

# Regional Development Agencies and Physical Regeneration: Can RDAs Actually Deliver The Urban Renaissance?

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## Introduction

The ‘urban renaissance’, as espoused by the Urban Task Force, seeks to encourage people to move back into towns and cities by creating the quality of life and vitality that will make living in urban areas desirable once more. To counter the pervasive culture of anti-urbanism and the legacy of decades of sub-urbanisation and car-based planning, the Task Force’s report, *Towards An Urban Renaissance* (DETR, 1998), sets out a blueprint for the development of cities as places where people want to live. To bring people back from the suburbs and to breath life into decaying inner cities, the report sets out a vision for the

‘sustainable regeneration of our towns and cities through making them compact, multi-centered, live/work, socially-mixed, well designed, connected and environmentally sustainable. It puts on the agenda the need to upgrade the existing urban fabric, and to use the derelict and brownfield land in our cities before encroaching on the countryside’

(Rogers, 2002)

Crucial to this new vision – and arguably the greatest challenge – is the need to create an urban environment in which the new city dwellers can live, work and play.

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The physical challenge of the renaissance is to recycle disused land and buildings and put in place the infrastructure that will allow the development of high quality, high density housing around an integrated transportation network.

Such a challenge highlights the crucial importance of developing holistic approaches to regeneration, in which physical regeneration schemes are closely integrated with the achievement of wider objectives. While the 1980s critique of property-led regeneration was clearly right to pinpoint how organisations such as Urban Development Corporations had often ‘regenerated places and not people’ (Imrie and Thomas eds, 1999), the experiences of other agencies, such as the Housing Action Trusts, show the vital role high quality physical regeneration can play in the achievement of wider economic and social outcomes (DETR, 2000a). There is a danger however, that the priority recently accorded to social and community regeneration within the Neighbourhood Renewal agenda (important though it is), runs the risk of downplaying the contribution that physical regeneration can play within a balanced regeneration strategy and begs the question, who will deliver the physical components of the urban renaissance?

### **Delivering the physical regeneration: co-operation or competition**

In the original Task Force Report, it was envisaged that local authorities would be given additional powers to work with other partners within new Urban Priority Areas (never designated) and that new delivery agents such as Urban Regeneration Companies and Housing Regeneration Companies would also play a part in the delivery of the urban renaissance. Notwithstanding the creation of eleven URCs and the general support for the

Task Force's ideas contained in the Urban White Paper (DETR 2000b), it is clear that the Chair of the Urban Task Force, Richard Rogers, is less than enamoured with the pace at which his vision is presently being implemented by the government

'We need a step change in the speed of delivery – we need to establish what can be achieved immediately and what can be achieved in the next two years, in the next five and in the next twenty years'

(Rogers, 2002)

There is also a concern about the appropriateness of the delivery framework and whether the machinery which should interpret the vision is actually in place. Clearly, there have been important developments in the regeneration landscape since the Task Force reported, most noticeably the setting up of Regional Development Agencies. These powerful quangos have now become a key part of the Labour government's attempts to promote economic development and the regeneration of deprived regions through improving competitiveness and innovation (Fuller et al, 2002).

The nature of the development powers allocated to RDAs, the increasing emphasis on multi-agency approaches to comprehensive regeneration and the allocation to RDAs of a performance target 'to contribute to the renaissance of towns and cities through the delivery of the Regional Economic Strategy', all serve to locate RDAs in a central position to deliver the urban renaissance. But how will the RDAs realise their potential centrality ? As one RDA Development Director has argued, 'The RDAs combine skills in delivering physical, social and economic regeneration. They are therefore best placed to lead an urban renaissance' (House of Commons, 2000).

In contrast, Richard Rogers remains concerned about the whether the institutional framework at the regional level can actually deliver urban renaissance objectives

‘Why do RDAs...not have targets relating to the delivery of well-designed, affordable and sustainable housing around transport hubs and on brownfield sites? RDAs have been established with a closely defined economic remit: unless they are given the powers, skills and incentives to deliver housing-led regeneration, we will need another agency to deliver at a regional level. Without this regional framework the urban renaissance has no delivery mechanism’

(Rogers 2002)

In examining these different perspectives on the role of RDAs, we will go on to consider the role and funding of RDAs in more depth, particularly highlighting changes proposed in the recent (2002) spending review. After reviewing the regeneration role of RDAs, we will then assess the issue of whether RDAs are best placed to deliver the urban renaissance. Consideration will also be given to the link between RDAs and other delivery agencies, most noticeably English Partnerships and Urban Regeneration Companies.

We will argue that RDAs are moving towards a more economic driven agenda that prioritises projects that contribute towards economic development performance targets, but which risk marginalising projects that contribute towards the physical aspects of the ‘urban renaissance’. Under the weight of a plethora of performance indicators, RDAs will be inclined to support physical development that will generate employment and contribute to economic growth – with the result that holistic regeneration activity may be neglected, impairing delivery of the urban renaissance.

