be built in Bedford was given £2 million by the East of England Development Agency (EEDA). The money has been spent, but so far there is no business plan for the project, or planning permission for the site, and Price Waterhouse Coopers called the project 'unviable'.<sup>17</sup> Advantage West Midlands (AWM) spent £118,000 on a one day conference in November 2007, to discuss the region's economic future, and have lavished £3.6 million on the little used 'BizTV' website.<sup>18</sup>

In a letter to the TaxPayers Alliance, an anonymous civil servant highlighted the suspicious circumstances around AWM's decision to award a £7 million grant to the Horticultural Development Board, another quango; for full details see Appendix C.

- **Executive pay:** in 2006-07 the average RDA Chief Executive's remuneration was £169,413 and the average (part-time) Chairman's £82,147. The highest paid Chief Executive was Pam Alexander at SEEDA, earning in excess of £192,000.<sup>19</sup>

RDAs argue that such pay is necessary to attract the best people to what is a demanding job. But considering RDAs are supposedly 'business led', few of their Chief Executives reflect this. Pam Alexander has spent all of her career in the public sector. Alan Clarke of One North East has never worked in business either. Nor is the job 'demanding': RDAs do not have to raise funds to operate, they provide no essential service, they do not create a product, face no competition and are accountable to no-one. Few less demanding executive jobs could be found.

- **Expenses:** In 2006-07, expense claims totalled at least £8 million.<sup>20</sup> SEEDA's part-time Chairman, James Braithwaite, spent £51,489 on taxis and executive cars in 2005-06. Despite considerable criticism, in 2006-07 he actually spent more: £53,803.<sup>21</sup> The Chief Executive of the North West Development Agency (NWDA) and a friend were driven to Cardiff and back to see the 2005 rugby league cup final, at a cost of £400 to the

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<http://www.telegraph.co.uk/arts/main.jhtml?xml=/arts/2008/03/11/bvgillian111.xml>

<sup>16</sup> The Times, 25 November 2007 <http://www.timesonline.co.uk/tol/news/politics/article2937079.ece>

<sup>17</sup> The Telegraph, 11 March 2008

<http://www.telegraph.co.uk/arts/main.jhtml?xml=/arts/2008/03/11/bvgillian111.xml>

<sup>18</sup> Birmingham Mail, 16 October 2007 and 11 February 2008

<http://tpa.typepad.com/media/2007/10/birmingham-ma-1.html>;

<http://www.birminghammail.net/news/top-stories/2008/02/11/misuse-of-cash-blasted-97319-20461356/>

<sup>19</sup> For the full list of RDA employees earning more than £100,000, see Appendix A

<sup>20</sup> The Times, 25 November 2007 <http://www.timesonline.co.uk/tol/news/politics/article2937079.ece>

<sup>21</sup> BBC News, 12 June 2008 <http://news.bbc.co.uk/1/hi/england/7450232.stm>



taxpayer.<sup>22</sup> The total bill for executive cars and taxis at NWDA, mostly for the Chief Executive, came to £57,000 in 2005-06.<sup>23</sup>

These examples do not constitute an exhaustive or even a worst-of list. The Government's continued infatuation with RDAs costs the taxpayer dearly, and the lack of accountability and proper scrutiny means these problems are likely to persist.

Defenders of Regional Development Agencies point to a few successful investments over recent years; £9 million pounds given to Liverpool's school of Tropical Medicine helped ensure investment from the Gates foundation, and many museums have benefited.<sup>24</sup> But success stories are more the result of RDAs' scatter gun approach to funding than anything else; if you throw enough money around, eventually some of it will stick to a success.

Nor would these opportunities be missed if RDAs did not exist. Hundreds of quangos already exist to fund projects, be they scientific, cultural or social. Indeed many RDA activities are duplicated by other quangos already.

For instance while the establishment of RDAs saw a scaling back in the work carried out by English Partnerships – the government's other regional development quango – it continues to operate, sponsoring regeneration projects at a total cost to the taxpayer of £628 million.<sup>25</sup> Local development corporations exist too, functioning as mini-RDAs for areas such as West Northamptonshire and the Thames Valley, as well as numerous arts funding bodies. Business-Links, a government sponsored program of localised and national websites, helps businesses to get advice and assistance from experts. Do businesses need RDAs to give them inexpert advice as well?

