

# **Austerity states, institutional dismantling and the governance of sub-national economic development: the demise of the Regional Development Agencies in England**

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## **Abstract**

Contributing to interpretations of the governance geographies of austerity, the paper explains how, why and in what forms austerity states are constructed by actors in particular political-economic contexts and geographical and temporal settings, how and by whom they are articulated and pursued, and how they are worked through public policy and institutional and territorial architectures. Empirically, the focus is explaining the UK Government and its abolition and closure of the Regional Development Agencies in England. First, a more qualitative and plural conception of austerity states is developed to question singular and/or monolithic notions of state types and their transitions, and to better reflect the particularities of how state projects are configured and unfolded within political-economic variegations of capitalism. Second, a more geographically sensitive approach and appreciation of (re)scaling are detailed to incorporate and extend beyond the predominantly national frame deployed in current accounts. Last, a historically literate interpretation of institutional dismantling is advanced better to explain the politics and restructuring of institutional landscapes by actors within austerity states.

## 1. Introduction

Austerity has become the leitmotif of the period following the global financial crisis and ‘Great Recession’ since 2008 (Blyth 2013, Smaghi 2013). The international rise of what Schäfer and Streeck (2013: 9-10) term the “austerity or consolidation state” is apparent. The restructuring of the roles, rationales, institutional and territorial architectures of states has been integral in the attempts of actors in governments internationally to respond to economic shocks, downturn and recovery, financial system fragility and volatility, rising levels of private and public indebtedness, sovereign debt crises, and international geopolitical-economic turbulence. Specific actors in governments and international institutions have articulated particular diagnoses of such ills and their cures including: the European Union, European Central Bank and International Monetary Fund-led bail-out programmes imposed in Greece, Ireland and Portugal (Fraser *et al.* 2013), deficit reduction in the UK (Kitson *et al.* 2011), and efforts to combine fiscal tightening and stimulus in America (Young and Sobel 2011) and France (Holland and Portes 2013).

Amidst these tumultuous times, research is seeking to conceptualise and interpret the governance geographies of austerity (see, for example, Donald *et al.* 2014, Hadjimichalis 2011, Jones 2014, Kitson *et al.* 2011, Peck 2012).

Advancing this agenda, the purpose here is to address gaps in understanding

and strengthen conceptual frameworks and theoretical explanations of how, why and in what forms austerity states are constructed by actors in particular political-economic contexts and geographical and temporal settings, how and by whom they are articulated and pursued, and how they are worked through public policy areas and their institutional and territorial architectures. The empirical focus is explaining the austerity state initiated and configured by actors in the Conservative and Liberal Democrat Coalition Government in the UK from 2010 and its abolition and closure of the Regional Development Agencies (RDAs) responsible for economic development in England from the late 1990s.

The specific contributions are threefold. First, a more qualitative and plural conception of austerity states is developed to question singular and/or monolithic notions of state types and their transitions, and better reflect the particularities of how such state projects are constructed by actors and unfolded within specific geographical political-economic variegations of capitalism. Particular austerity states are somewhat fluid, unstable and temporary – even at times contingent – political projects configured in certain spatial and temporal settings by multiple actors at different institutional and geographical levels through their construction of discursive and often contested rationales, and their uneven, partial and messy attempts to implement them. Second, a more geographically sensitive approach to

austerity and appreciation of (re)scaling are detailed to incorporate and extend beyond the predominantly national frame deployed in current accounts. Austerity states are unfolding in geographically uneven ways across territorial scales and relational networks, involving multiple actors and multi-scalar articulations over time and space. Last, a historically literate interpretation of institutional dismantling is advanced better to explain the politics and restructuring of institutional landscapes by actors within austerity states. Notions of straightforward and tidy transitions between institutional and territorial architectures are questioned as the histories of institutional establishment and elements of change and continuity persist and intertwine, establishing legacies and ramifications that pattern institutional evolution and emergence.