In this regard we agree with Richard Rogers, that RDAs need to

‘ensure that they have the necessary leadership, skills and resources to deliver urban regeneration objectives based upon a better balance between physical, economic, and social investment priorities, backed up by tougher, more relevant targets’

(Rogers 2002)

Hence, we would argue that RDAs should avoid focusing too greatly on single use business developments (linked to job creation) to the detriment of holistic urban regeneration and that RDAs will need to take a more proactive role in encouraging mixed-use development.

## **RDAs and the Urban Renaissance**

### **The Regeneration Context**

RDAs operate against a backdrop in which investment in physical regeneration remains a key component of policy, despite concerns that the last few years have seen a general shift away from ‘harder’ physical regeneration to a ‘softer’ agenda to tackle social exclusion. It is estimated that just under £1bn was spent by the Government **directly** on physical regeneration in England in 2001/02, more than half of which was channeled through the RDAs. This compares with total DETR regeneration expenditure (including New Deal for Communities) for 2001/02 of £1.77bn.

Indeed, **total** annual expenditure on physical regeneration in England will actually be more than £1bn, due to the contribution of fiscal incentives, such as those announced in the 2001 Budget (up to £1bn over five year). There are also a number of indirect sources of funding for physical regeneration such as the National Lottery (a share of £10bn), the

Housing Corporation and smaller rural, coalfield and heritage programmes. With projected increases in capital spending and neighbourhood renewal funding, it is predicted that the amount of funding going in to physical regeneration will increase year on year.

The Government has increased regeneration expenditure over each of the last three years to nearly £1.8bn by 2003/4. Table 1 reveals that there is a significant shift from revenue to capital expenditure which is likely to benefit physical regeneration schemes, that are typically capital intensive, rather than ‘softer’ community based initiatives that are revenue funded. However this shift from revenue to capital spending appears to have been counter-balanced in the 2002 Spending Review (see below).

Table 1 – Forecast Total Expenditure on Urban Regeneration in England

Period	Capital £m	% of total	Revenue £m	% of total	Total £m
2002/03	£889m	54%	£769m	46%	£1658m
2003/04	£1266m	70%	£532m	30%	£1798m

(Source: House of Commons Written Question: 10 June 2002)

### **RDA Powers and Funding**

If RDAs are to fulfill a key role in the physical regeneration of urban places, they have a diverse range of activities to manage (DETR, 2000b). Their considerable powers see them being concerned with the pipeline of high quality buildings for industry and commerce, the provision of brownfield sites for development, the re-use of under-utilised

buildings and land, and civic renaissance and individual flagship projects. Indeed, RDAs can assemble and reclaim sites, put in infrastructure and landscaping and sell off attractive, manageable, serviced plots to the private sector under tight development agreements. They have also been given considerable resources to undertake their physical regeneration tasks.

However, while RDAs are statutorily obliged to 'further the economic development and regeneration of their regions' (DETR, 1999), there are dangers that they could interpret their brief narrowly, with regeneration becoming a mere subset of economic development. In this reading of the relationship, physical regeneration could be neglected.

The land and property budget (one of several funding streams inherited by RDAs) consisted of physical regeneration programmes, principally inherited from English Partnerships, aimed at tackling the need for land for industry and commerce, infrastructure, housing, leisure, recreation and green space, and help to attract inward investment (DETR, 2001). It provided the main source of Government funding for physical regeneration to reclaim, regenerate and decontaminate previously developed land and buildings and supported the Department's target on the reuse of brownfield land - RDAs are committed to ensure that by 2008, 60% of new housing is provided on previously developed land.

Figure 1 and Table 2 illustrate that more than two thirds of all RDA funding in 1999/2000 was through the SRB programme (inherited from Government Offices) and a further 15% through the land and property programme (inherited from English Partnerships). All other programmes combined, account for less than 18% of the total budget. Regional Economic Strategies suggest RDA's principal role is to sharpen economic competitiveness, yet their original budgets were primarily drawn from resources targeted at regeneration rather than at economic goals (Robson et al, 2000). Over the last year, some RDAs had been transferring resources from land and property budgets to fund other activities that contribute more directly to their aims and objectives. As their inherited commitments diminish, more 'mature' RDAs will be able to develop a distinctiveness that reflects cultural and regional variations and targets resources accordingly.