There are so many overlapping regional bodies that it is not unfeasible to imagine a regional development project with five or six different taxpayer funded quango backers. In Newcastle twelve public organisations exist to deal with transport and each region has, on average, 20 strategies for development.<sup>26</sup> RDAs are just another level of costly bureaucracy and waste in what is an already expensive and ineffective structure of regional governance.

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<sup>22</sup> BBC News, 4 March 2008 [http://news.bbc.co.uk/1/hi/programmes/file\\_on\\_4/7275073.stm](http://news.bbc.co.uk/1/hi/programmes/file_on_4/7275073.stm)

<sup>23</sup> The Telegraph, 11 March 2008  
<http://www.telegraph.co.uk/arts/main.jhtml?xml=/arts/2008/03/11/bvgillian111.xml>

<sup>24</sup> Ibid

<sup>25</sup> The Unseen Government of the UK, May 2008, TaxPayers' Alliance

<sup>26</sup> Shakespeare, T (June 2008), 'The Future for Regional Governance', *Localis Research Notes*

## 5. The Future of RDAs: England's unelected regional governments

Following the Government's 'Sub-National Economic Development and Regeneration Review' in 2007, RDAs are not set to be scaled back but rather given greater powers.

Under the Government's plans, existing regional assemblies will be abolished and their limited scrutiny roles transferred to the 'Government Offices for the English Regions'. These offices – established in 1992 – are simply minor central government departments, so offering no improvement in accountability; particularly as the government also plans to cut their staff numbers by 33 per cent.<sup>27</sup>

Consistent with its wider drive to consolidate planning powers in its own hands, the Government plans to remove the planning powers of local authorities and entrust them to RDAs. This will, the Government argues, enable 'convergence between different areas', which is difficult to achieve when planning is organised at a local level. This logic extends to housing and services too, as the Government maintains that economic markets typically operate at a much larger level than local authorities.

There is a need for streamlining the regional tier of government. But the Government's plans amount to the establishment of unelected regional governments, free from democratic accountability and proper oversight.

RDAs should be abolished and power devolved from away from central government to civil society, not to quangos like RDAs. The public deserves a higher quality of public services, less waste and lower taxes. This is possible if reform of government follows two simple principles:

- Politicians, advised by a small, informed team of civil servants, should set high level policy. This is the area where they can make a real contribution, freeing them from day to day management responsibilities.
- Civil society, employing experienced management, should execute that policy.

Abolishing ineffective and wasteful quangos such as Regional Development Agencies is a good first step.

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<sup>27</sup> Shakespeare, T (June 2008), 'The Future for Regional Governance', *Localis Research Notes*

## 6. An Alternative to Regional Development Agencies

The approach to regional development embodied by RDAs does not work. While English regions have made strides over the past decade, in both productivity and general standards of living, the cause has not been the availability of investment and advice from RDAs. Generally favourable and stable economic conditions in the UK have encouraged increased investment in the regions. With costs rising in the South East, improvements in electronic communication and the establishment of a more educated workforce, many regions have prospered. Booming property prices and the availability of cheap credit everywhere in the UK has encouraged increased consumer spending and demand. Increases in regional economic performance were inevitable.

RDAs have roundly failed to close the gap between the richest and poorest regions and welfare dependency, entrenched unemployment and poor infrastructure are still all too common. Regional economic performance actually improved at a faster rate before RDAs were established. After a decade of activity, and £15.3 billion of public money, RDAs have little to show for it.

We agree that there is a need to encourage people to start businesses, and to help small businesses to grow. However the RDA method – hand outs and expensive seminars – achieves little and costs the taxpayer a lot.

Instead, the government should reduce the burden of tax on business. Abolishing RDAs would free up £2.19 billion in 2009-10.<sup>28</sup> This would allow a 4 per cent cut in the small business rate of corporation tax – from 22 per cent to 18 per cent. This would save many businesses thousands of pounds.

This approach would remove the subjective assessment RDAs have to make when deciding on their investments. It would benefit all businesses, not simply the fashionable industries favoured by RDAs. No agency would need to administer it, meaning no attendant expense claims, excessive remuneration packages and waste stories. Taxpayers' money would no longer be being spent by unelected, unaccountable bureaucrats. Regions would be able to develop as they see fit, not under plans laid out in Westminster.