## **2. Austerity states, institutional dismantling and the governance of sub-national economic development**

While austerity has become pervasive internationally as a treatment for economic recovery and reform in post-crisis states (Kitson *et al.* 2011), actors in governments have constructed and are enacting particular versions of austerity projects, sometimes with the involvement of external and supranational institutions. Although varied in their articulation and implementation, some common features of austerity are apparent across

different geographical, temporal and political-economic settings internationally: rapid reduction of public debt and deficits through reducing public expenditure and/or raising taxes; the construction of narratives of fiscal consolidation and stability to maintain or enhance national credit ratings and instil international investor community confidence in sovereign debt; state restructuring and reorganisation of its institutional and territorial apparatus, policies, public services and employment; public sector wage freezes and/or reductions and pension reforms; and, echoing ‘crowding-out’ arguments (Bacon and Eltis 1976), reducing the relative size of the state in the economy to enable the private sector to generate investment and jobs for economic growth and recovery (Hadjimichalis 2011, Harvey 2010, Kitson *et al.* 2011, Schäfer and Streeck 2013, Whitfield 2013).

The form, purpose and character of states has changed in the emergent context toward the “austerity” or “consolidation” state:

governments, at the prodding of ‘financial markets’, jointly try to turn the tax and debt state that existed before 2008 into an *austerity* or *consolidation* state defined by balanced budgets and a (gradual) decline in public indebtedness (Schäfer and Streeck 2013: 9-10).

Schäfer and Streeck (2013) explain that two constituencies have emerged to enable and entrench the austerity state. First is the ‘people’ who are reluctant to pay more taxes, even for higher quality public provision, and cede more fiscal power to states. The people constituency is focused at the national level and comprises citizens as voters in periodic elections, shaping public opinion, loyal to particular political groupings, and broadly satisfied with levels of public services. The second constituency is the ‘markets’. This grouping is international and comprises investors and creditors with claims on state and other assets, engaged in continual auctions of buying and selling, and sensitive to interest rates, confidence and state debt levels and service. In Schäfer and Streeck’s (2013: 17) view, the people and markets have reinforced the government and politics of “long-term institutionalized policies of austerity”.

Differing interpretations have emerged in geographical readings of the austerity state and its governance. For Harvey (2010), it represents the reinforcement of the neoliberal governance of capital accumulation, marked by fiscal crises of the state and further reductions in the social wage. Indeed, following the ‘Great Recession’, states are interpreted as having reconstructed and accelerated neoliberalisation, redoubling its intensity and reach through state restructuring, bank bail-outs, partial and wholesale nationalisations, and stimulus programmes (Peck 2012). Crouch (2011: 115)

sees the emergence of “privatised Keynesianism” after the economic crisis of the early 1970s in advanced economies, characterised by extensive state support of deregulated finance and private debt to support consumption, and bemoans the “strange non-death” (Crouch 2011: vii) of neoliberalism following the late 2000s crisis and recession. Further rounds of state rescaling are seen as being unleashed in the wake of the crisis (Lobao *et al.* 2009), unfolding in ways distinctive from previous eras characterised by decentralisation from national to sub-national levels (Brenner 2004).

Given that work theorising austerity and specifically the governance geographies of austerity states is in its infancy (Donald *et al.* 2014), several key issues warrant attention. First, certain accounts have veered toward framing a linear transition from a tax and debt state to an austerity or consolidation state. While Schäfer and Streeck (2013: 9) acknowledge the role of agency and difficulties in government actors “trying to turn” old into new state forms, this approach raises several concerns. It risks treating each state conception as a singular and/or monolithic entity and gives limited attention to the blurring and/or overlaps between state types. And, it pays insufficient attention to the extent, nature, direction, timing and geographies of any transition in state forms. A way of addressing such points lies in the ‘qualitative state’ (Block 1994). Marking a break with traditional ‘quantitative’ views of the extent of state intervention in the economy, the

‘qualitative’ reading interprets “a complex and heterogeneous state apparatus ...engaged in constant interplay with non-state institutions and agents, including those from other nations, in an irresolvable contest over accumulation” (O’Neill 1997: 290). The qualitative state focuses upon historical evolutions in the forms, nature, purposes and consequences of state actors and agency as well as their roles, strategies, capacities, resources, structures and (re)organisation – all of which are inescapably spatial (Pike and Tomaney 2009).