Figure 1 – RDA Funding by Programme 1999/2000

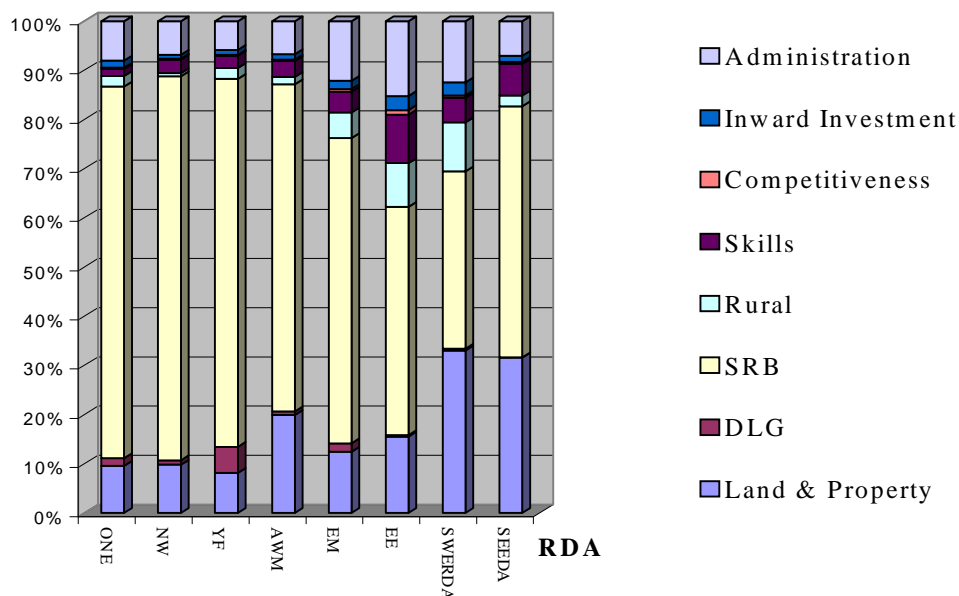




Table 3 reveals that the most generously funded RDA per capita is ONE NorthEast, which receives more than twice the average per capita funding. Generally, the lower a regions' GDP per capita the higher their RDA funding per capita.

Table 2 - Total RDA Funding by Programme and Region £m 1999/00

Programme	ONE	NW	AWM	YF	EM	EE	SEEDA	SWE	Total	%
Land & Property	£11.6	£17.3	£22.8	£11.2	£7.4	£4.9	£23.2	£19.9	£118.3	15.3%
DLG	£1.9	£1.6	£0.8	£7.2	£1	£0.1	£0.03	£0.2	£12.83	1.7%
SRB	£91.6	£137.5	£76	£102.2	£36.8	£14.6	£37.5	£21.7	£517.9	67.0%
Rural	£2.6	£1.2	£1.7	£3.1	£3.1	£2.8	£1.6	£6	£22.1	2.9%
Skills	£1.7	£4.8	£3.7	£3.3	£2.5	£3.1	£4.7	£3	£26.8	3.5%
Competitive-ness	£0.3	£0.3	£0.3	£0.3	£0.3	£0.3	£0.3	£0.3	£2.4	0.3%
Inward Investment	£1.7	£1.4	£1.3	£1.4	£1	£0.9	£0.9	£1.6	£10.2	1.3%
Administration	£9.8	£12.1	£7.7	£8	£7.2	£4.8	£5.2	£7.5	£62.3	8.0%
Total	£121.2	£176.2	£114.3	£136.7	£59.3	£31.5	£73.43	£60.2	£772.83	100%
As a % of total	15.7%	22.8%	14.8%	17.7%	7.7%	4.1%	9.5%	7.8%	100%	

(Source: PIU 2000)

### The 2002 Spending Review

In the Spending Review announced on 16 July 2002 (SR 2002), the Government committed itself to promote economic growth in every English region through improving the key drivers of productivity at the regional level (HM Treasury, 2002). To this end, the joint Public Service Agreement (PSA) target has been set between the Treasury, DTI and ODPM, to work together to make sustainable improvements in the economic performance of all English regions, and over the long term, reduce the persistent gap in

growth rates between the regions. This refocused target – in the 2000 Spending Review the target was to increase growth levels in all regions – signals a welcome return to the more balanced development priorities which many had assumed to have long since been abandoned (House of Commons, 2003a).

Table 3 - RDA funding

	Funding (£m)	Staff in post	Staff % change	Funding 2002/3	GDP (£m)	2000 Census	GDP	Funding 2002/3
RDA	2002/03	FTE 2002	2000-2002	Per FTE staff (£m)	1999	Population	Per capita (£)	Per capita (£)
North East	£183.4	262	13%	£0.70	£25,875	2515479	£10,286	£ 72.9
North West	£276.6	230	16%	£1.20	£77,564	6729800	£11,525	£ 41.1
Yorkshire	£221.9	250	46%	£0.89	£57,556	4964838	£11,592	£ 44.7
East Midlands	£95.2	170	48%	£0.56	£63,262	4172179	£15,178	£ 22.8
W. Midlands	£185.7	197	42%	£0.94	£64,806	5267337	£12,303	£ 35.3
E. England	£71.6	142	84%	£0.49	£63,851	5388154	£11,648	£ 13.3
South East	£102.2	170	73%	£0.60	£121,956	8000550	£15,243	£ 12.8
South West	£94.2	180	11%	£0.52	£58,735	4928458	£11,918	£ 19.1
London	£298.1	175	N/a	£1.70	£116,400	7,172,036	£16,230	£41.6
Total/Average	£1,528.9	1776	34%	£0.86	£650,004	49138831	£13,228	£ 31.1

(Source: DETR 2001b; DTI 2002; HM Treasury 2001)

Most RDAs have received year on year increases in funding, with total funding available to all RDAs increasing from around £1bn in 2000/01 to over £1.6bn by 2003/4, representing a 60% increase in four years. In return, the Government are looking for RDAs to take greater responsibility for promoting tourism in their region, carrying out

regional transport studies and taking greater involvement in planning and housing matters.