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<sup>28</sup> Projected RDA Central Government Allocations – <http://www.berr.gov.uk/regional/regional-dev-agencies/index.html>

## 7. Sources and Methodology

1. The Case for Abolishing Regional Development Agencies has been built on a wide variety of sources, many of which are referenced in the footnotes.
  - All **employment data** has been taken from the Office of National Statistics' 'Regional Labour Market Statistics' series, and other ONS publications.
  - All **economic and business data** has been taken from datasets available from the National Office of Labour Market Statistics and the ONS.
  - All **spending and funding data** has been taken directly from RDA publications, particularly Annual Reports and Accounts. However, when these were not available figures have been taken from the Department of Business, Enterprise and Regulatory Reform's website - <http://www.berr.gov.uk/regional/regional-dev-agencies/index.html>
2. Waste and Duplication was compiled on various media stories, referenced in the footnotes.
3. **Appendix A, Table A.1:** The RDA Rich-List is based on information publicly available in the RDAs' 2005-06 and 2006-07 Annual Reports and Accounts. The list details the remuneration paid to those employees earning over £100,000. Total remuneration consists of salary, pension contribution, bonuses and other benefits.

The list does not include employees from the London Development Agency. The LDA does not provide a detailed remuneration report, including names and breakdown, and so we were unable to include them in the list. However their accounts do make clear that twelve employees earned in excess of £100,000 in 2006-07, two of which earned over £210,000. If included, these two employees would be Number 1 and 2 in the RDA rich list.

Advantage West Midlands also failed to provide the public with a proper remuneration report for 2006-07. Consequently entries for AWM in the rich list are limited to 2005-06.

4. **Appendix B, Table B.1:** Departmental Funding of RDAs between 1999 and 2008 is based on an FOI request sent to the Department for Business, Enterprise and Regulatory Reform. The figures represent the money given by government departments to RDAs. Since 2003, funding has not come directly from various different departments, but from a consolidated 'Single Pot' scheme, which awards each RDA a single annual grant. The figures shown are not RDA budgets; European Funding and other government grants are not included, nor is money raised in the provision of services.

5. **Appendix B, Table B.2:** All data is taken from the 2006-07 annual accounts. **Staff numbers** refer to total staff (full time equivalents and part-time). **Grant-in-Aid** refers to the single block grant allocated by Central government to each RDA annually; this grant constitutes the majority of RDA funding, but it is supplemented by small occasional grants from the Departments for specific projects, grants from other quangos and money generated from the rental of land or provision of services. **European Funding** refers to the Structural and Cohesion Funding allocated to the RDA; this EU money is often earmarked for particular projects. **Program Expenditure** refers to the amount spent in pursuit of the RDAs' objectives. **Total Expenditure** refers to the total spend of the RDA.
6. **Appendix C:** The TaxPayers Alliance has received several letters highlighting RDAs' questionable use of public money. This example is illustrative of these letters. The sender's unwillingness to disclose his or her name reflects the pressure within the Government and civil service to avoid criticism of the RDAs.

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## Appendix A

Table A1: The RDA Rich List

	Organisation	Person	Current position	Total Remuneration		Increase	Source	Notes to 2006-07 remuneration
				2005-06	2006-07			
1	South East England RDA	Pam Alexander	Chief Executive	£195,084	£192,801	-1.2%	Annual Report and Accounts 2006-07	Includes bonus of £17,404 and pension of £39,535
2	North West RDA	Steven Broomhead	Chief Executive	£177,972	£192,558	8.2%	Annual Report and Accounts 2006-07	Includes bonus of £22,649, benefits of £13,869 and pension of £27,693
3	One North East	Alan Clarke	Chief Executive	£176,566	£187,694	6.3%	Annual Report and Accounts 2006-07	Includes bonus of £23,278, other benefits of £3,340 and pension contributions of £32,729
4	Advantage West Midlands	John Edwards	Chief Executive	£182,240	-		Annual Report and Accounts 2005-06	
5	East of England RDA	David Marlow	Chief Executive	£171,000	£179,000	4.7%	Annual Report and Accounts 2006-07	Includes bonus of £22,000, other benefits of £1,000 and pension contributions of £28,000
6	South West RDA	Geoffrey Wilkinson	Chief Executive	£170,394	-		Annual Report and Financial Statements 2006-07	Left 30 April 2006
7	South East England RDA	Duncan Straughen	Director of Resources	£125,914	£153,994	22.3%	Annual Report and Accounts 2006-07	Includes bonus of £9,580, car benefit of £2,778 and pension of £25,671
8	Yorkshire Forward	Tom Riordan	Chief Executive	£130,741	£148,247	13.4%	Annual Report and Accounts 2006-07	Includes bonus of £7,461, other benefits of £1,800 and pension contributions of £26,928
9	North West RDA	Bernice Law	Executive Director of Operations	£140,036	£146,144	4.4%	Annual Report and Accounts 2006-07	Includes bonus of £10,420, benefits of £1,262 and pension of £26,944
10	South West RDA	Jane Henderson	Chief Executive	-	£143,093		Annual Report and Financial Statements 2006-07	Started 2 May 2006. Includes pension of £27,422
11	North West RDA	Ian Haythornthwaite	Executive Director of Corporate Resources	£130,235	£142,906	9.7%	Annual Report and Accounts 2006-07	Includes bonus of £9,959, benefits of £4,328 and pension of £25,856



