

## CITY OF PLYMOUTH

**Subject:** Closure of Government Office South West and the South West Regional Development Agency: Implications for Economic Development.

**Committee:** Growth and Prosperity Overview and Scrutiny Panel

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**Cabinet Member:** Councillor Fry

**CMT Member:** Director for Development and Regeneration

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### **Closure of Government Office South West and the South West Regional Development Agency: Implications for Economic Development.**

The need to achieve reductions in public sector expenditure and a drive to achieve momentum on a localism agenda has caused the Government to decide to close regional Government Offices and Regional Development Agencies. Government Office South West (GOSW) has already closed and the South West Regional Development Agency (SWRDA) is being wound down to close by the end of March 2012 at the latest.

Both organisations were active to a greater or lesser extent in various aspects of economic development, primarily on a *regional* basis and also, particularly in the case of SWRDA, had a lead role on some programmes and initiatives. Plymouth was identified as a 'priority area' by SWRDA.

#### GOSW

The Government Office acted as a communication channel between regions and Whitehall and an advisory service on some issues, particularly where central government wished to see a particular emphasis on a particular issue. GOSW officials participated in various forums or boards. They also advised and assisted with Local Area Agreements (which are also now defunct).

Absence of a Government Office means that councils must themselves look to do more to liaise with Government departments. Otherwise, there has been little significant impact on economic development activities as a result of GOSW's closure.

## SWRDA

Regional Development Agencies were major players in economic development when highly substantial sums of public money were being made available for them to lead and finance initiatives or projects. They also had a role in acting as lead bodies on such issues as the accessing and management of European Union funds and in the use of land assets to facilitate development and regeneration. They undertook economic intelligence activities which they and / or partners could use to monitor trends in the economy and make policy decisions.

The main impact of the pending closure of SWRDA is not so much that the organisation will not be there, but that the overall levels of public finance for economic development which came with it are not there. There will also be pressure on councils to resource some activity previously undertaken by SWRDA, for example managing property assets. Overage and clawback arrangements for previous SWRDA funding relating to some site in the city are still in place, and will now be overseen by the Homes and Communities Agency.

There are there four key areas of economic development implications that arise as the result of the demise of SWRDA:

1. Local Enterprise Partnerships have been established. These private sector business-led organisations cover economic areas which are smaller than the old regions but bring together wide functioning economic areas. They are strategic bodies which the Government is using to push forward economic development initiatives and to use as either a mouthpiece, consultation body or lead body on matters such as the Regional Growth Fund, Enterprise Zones, transportation and infrastructure needs. Plymouth City Council has a seat on the Heart of the South West LEP Board and the Plymouth Growth Board is the local delivery mechanism for the LEP.
2. European Union funding matters have been passed to the Department for Communities and Local Government (DCLG) from SWRDA. This means that for existing local EU funded initiatives such as Urban Enterprise and more generally on ERDF, INTERREG, ESF funds there will be a DCLG 'Local Management Committee' overseeing the spend of EU programme finance. Plymouth City Council will have a representative on this body.
3. Some land assets previously held by SWRDA have been transferred to Plymouth City Council which allows for future local decisions on how local assets can be used to meet local needs.
4. Changed relationships with Government departments. Councils – in partnership with the business community and the voluntary sector – now need to form direct relationships with central Government, and / or work through and with the LEP, and/or utilise new arrangements such as 'BIS Local'[ a civil servant

liaison function which BIS has created, but with very few officials covering a geographical area larger than the old region]. The SWRDA layer of dialogue will not exist. This does not imply less or more resources per se being put into issues such as lobbying, but simply a need to use – more effectively – different communications channels.

5. Council politicians can have more local choice over strategy, policy and action without having to refer or defer to a regional layer, BUT
6. There is a big impact in that financial resources for economic development which sat with the RDAs have not been transferred to the LEPs, councils or other local bodies. Accordingly, there is significant extra pressure on local budgets and to achieve input from the private sector if economic development initiatives are to meet the, in some areas, acute need to re-establish growth.