The enhanced responsibility for housing rectifies the omission of this important area from the RDAs original statutory remit and subsequent strategies and action plans. The government clearly wants to make regional housing markets more responsive to changing demand and hopes that by establishing strong regional housing bodies and bringing together existing funding streams into a single non-ring fenced budget, 'housing investment and planning decisions will be better integrated with transport and economic development' (HM Treasury, 2002). The Government is also keen to improve the design, quality and density to which new houses are built.

The additional resources announced in the SR 2002 are on top of the extra funding announced in the SR 2000, that gave an extra £300m for RDAs, due to the withdrawal of gap funding, plus extra Regional Innovation Funding. Table 4 below sets out Departmental funding of RDAs and reveals that although the lion's share comes from the ODPM, this is despite the fact that the DTI continues to be the lead sponsoring department for RDAs. The latter's increased funding is intended to deliver regional productivity and growth and take forward the enterprise agenda (DTI, 2002). RDAs will also work more closely with the Small Business Service (SBS) and Business Link, to coordinate help for SMEs and improve access to training and skills initiatives, however their overriding purpose will remain the pursuit of economic development. Given the emphasis on achieving 'joined-up' government, and, more particularly, the continual

tinkering with Whitehall departments there is a powerful argument for unifying responsibility for - and funding of - RDAs within one department.

Table 4 – RDAs Single Pot (£m)

	2002-3	2003-4	2004-5	2005-6
ODPM	1369	1522	1552	1609
DTI	172	191	236	296
DFES	42	42	42	42
DEFRA	42	41	46	51
DCMS	0	2	2	2
Total	1625	1798	1878	2000
Increase in single pot compared to 2002-3	n/a	173	253	375
Reduction in SRB commitment compared to 2002-3	n/a	214	414	535
Increase in effective RDAs single pot compared to 2002-3	n/a	387	667	910

(Source: CURDS, 2002; HM Treasury, 2002)

The amount of uncommitted money that RDAs will have freedom to spend how they wish, is estimated by the Treasury (2002) to reach £910m by 2005/6, although this will still be less than half the single programme budget. The Treasury has also switched £200m from capital to revenue spend to ensure that RDAs have the right mix of funding (HM Treasury, 2002). This reverses the recent trend, identified earlier, of increases in capital expenditure, and implies that previously the RDAs' funding profile has not been appropriate for their evolving role. In contrast, the ODPM's capital expenditure is set to increase from 25% to 30% by 2003/4 (ODPM, 2002).

A new PSA target for the ODPM is to ‘promote better policy integration nationally, regionally and locally; in particular to work with departments to help them meet their PSA targets for neighbourhood renewal and social inclusion’ (ODPM, 2002). The Government is therefore implicitly acknowledging that, to date, departments have been failing to effectively join up their activity in pursuit of the goal of improving economic performance of the English regions.

In the wake of SR 2002, John Prescott launched the Communities Plan (Sustainable Communities: Building for the Future) in February 2003. The £22bn programme contained plans to tackle housing supply problems in the south east, low demand in other parts of the country and the quality of public spaces (ODPM 2003). Up to 200,000 new homes have been earmarked for the south east of England in an attempt to satisfy demand and accommodate key workers, with a significant proportion of these to be built in four ‘growth’ areas: Thames Gateway; London-Cambridge corridor; Ashford; and Milton Keynes. The original proposal was to make £446m available for the Thames Gateway and £164m available for the remaining areas.

While a £500m Housing Market Renewal Fund will be available in pathfinder areas, it is arguable whether this is likely to be sufficient to tackle failing housing markets in the north of England and it is extremely doubtful whether regional housing bodies can influence housing markets to sufficiently address the problems of under-supply in the south. This again points to the need for a national ‘regional’ policy to redistribute

economic activity more evenly to achieve a more sustainable solution to England's housing crisis. A view reinforced by a recent report by the House of Commons Housing, Planning, Local Government and Regions committee (House of Commons, 2003a).

The increased flexibility given to RDAs to spend their considerable resources, and the enhanced responsibility for overseeing housing development in their respective regions, reinforces the expectation that they will make a significant contribution to the urban renaissance through physical regeneration. In the next section we assess the strength of the RDAs' commitment to physical regeneration.