	Organisation	Person	Current position	Total Remuneration		Increase	Source	Notes to 2006-07 remuneration
				2005-06	2006-07	2005-06 to 2006-07		
12	East Midlands RDA	Jeffrey Moore	Chief Executive	£127,500	£142,500	11.8%	Annual Report 2006-07	Includes benefits in kind of £6,600
13	South West RDA	Colin Molton	Executive Director Operations and Development	£134,995	£140,810	4.3%	Annual Report and Financial Statements 2006-07	Includes performance related payment of £8,095 and pension of £25,670
14	Advantage West Midlands	Mick Lavery	Deputy CEO and Corporate Director of Resources and Operations	£140,080	-		Annual Report and Accounts 2005-06	
15	North West RDA	Mark Hughes	Executive Director of Enterprise and Innovation	£125,790	£138,143	9.8%	Annual Report and Accounts 2006-07	Includes bonus of £7,551, benefits of £3,748 and pension of £25,525
16	East of England RDA	Peter Watson	Deputy chief executive and executive director, corporate services	£124,000	£137,000	10.5%	Annual Report and Accounts 2006-07	Includes bonus of £9,000, other benefits of £4,000 and pension contributions of £25,000
17	One North East	Malcolm Page	Director of Corporate Resources	£129,871	£134,508	3.6%	Annual Report and Accounts 2006-07	Includes bonus of £4,914, other benefits of £4,000 and pension contributions of £25,519
18	North West RDA	Peter White	Executive Director of Infrastructure	-	£133,660		Annual Report and Accounts 2006-07	Includes bonus of £8,585, benefits of £2,806 and pension of £24,652
19	One North East	David Allison	Director of Business and Industry	£129,784	£133,535	2.9%	Annual Report and Accounts 2006-07	Includes bonus of £2,397, other benefits of £8,552 and pension contributions of £24,908
20	One North East	Pat Ritchie	Director of Strategy & Development	£125,948	£132,226	5.0%	Annual Report and Accounts 2006-07	Includes bonus of £4,914, other benefits of £1,718 and pension contributions of £25,519
21	East of England RDA	Steve Cox	Executive director, strategy and development	£127,000	£131,000	3.1%	Annual Report and Accounts 2006-07	Includes bonus of £6,000, other benefits of £3,000 and pension contributions of £25,000