Conceiving of the qualitative state frames a plural rather than singular conception of austerity states, reflecting their characteristic features as well as the particularities of their construction by actors, emergence and unfolding within specific geographical and temporal variegations of capitalism (Peck and Theodore 2007). Whereby generalised and even paradigmatic ideas such as austerity get translated, configured and mobilised in fluid, unstable and temporary political projects and policy programmes by actors in particular national and institutional political-economic contexts (Kus 2006). The qualitative state focuses analysis and explanation upon how the multiple actors – what Jones *et al.* (2004: 89) term “state personnel” – involved at different institutional and geographical levels and in relational networks diagnose state problems and conceive of austerity as the solution, articulate its rationales and priorities, mobilise coalitions of state as well as

non-state actors (e.g. commentators, journalists, policy analysts) to support and do its work, communicate it to various audiences, and try to deliver it through individual and institutional agency and policy. Rather than conceiving of some kind of linear and/or mechanical transition toward any wholly new state type, the central tasks are interpreting and explaining the degree, nature, timing and geographies of the emergence and governance of austerity states.

Second, the emergence of austerity states has been dominated by analysis based on the national frame of the nation state. Echoing the “methodological nationalism” of the ‘Varieties of Capitalism’ approach (Peck and Theodore 2007: 763), work has primarily focused upon national governments, especially in Europe (see, for example, Schäfer and Streeck 2013). Limited attention has been given to the sub-national scale and then only to the local state (Lowndes and Pratchett 2012). This national concern is vital but risks overlooking the uneven geographical unfolding and implications of austerity states in and across other geographical scales and relational networks. While much of the locus of authority and power to construct and enact austerity may reside amongst actors in the governing party and state apparatus at the national level, explaining the ways in which actors articulate, mediate and work through the national *together with* other territorial levels and relational circuits of the state are critically important.

Such governance geographies of austerity are being acknowledged in the formative literature. In more spatially sensitive work, cities and urbanism have been the focus to date (Davidson and Ward 2014, Donald *et al.* 2014, Peck 2012), although other local and regional scales of analysis are emerging (Beatty and Fothergill 2014, Clarke and Cochrane 2013, Kitson *et al.* 2011).

Evidence suggests:

austerity policies have played out at multiple scales, but it seems that this current round of austerity is peculiarly local in nature...broader national policies have been translated into a diverse landscape of austerity with some cities and regions more affected than others (Donald *et al.* 2014: 5, 4).

Peck (2012: 628), for example, has documented the geographical differentiation of the “extreme economy” of austerity at the sub-national scale of city, local and state governments in the US. Engaging the qualitative and plural conception of austerity states can benefit from such a geographically sensitive approach, appreciative of (re)scaling, that incorporates, complements and extends beyond the national frame.

Third, work is only just beginning to analyse the ways in which and implications of how actors in austerity states have sought to engage with

existing state forms in efforts to contract or shrink the state, rationalising its role, purpose and structures through institutional restructuring (Flinders and Skelcher 2012, Tonkiss and Skelcher 2015). Existing work has focused on national level welfare state reform (Streeck and Thelen 2005), directing attention to short and long-term expenditure reductions, programme and spending reorganisation, and systemic and programme retrenchment (Pierson 1994). Processes of dismantling can be discerned through which state institutional arrangements are abolished, closed down and removed from the landscape through the agency of state and, often, non-state actors (Pike *et al.* 2015). Dismantling involves substantial effort, time, resources and (un)foreseen difficulties and costs that create legacies which pattern institutional evolution. Such challenges are amplified and sharpened in the financially straightened context of austerity projects as government departments lose experienced staff and struggle for resources. Complex and uncertain processes of state dismantling raise questions about how to disentangle and explain institutional operation and effects in specific geographical and temporal settings. How institutional establishment, legacies and trajectories inflect and shape their evolution in the context of particular state forms warrants historically literate approaches.