### **RDAs commitment to physical regeneration**

Detailed scrutiny of RDA strategies, action plans and annual reports has revealed that some RDAs are beginning to develop explicit strategies and responses in order to promote urban regeneration. A recent promotional document, *Driving Urban Regeneration in the English Regions*, claims that the nine RDAs have a 'collective mission to support economic development that embraces a real concern for social and environmental conditions'. It also argues that the RDAs' role in regeneration will be further enhanced by the new unified funding framework which will allow for the adoption of a more 'holistic' approach. Moreover, they are able to 'bring a long-term view to regeneration; they have a strategic and far-sighted approach to investment whether it is in new businesses, skills development or neighbourhood renewal' (NWDA, 2002, p 2).

The document draws on case studies from the different regions and includes examples of projects that clearly relate to the challenge of the urban renaissance. These include: mixed use development in new urban villages; the development of URCs as key delivery agencies; extensive land reclamation schemes linked to community developments, and the setting up (in Yorkshire and Humberside) of an Urban Renaissance Expert 'Panel' to 'help develop high quality, strategic urban visions' (NWDA, 2002, p 20).

Table 5 provides a profile of RDAs with regard to the commitment they give, in their action and business plans, to physical regeneration through their strategies, plans, spending and targets. In only one RDA would the priority given to property be described as 'high', with five RDAs being located within the 'low' classification. And while it is important to recognise that increased flexibilities in the emerging funding framework will allow RDA priorities to reflect regional needs, several issues can be identified which cast doubts as to whether RDAs have, as yet, the mechanisms in place to ensure the effective delivery of the urban renaissance across England.

**Table 5 – Profile of RDAs and the priority given to Physical Regeneration in their Strategies and Plans**

RDA	SRB Budget (£m) 2001/02	Land & Property Budget (£m) 2001/02	Coalfield programme (£m) 2001/02	Headroom created/ underspend (£m) 2002/03	Explicit recognition of role of property	Commitment to direct development (DD)	60% brownfield housing target	Land reclaimed /serviced (hectares) 2000/01	Outputs 2000/01: NHFS(sqm); Houses (DH) built/improved	Property priority: High; Med; Low
<b>ONE</b>	£84.3m	£25.6m	£11m	nil	Create 300,000 sqm NHFS	Undertaking DD	Yes by 2008	275ha	185,000sqm 3904 DH	Medium
<b>NWDA</b>	£126.9m	£20.6m	£0.7m	£8.8m	Key sites to support business	Intends to do more DD	60% by 2003 65% by 2006	600ha	626,000sqm 18,660 DH	High
<b>YF</b>	£143.0m	£43.7m	£14m	£18m	To support cluster growth	Develop property to fill market gaps	Yes	470ha	98,000 sqm DH not known	Low
<b>EMDA</b>	£35.2m	£17.5m	£4.5m	£8m	Land for employment	No commitment	No reference	825ha	185,000 sqm 2600 DH	Low
<b>AWM</b>	£71.6m	£21.2m	£1.25m	£5m	Provide sites of right size & quality in right place	Assemble strategic sites only	No explicit reference	329ha	306,000 sqm 266 DH	Medium
<b>EEDA</b>	£18.2m	£4.8m	No	Transfer full 20% from L&P budget	Priority to brownfield development	Priority to DD; 13 projects	No explicit reference	59ha	26100 sqm DH not known	Medium
<b>SEEDA</b>	£48.3m	£9.4m	£5.8m	No breakdown of funding	Physical infrastructure	No reference	Yes 60% by 2002	200ha	104,000 sqm 200 DH	Low
<b>SWERDA</b>	£21.0	£52.3m	No	Not apparent	Ensure land supply	Vague	Acknowledged only	145ha	101,000 sqm 2855 DH	Low
<b>LDA</b>	£212.1m	£47.1	No	More available for new projects	Meet affordable housing needs	Yes	Yes by 2008	24.3ha	sqm not known DH not known	Low

(Source: Advantage West Midlands 2001; East Midlands Development Agency 2001; EEDA 2001; London Development Agency 2001; North West Development Agency 2001; ONE NorthEast 2001; SEEDA 2001; SWERDA 2001; Yorkshire Forward 2001)



- RDAs have been given greater freedom to develop strategies and pursue priorities within their region. As a result, physical regeneration activity has become increasingly marginalised, as evidenced by NWDA's scrapping of its regeneration division, having struggled to align it with what they consider to be their core activities (Regeneration and Renewal, 2003).
- Some RDAs intend to carry out direct development but most make no reference to their direct development ambitions. Indeed some RDAs make little reference to the contribution that property can make in achieving their economic development targets let alone physical regeneration.
- RDAs are reallocating resources from ring-fenced land and property budgets, promoting property-led regeneration, towards physical activity that contributes to economic growth and improving competitiveness. Single use, road connected, business developments linked to job creation are far more attractive prospects for both RDAs and developers, than the more complex development opportunities that exist in deprived inner urban communities.
- Regional Economic Strategies vary in the attention they pay to the contribution of physical regeneration to regional economic performance and there is a lack of recognition given to the role of residential development in securing social and environmental improvements. The identification, prioritisation and delivery of key employment sites should be major elements of the RES's but from scrutiny of RDAs' strategies and plans,

it is apparent that this approach is far from uniform. These omissions have been addressed to some degree in the RDAs' Business and Action Plans which are more explicit about the role of physical regeneration in securing regional targets.