	Organisation	Person	Current position	Total Remuneration		Increase	Source	Notes to 2006-07 remuneration
				2005-06	2006-07	2005-06 to 2006-07		
22	South East England RDA	Paul Hudson	Director of Development and Infrastructure	£130,521	-		Annual Report and Accounts 2006-07	Left 02/06/2006
23	North West RDA	Helen France	Executive Director of Development and Partnerships	£130,387	-		Annual Report and Accounts 2006-07	Left 11/08/2006
24	One North East	John Holmes	Director of Regeneration and Tourism	£120,542	£128,266	6.4%	Annual Report and Accounts 2006-07	Includes bonus of £2,397, other benefits of £3,283 and pension contributions of £24,908
25	South East England RDA	Jeff Alexander	Director of Business and International	£122,512	£127,871	4.4%	Annual Report and Accounts 2006-07	Includes bonus of £8,733, car benefit of £3,552 and pension of £23,285
26	Yorkshire Forward	Don Stewart	Executive Director of Strategy	£123,458	£126,521	2.5%	Annual Report and Accounts 2006-07	Includes bonus of £7,980, other benefits of £1,800 and pension contributions of £23,720
27	Yorkshire Forward	Trevor Shaw	Executive Director of Finance	£122,825	£126,521	3.0%	Annual Report and Accounts 2006-07	Includes bonus of £7,980, other benefits of £1,800 and pension contributions of £23,720
28	Advantage West Midlands	Mary Harpley	Corporate Director of Strategy and Communications	£124,765	-		Annual Report and Accounts 2005-06	
29	Advantage West Midlands	Richard Hutchins	Corporate Director of Economic Development	£124,727	-		Annual Report and Accounts 2005-06	
30	Yorkshire Forward	Jan Anderson	Executive Director of Environment	£115,700	£123,882	7.1%	Annual Report and Accounts 2006-07	Includes bonus of £7,378, other benefits of £289 and pension contributions of £23,195
31	South West RDA	Nick Lewis	Executive Director Resources	£111,714	£123,684	10.7%	Annual Report and Financial Statements 2006-07	Includes performance related payment of £6,630 and pension of £22,914
32	South East England RDA	John Parsonage	Director of Learning and Skills	£120,988	£123,523	2.1%	Annual Report and Accounts 2006-07	Includes bonus of £7,860, car benefit of £1,991 and pension of £23,090



	Organisation	Person	Current position	Total Remuneration		Increase	Source	Notes to 2006-07 remuneration
				2005-06	2006-07	2005-06 to 2006-07		
33	South West RDA	Stephen Peacock	Executive Director Enterprise and Innovation	£115,941	£123,031	6.1%	Annual Report and Financial Statements 2006-07	Includes performance related payment of £7,510 and pension of £22,720
34	Advantage West Midlands	Karen Yeomans	Corporate Director Operations	£118,932	-		Annual Report and Accounts 2005-06	
35	Yorkshire Forward	Simon Hill	Executive Director of Business	-	£118,584		Annual Report and Accounts 2006-07	Includes bonus of £1,575, other benefits of £1,800 and pension contributions of £23,409
36	South East England RDA	Paul Lovejoy	Director of Strategy and Sustainability	£106,565	£118,326	11.0%	Annual Report and Accounts 2006-07	Includes bonus of £6,592, car benefit of £3,809 and pension of £21,929
37	One North East	Stacy Hall	Director of Communications	£104,419	£111,037	6.3%	Annual Report and Accounts 2006-07	Includes bonus of £2,047, other benefits of £4,314 and pension contributions of £21,269
38	South West RDA	Suzanne Bond	Executive Director Strategy and Communications	-	£110,224		Annual Report and Financial Statements 2006-07	Includes performance related payment of £5,525 and pension of £19,025
39	East Midlands RDA	Abby Johnson Brennan	Deputy Chief Executive	-	£102,500		Annual Report 2006-07	Includes benefits in kind of £5,100
			<b>Total</b>	<b>£4,364,062</b>	<b>£4,080,988</b>			
			<b>Average</b>	<b>£132,244</b>	<b>£136,033</b>	<b>2.9%</b>		
	<b>For comparison</b>							
	Nurse				£21,985		<a href="http://www.prospects.ac.uk/cms/ShowPage/Home_page/Explore_types_of_jobs/Types_of_Job/p!eipal?state=showocc&amp;idno=182&amp;pageno=2">http://www.prospects.ac.uk/cms/ShowPage/Home_page/Explore_types_of_jobs/Types_of_Job/p!eipal?state=showocc&amp;idno=182&amp;pageno=2</a>	Starting salary - midpoint of range



	Organisation	Person	Current position	Total Remuneration		Increase	Source	Notes to 2006-07 remuneration
				2005-06	2006-07			
					£20,000	2005-06 to 2006-07	<a href="http://www.policecouldyou.co.uk/officers/benefits.html">http://www.policecouldyou.co.uk/officers/benefits.html</a>	Starting salary
					£15,359		<a href="http://www.soldier.mod.uk/html/pay.html">http://www.soldier.mod.uk/html/pay.html</a>	Private, First Rank - midpoint of range