Gaps in understanding institutional retrenchment and its governance geographies in austerity are especially evident in economic development

policy. An exception is Davidson and Ward's (2014) analysis of the closure of the Redevelopment Agencies in California and the enduring consequences for city governments left to confront the legacies of depreciating assets, bad debts, liabilities and on-going project commitments. The disruptive effects of institutional restructuring linger as successor bodies attempt to grasp their particular local predicaments. Efforts to reorganise institutional and territorial architectures unleash episodes of uncertainty, fluidity and experimentation. Understanding the restructuring of institutional landscapes requires historical awareness of change and continuity in the legacies and ways in which previous paths, approaches and practices prefigure and condition the changed and emergent structures.

The aim here is further to develop the conceptual and explanatory grasp of the governance geographies of austerity states and their emergence in variegated political economic contexts, the ways in which austerity is articulated and enacted by the participant actors, and the implications of institutional dismantling in particular public policy areas. The experience of England in the UK is the empirical case of the multi-scalar and specifically sub-national construction and articulation of an austerity state project within a centralised union-state structure. From 2010, the Conservative and Liberal Democrat Coalition Government formulated, pursued and communicated a particular form of austerity state with an emergency-flavoured rhetoric,

focused upon deficit reduction and fiscal consolidation through sharp contractions in public expenditure, and restructuring and abolition of state institutions. The UK has relatively high and persistent levels of spatial disparities in economic and social conditions, and a history of unsettled economic development policy and shifting institutional arrangements between regional and local scales (Pike and Tomaney 2009).

Answering calls for stronger and more comparable methods for analysing institutions and explaining their evolution over time and space (Rodríguez-Pose 2013, Tomaney 2014), the research encompassed the abolition and closure of all nine RDAs across England including London. Addressing their relative neglect and implications for the emergent economic development landscape, the research is the first national study of the demise of the RDAs in England. The methodology and research design were based on two inter-connected parts: i) a systematic review of published secondary sources (e.g. RDA strategies, reports and accounts; Government documents; and independent studies); and, ii) semi-structured in-depth interviews with selected former RDA Chairs, Chief Executives, and officials and civil servants in national government departments. Rather than simply describe the process from the perspective of those involved, the research and analysis focused upon explaining: the role of the geographies and histories of institutional antecedents in shaping the introduction and evolution of the

RDAs; the emergent austerity state and the politics of the actors' critique of the RDAs; the construction and articulation of the austerity state project and the restructuring of economic development governance by actors in the UK Coalition government; the construction and contestation of the case for RDA abolition and closure; the institutional dismantling of RDAs through legislative change and implementing the 'RDA Transition and Closure Programme'; and, the enduring legacies and implications of the demise of the RDAs in the austerity state and landscape of economic development governance in England.

### **3. The geographies and histories of institutional antecedents: the introduction and evolution of the RDAs in England**

Reflecting the geographically sensitive and historically literate approach to explaining their demise, it is important to situate the RDA era in England within an unfolding trajectory of unsettled institutional arrangements for economic development governance, oscillating between regional and local forms in the post-war period (Pike *et al.* 2015). An episode of state rescaling to the regional level began with establishment of the Government Offices for the Regions by the then Conservative government in 1994 (Figure 1)(MacLeod and Jones 1997).

< Figure 1 >

Following the election of the Labour government in 1997, as part of Deputy Prime Minister John Prescott's regional project the RDAs were established as executive Non-Departmental Public Bodies (NDPBs) by the Regional Development Agencies Act in 1998. Alongside Government Offices for the Regions, representing national departments, and indirectly elected Regional Chambers, providing strategic co-ordination and democratic oversight, the RDAs constituted a regional governance structure for England (Sandford 2006). Tasked to "increase economic growth in each region" (Department of Business, Innovation and Skills (BIS) 2011: 1), the statutory purposes of the RDAs were defined:

- (a) to further the economic development and the regeneration of its area, (b) to promote business efficiency, investment and competitiveness in its area, (c) to promote employment in its area, (d) to enhance the development and application of skills relevant to employment in its area, and (e) to contribute to the achievement of sustainable development in the United Kingdom where it is relevant to its area to do so (HM Government 1998: 2).