- There is potential for tension and conflict to arise between the RDAs' Regional Economic Strategies and Regional Planning Guidance. For example, in the North West the new RPG has restricted the allocation of strategic development sites to inward investment initiatives, which jeopardises NWDA's ambitions to foster a more flexible allocation to support local economic development.
- Many RDAs place great emphasis on clusters to deliver economic outputs. Whilst there are some well-known examples of organic cluster development, there is scepticism about whether clusters can be successfully created and RDAs are vague about how physical development can support their cluster strategies. There are dangers however that such a role will lead to the subsuming of 'physical improvement' within the aegis of economic development, training and education. This runs the risk of marginalising projects that contribute towards the physical aspects of the urban renaissance but which fail to deliver more narrowly defined economic outputs.
- Mixed-use development is also mentioned as an aspiration by many RDA documents but there is little detail to reveal how, and where, such development is to be encouraged nor what funding is going to be made available to overcome the barriers that confront such schemes. RDAs will need to take a proactive role in encouraging mixed-use

development rather than expressing it as desirable outcome with little commitment to make it happen.

- The RDA business and action plans make little reference to the securing of European money to contribute to their activities. There is concern that matching funding is not always in place to secure European money that has been allocated to the English regions and that millions of pounds may be lost to the country if it is not successfully drawn down.
- RDAs are developing sub-regional strategies and funding sub-regional partnerships to pursue their ambitions. However these partnerships are no substitute for more accessible local partnerships that can deliver regeneration on the ground. Some RDAs acknowledge the role of URCs, Sub-Regional Partnerships (SRPs) and to a lesser extent, Local Strategic Partnerships (LSPs) in delivering the urban renaissance, but few identify the resources that they intend to commit to these local delivery bodies, let alone revealing how such partnerships are going to generate the desired outcomes when they have few resources, no powers and lack staff experienced in delivering physical regeneration projects on the ground.

To examine the net effects of these barriers on RDAs' regeneration performance, we will now turn to look more closely at the monitoring and review regime under which RDAs operate.

## The RDA Performance Management Regime

RDAs operate within a very onerous performance management regime. They must be mindful not only of the output targets that they inherited from legacy programmes, totaling in some instances 150 different indicators per region, but also the State of the Region and Activity Indicators (see Table 6). In addition, there are now three levels of targets, Tier 1 Objectives, Tier 2 Regional Outcomes and Tier 3 Milestones (see Figure 2 below). Unsurprisingly given the multitude of overlapping and complementary targets and output indicators, RDAs have been lobbying Government to streamline their performance regimes.

Very few of the indicators relate directly to the delivery of the urban renaissance. For example only one of the State of the Region indicators, *percentage of new homes built on previously developed land*, relates to physical regeneration. The remaining eight indicators are predominantly concerned with the economic development, skills and competitiveness agenda. While only one of the four milestones is directly linked to physical regeneration activity. This focus on economic development is further reinforced by Treasury Public Service Agreements.

Table 6 – RDA Indicators

State of the Region Indicators	Activity Indicators
GDP per head and GDP per head relative to the EU average	Number of jobs created
Proportion of the population with above average living conditions	Net Hectares of derelict land brought into use
GDP per worker per hour	Number of business start-ups and survival rates
Business formations and survival rates	Percentage of medium/ large organisations recognised as Investors in People
Percentage of 19 year olds with level 2 qualifications and percentage of adults with level 3 qualifications	Value of private finance attracted
Percentage employers with hard to fill vacancies	
Percentage employees undertaking work-related training in last 13 weeks	
ILO unemployment rate	

Percentage new homes built on previously developed land	
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The Better Regulation Taskforce (2002) was concerned that with so many targets, RDAs would lose focus and move too far away from their core purpose of implementing their Regional Economic Strategies. It identified conflicting and inconsistent targets and also unrealistic ones where many of the variables affecting their achievement were beyond a RDAs control. It observed that the requirements of reporting to the centre are burdensome for RDAs and that Departments' bureaucracy has shifted from the RDA funding stream to the RDA targets and concluded that the DTI should set fewer, sharper, smarter targets for RDAs, focussing on targets that RDAs can genuinely influence and ensuring that they are aligned between delivery agencies (Better Regulation Taskforce, 2002)

Even if the Whitehall departments do sharpen their targets and demands on RDAs, they still face the problem of delivering targets in partnership with delivery agencies such as English Partnerships and Urban Regeneration Companies.