## Appendix B

Table B1: Central Government Allocations to RDAs, 1999-2008

Department	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Communities and Local Government	579,000	943,998	1,196,000	1,369,000	1,523,945	1,532,883	1,491,604	1,582,564	1,588,414
Business, Enterprise and Regulatory Reform	2,000	24,000	71,000	160,000	272,853	222,540	595,022	605,621	535,110
Environment, Food and Rural Affairs	19,000	26,000	80,000	42,000	40,559	45,559	76,859	84,569	92,430
Innovation, Universities and Science	30,000	48,000	57,000	42,000	42,350	42,500	42,500	43,500	44,500
UK Trade International	10,000	12,000	12,000	12,000	12,930	13,230	15,230	17,230	17,230
Culture, Media and Sport	-	-	-	-	3,600	3,600	3,600	3,600	3,600
<b>Total</b>	<b>640,000</b>	<b>1,053,998</b>	<b>1,416,000</b>	<b>1,625,000</b>	<b>1,896,237</b>	<b>1,860,312</b>	<b>2,224,815</b>	<b>2,337,084</b>	<b>2,281,284</b>



Table B2: RDAs at a glance, 2006-07

Regional Development Agency	Staff	UK Grant-in-aid £000	EU Funding £000	Program Expenditure £000	Total Expenditure £000
One North-East	446	246,000	10,337	233,487	305,952
North West	402	369,000	5,926	365,819	462,526
Yorkshire Forward	428	286,000	2,620	305,185	339,492
East Midlands	247	160,115	7,588	160,200	188,224
Advantage West Midlands	327	212,337	4,343	209,992	284,909
East of England	223	136,789	3,938	129,575	149,015
South East England	370	136,889	14,188	157,440	195,409
South West of England	303	159,915	4,550	146,949	188,591
London Development Agency	385	415,630	8,550	423,521	546,585
<b>Total</b>	<b>3,131</b>	<b>2,122,675</b>	<b>62,040</b>	<b>2,132,168</b>	<b>2,660,703</b>

## Appendix C

### 'The Extraordinary Story of Advantage West Midlands'

Matthew Elliott  
Chief Executive  
The TaxPayers' Alliance  
43 Old Queen Street  
LONDON  
SW1H 9JA

Dear Mr. Elliott,

**The Extraordinary Story of Advantage West Midlands and Handouts to Quangos**

I was interested to read your recent report on Quangos and thought you might be interested in another extraordinary waste of taxpayers' money:

A reorganisation of farming levy boards took place on 1 April 2008. The new single body, the Agricultural and Horticulture Development Board (AHDB) will move to purpose built premises at the Royal Agricultural Society for England's showground at Stoneleigh in Warwickshire. AHDB is paid for by a direct tax on farmers, and as such it shouldn't raise questions for tax payers.

However, the West Midlands Regional Development Agency, Advantage West Midlands (AWM), has agreed to provide a grant of c. £7 million to pay for the move to Stoneleigh, so tax payers are subsidising a move which will not create any new British jobs, merely shuffle their location.

The agreement to pay this grant was announced by AHDB even before it received legal status in its business case published in July 2007<sup>1</sup>. Without this £7 million grant the business case to move to Stoneleigh didn't stack-up.

Oddly, there is no announcement of such a large grant on the AWM website and one can only wonder whether due process was followed or whether Defra and others put pressure on AWM to pledge the grant at a political level. Perhaps it is only coincidence that Lord Rooker, the Defra minister in charge, was a West Midlands MP.

Stoneleigh, a very well-off part of the country, isn't even in an Objective 1 or Objective 2 area, and the European Commission views the actual work of AHDB as being an economic activity, so it would even appear that AWM's grant breaks

<sup>1</sup> <http://www.defra.gov.uk/farm/policy/levy-bodies/pdf/businesscase-stoneleigh.pdf>

State Aid Rules, which do not allow public money to subsidise economic activities outside Objective 1 and 2 areas. Confirmation that its project work is regarded as an economic activity can be found in the EU approval of AHDB (Section 3.1).<sup>2</sup> This also gives full background to AHDB.

I find this whole state of affairs wholly unacceptable raising as it does questions about the internal processes of AWM and whether political pressure has been applied and whether State Aid rules have been followed.

Given I am a serving civil servant (not in Defra) you will appreciate I am unable to provide you with my details, but you may wish to follow up with AWM.

Yours sincerely,

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<sup>2</sup> [http://ec.europa.eu/community\\_law/state\\_aids/agriculture-2007/n529-07.pdf](http://ec.europa.eu/community_law/state_aids/agriculture-2007/n529-07.pdf)