Demonstrating the explanatory importance of institutional histories and geographies, the nature of the introduction and situation of the RDAs within the UK state apparatus shaped their evolution. First, RDAs were established as the lead and “strategic arms-length bodies” (BIS 2012: 12) for economic development across England. This policy area holds no clear or stable definition in central government and is fragmented across the responsibilities of several departments. Propelled by the reformist zeal of the new Labour Government and the then Deputy Prime Minister John Prescott, as the focus for sub-national economic development the RDAs pursued policy interventions focused on business, people and place, and accumulated a widening array of responsibilities over their lifespan (Table 1). As flagships of Prescott’s regional project, RDAs found it politically difficult and were unable to decline the delegation of further responsibilities and resources from central government, although some actively lobbied for them. RDAs’ broadening remit embedded tensions in their role and focus that shaped their evolution: between economic *and* social development; focus *and* breadth; strategy *and* delivery; regional *and* national; action *and* reaction; and, long *and* short-term (National Audit Office (NAO) 2003).

< Table 1 >

Second, institutional geographies prefigured the evolution of the RDAs as they were established in every region in England. Contrary to the European model of establishing RDAs only in economically weaker regions (Bellini *et al.* 2012), the Labour Government followed the recommendation of its Regional Policy Commission (1996). Inspired by New Economic Geography ideas that government commitments to reduce spatial inequalities were perverse, RDA establishment followed the endogenous development model and its emphasis upon building regional institutional capacity (Agnew 2015). Articulated in the metaphor of “all parts of all our regions firing on all cylinders” (Stephen Byers, then Industry Secretary, quoted in Wintour 2001: 1), RDAs were created in *all* English regions including London and the prosperous parts of the East and South East (Figure 2). Concerns were expressed that this geographically undifferentiated approach was “treating unequals equally” and “hardly a recipe for promoting equality” by reducing disparities in regional economic growth rates (Morgan 2002: 804). The political map of England meant especially the Conservative-led local government in southern and eastern regions viewed the new RDAs with suspicion and even hostility as unaccountable creatures of the Labour Government with “no regional identity and uniformity...strange geography...taking power and influence away from them...the RDAs were doomed from the start...once the

decision was made to give all regions a RDA” (Former RDA Chair, Authors’ Interview, 2014)(Table 2).

< Figure 2 and Table 2 >

Last, the London Development Agency (LDA) was distinct and sat within different governance arrangements involving the Mayor, Greater London Authority (GLA) and London Assembly (LA). These more democratically accountable state structures as well as London’s greater economic development potential meant the LDA evolved along a different trajectory from the other RDAs, culminating in its separate abolition arrangements.

### ***3.1 The emergent austerity state and the politics of the critique of the RDAs***

In the wake of the crisis and economic downturn from 2008, the RDAs acquired yet further responsibilities as lead institutions for Labour’s then Secretary of State for Business Peter Mandelson’s ‘industrial activism’ and recovery plan. In common with the struggles of other states internationally to cope with the economic shock, UK state borrowing rose sharply to fund stabilisation measures (Kitson *et al.* 2011). Conservative diagnosis of the UK’s predicament blamed the legacy and ineffectiveness of Labour’s

profligate tax and debt state and presaged the turn to austerity as the central project of state restructuring (Schäfer and Streeck 2013).