Figure 2 – RDA Targets and Milestones

Tier 1 Objectives	Tier 2 Regional Outcomes (by 2004/05 unless otherwise stated)	Tier 3 Milestones
	Note: These are national targets. Targets for each region will be set through the corporate planning process	Note: The numbers on these targets will differ regionally. These will be set through the corporate planning process.
<b>Applying throughout urban and rural areas</b>		<b>RDAs to produce a written commentary which describes how these milestones impact on their Tier 2 targets.</b>
<p>To promote economic development and regionally balanced growth</p> <p>To promote social cohesion and sustainable development through integrated local regeneration programmes</p> <p>To help those without a job into work by promoting employment and enhancing the development of skills relevant to employment</p> <p>Promote enterprise, innovation, increased productivity and competitiveness.</p>	<ol style="list-style-type: none"> <li>1. <b>Sustainable Economic Performance:</b> Provide the strategic framework to improve the sustainable economic performance of each region, measured by the trend in growth of GDP per capita, while also contributing to the broader quality of life in the region.</li> <li>2. <b>Regeneration:</b> Work with Local Strategic Partnerships (LSPs) and other stakeholders to tackle poverty and social exclusion through promoting economic development in the most deprived areas by reducing deprivation by 10% in those wards in the region that are currently in the bottom 20% of the Indices of Multiple Deprivation.</li> <li>3. <b>Urban:</b> In line with Urban White Paper objectives, and working with LSPs, contribute to the renaissance of towns and cities through the delivery of RDAs' Regional Strategies.</li> <li>4. <b>Rural:</b> In line with Rural White Paper objectives and RDAs' regional strategies, regenerate market towns in or close to priority rural areas, and achieve increases in employment, skills and new business formation levels in priority rural areas comparable with other priority areas.</li> <li>5. <b>Physical development:</b> Work with partners to ensure that: by 2008, 60% of new housing is provided on previously developed land and through conversion of existing buildings; by 2004, brownfield land is reclaimed at a rate of over 1100 hectares per annum (reclaiming 5% of current brownfield land by 2004 and 17% by 2010).</li> <li>6. <b>Employment:</b> Work with partners to increase ILO employment rate over the economic cycle.</li> <li>7. <b>Skills:</b> Work with LSCs, NTOs and other partners, to improve the levels of qualifications of the workforce in order to meet priorities as defined in Regional Frameworks for Employment and Skills and to help meet national learning targets.</li> <li>8. <b>Productivity:</b> Work with regional partners to enable an increase in productivity measured by Gross Value Added (GVA) per hour worked in the region.</li> <li>9. <b>Enterprise:</b> Work with Small Business Service and others to help build an enterprise society in which small firms of all kinds thrive and achieve their potential, with an increase in the number of people considering going into business, an improvement in the overall productivity of small firms, and more enterprise in disadvantaged communities.</li> <li>10. <b>Investment:</b> Make the region an attractive place for investment to maintain the UK as the prime location in the EU for foreign direct investment, particularly by providing effective co-ordination of inward investment activities of regional and local partners.</li> <li>11. <b>Innovation:</b> Make the most of the UK's science, engineering and technology by increasing the level of exploitation of technological knowledge derived from the science and engineering base, as demonstrated by a significant increase in the number of innovating businesses, of whom a growing proportion use the science base amongst other sources of knowledge.</li> </ol>	<p><b>Core Milestones</b></p> <ol style="list-style-type: none"> <li>1. <b>Employment Opportunities:</b> Support the creation or safeguarding of x net jobs</li> <li>2. <b>Brownfield Land:</b> Remediate and/or recycle x hectares of brownfield land</li> <li>3. <b>Education and Skills:</b> Support the creation of learning opportunities for x individuals</li> <li>4. <b>Business Performance:</b> Support the creation and/or attraction of x new businesses.</li> </ol> <p><b>Strategic Added Value:</b> Mobilise the actions of key regional and sub-regional partners to support the achievement of regional priorities and deliver agreed regional strategies (still needs developing).</p> <p><b>Supplementary Milestones:</b> Each RDA will also agree supplementary milestones which will vary regionally.</p>

## **Delivery Agencies - English Partnerships and Urban Regeneration Companies**

Following a review of its functions, the Government has announced that English Partnerships (EP) will become a key agent in delivering plans to tackle housing shortages, being set the task of assembling brownfield sites for residential development. The recommendation that EP forges closer working links with other quangos such as the Housing Corporation and RDAs, constitutes something of an admission that it has not been as effective at partnership working as its name would suggest.

John Prescott announced an initial list of strategic sites on which EP should concentrate its efforts and has instructed it to use its new role to search out and deliver more land for housing and development. EP will have the new housing gap funding scheme at its disposal under which developers may be able to claim a grant equivalent to up to 60% of their total development costs. EP's proposed new role should make, in due course, a significant contribution towards the Government's target for new housing on brownfield land and will compensate for the RDAs' increasing focus on economic development.

EP will continue to control its flagship programmes, which include National Coalfields, English Cities Fund, Priority Sites, Strategic Sites, Millennium Communities and Greenwich Peninsula, funding and support for URC's and the National Land Use Database. It will continue to champion the 'urban renaissance' and promote mixed use development, in the absence of genuine RDA commitment on the ground (Willis, 2002).

EP's new chair, Margaret Ford, sees its future role as being very different from its old one, as it seeks to become the organisation that will lead the urban renaissance through its role as key public sector enabler of sustainable urban neighbourhoods. Its key tasks in this area are site assembly for regeneration and sustainable development, gap funding, delivery of best practice, disposal of unused public brownfield land and affordable housing delivery (Brown, 2002). It appears that the Government has designed the new EP to compensate for the underperformance of RDAs in these key areas; it is critical that a clear operational demarcation between EP and the RDAs activity is established to avoid duplication, competition and potential conflict.

Urban Regeneration Companies were first proposed by the Urban Task Force (1999) to work with a range of private and public sector partners to redevelop and bring investment to the worst areas in our towns and cities. Three pilot URCs were established in Liverpool (Vision), (New) East Manchester and Sheffield (One), whose performance convinced the Government to introduce new companies through a rolling programme. URCs have now been set up in Leicester, Corby, Hull, Sunderland, Tees Valley and Swindon, Bradford and Cambourne, Pool and Redruth.

URCs are the only policy tool that is dedicated almost exclusively to the delivery of physical regeneration, but they risk being emasculated as they have no funding parent and have no powers or resources of their own. The Companies are partnerships between their local authorities and EP, with both partners subscribing to the URC strategy. EP is a key partner, because as a national body it has considerable powers over planning and



compulsory purchase as well as the real estate, property and financial resources to support the URCs' physical regeneration strategy. URCs should therefore make a major contribution to delivering physical regeneration on the ground and are a means of keeping the RDAs' 'eye on the physical regeneration ball' through a programmed long term commitment to physical regeneration.

URCs rely on attracting funding from both the public and private sectors in order to promote physical regeneration, but are also seen by RDAs as potential delivery bodies. From scrutiny of RDA annual report and accounts there was little explicit commitment of funding for URCs and if they are to fulfill this role then RDAs will have to commit more resources to them. If they are going to perform effectively URCs will need not only dedicated funding but also fiscal incentives and ownership of land. They are almost completely reliant on the determination of their partners to act on their behalf, and the willingness of local stakeholders to cooperate with their plans, otherwise vested land owners and other vested interests may frustrate their ambitions.

## **Conclusions**

RDAs have the remit, resources and powers to bring about a long lasting renaissance of urban areas in England. We estimate that over half of all spending on physical regeneration in England is channeled through them; with their funding set to increase to £2bn by 2005/6 the RDAs are pivotal to the success of the urban renaissance. Despite some encouraging signs in a few RDAs, doubts persist in some quarters as to whether the RDAs have the desire, commitment and capability to deliver the urban renaissance.

The prioritising of economic development by RDAs has necessarily reduced their commitment to social regeneration initiatives, hitherto funded by the SRB. Two parallel regeneration approaches appear to be emerging, one focused on promoting social inclusion, the other targeted on economic competitiveness and skills; this division is reinforced by the structural segregation of RDAs from Government Offices (House of Commons, 2003b).

As a result, national funding for physical regeneration will increasingly be polarised between neighbourhood housing rehabilitation and the business development and competitiveness agenda. Holistic regeneration activity, promoted in the past by programmes such as City Challenge and SRB Challenge Fund, may fall between two stools. For example, RDAs are likely to facilitate site assembly and property developments that generate economic growth in their region but be less inclined to support the reclamation of derelict inner urban land for mixed-use development, which does not contribute as readily to employment and economic growth.

If RDAs are not going to take the lead in delivering the urban renaissance then who is? Previous Conservative administrations have, in the past, looked to the private sector to lead the way; however, the inadequacy of the gap fund replacement and lessons learnt from the eighties, means that physical regeneration to support the urban renaissance, will increasingly need to be carried out and facilitated by the public sector through direct development, partnerships and joint ventures.

It might be argued that the tasking of English Partnerships to supply brownfield land for residential and mixed-use development, is an admission by the Government, of the general reluctance of RDAs to champion this type of activity. EP looks increasingly likely to lead the urban renaissance in the absence of more concerted commitment from the RDAs. Urban Regeneration Companies could potentially deliver long-term joined-up physical regeneration strategies for defined areas, if they are given strong support and sufficient resources from their partners, and have the full cooperation of local stakeholders.

If RDAs are to fulfill their potential as the true champions of the urban renaissance they need to have their role and priorities reassessed by the Government along with a simplification and sharpening up of their performance indicators to achieve a better balance between central regulation and regional autonomy.

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