In this context of an emergent austerity state project and the run-up to the UK general election in 2010, the politics heated up as the opposition parties articulated their own assessments of RDAs and proposals for reform. The Conservative Party (2010: 74) criticised the “distant and remote tier of ineffective regional government” imposed centrally by Labour as “an artificial construct that serves only to add layers of bureaucracy and complicate the job of local government” (2009: 29). They argued that RDAs contributed to a “bureaucratic and undemocratic tier of regional planning” (2009: 4) and “regional imbalances have got worse over the last decade, despite billions of pounds spent” (2010: 23). The Conservatives proposed to “curtail the quango state” and, in a state rescaling project, to pursue decentralisation and localism focused upon “returning power” (2010: 70) to democratically accountable local authorities and local communities. Their manifesto proposed to “give councils and businesses the power to form their own business-led local enterprise partnerships instead of RDAs” while allowing “Where local councils and businesses want to maintain regionally-based enterprise partnerships, they will be able to” (2010: 24-25). The Liberal Democrats (2010: 26) proposed refocusing the RDAs “solely on economic development, removing duplication with other parts of

government and allowing substantial budget reductions”, shifting responsibility for economic development to local authorities, and allowing RDAs to remain where they had “strong local support” and without it to “be scrapped and their functions taken over by local authorities.” In government, Labour abolished Regional Chambers and offered a new regional growth initiative for RDAs and enhanced role for Regional Ministers but their focus and project for state rescaling was already shifting toward city-regions and larger, pan-regional institutions such as ‘The Northern Way’ across northern England (MacLeod and Jones 1997). Pushed by city leaders with greater “political nous” and connections than the RDAs, this changing institutional and geographical focus meant “some of the writing was on the wall before you got to 2010” (Former RDA Chairman, Authors’ Interview, 2014).

### ***3.2 Constructing and articulating the austerity state and restructuring the governance of economic development***

The inconclusive 2010 general election eventually led to the formation of a Conservative-led coalition government with the Liberal Democrats. The particular version of austerity state constructed prioritised deficit reduction delivered through state restructuring and a programme of public expenditure reductions (80%) and tax increases (20%): “It means the State

doing things differently. It's about trying to get the outputs we are looking for with less money to go around" (Danny Alexander, Liberal Democrat, then Chief Secretary to HM Treasury (HMT), 2013)(Figure 3). The overriding rationale and imperative for austerity and deficit reduction was articulated in Conservative Chancellor George Osborne's (2010: 1) 'Emergency Budget' because "Countries that cannot live within their means face higher interest rates, greater economic shocks and larger debt interest bills". With education, health and overseas aid ring-fenced, public expenditure reductions were concentrated in other central government departments. Those departments responsible for the RDAs – BIS and Communities and Local Government (CLG) – faced reductions of 46% and 68% (capital) and 27% and 67% (revenue) respectively between 2010/11-2014/15 (IFS 2013).

Constructions and articulations of particular austerity state projects are not fixed and stable entities that unfold inevitably; they are fluid and unstable endeavours which certain actors attempt to initiate, establish momentum for, and push through often amidst doubt, disagreement and dissent. Indeed, the initial austerity discourse in the Coalition Agreement left an opening for RDA retention and reform in supporting: "the creation of Local Enterprise Partnerships...to replace Regional Development Agencies...These may take the form of the existing RDAs in areas where

they are popular” (HM Government 2010: 10). However, as the crisis rhetoric was ramped-up to propel and reinforce the austerity imperative and the Conservatives grasped the unique opportunity to undertake irrevocable state contraction and rationalisation, the abolition of all the RDAs was formally announced in the ‘Emergency Budget’ in June 2010.

< Figure 3 >

As part of the state’s ‘strategic selectivity’ in prioritising restructuring and deficit reduction (Jones 1997), the Government launched a review of public bodies. Appealing to Schäfer and Streeck’s (2013) people constituency of the austerity state by seeking to abolish unaccountable bodies spending tax payers’ money, the review was initially dubbed a ‘bonfire of the QUANGOS’ capable of generating estimated savings of over £2.5bn. As an institutional legacy from the Labour government, RDAs were prominent QUANGOs ripe for abolition by the Coalition Government.

Articulating particular definitions of ‘decentralisation’, ‘localism’ and ‘rebalancing’ for the restructuring of economic development governance, the Coalition Government’s ‘Local Growth’ agenda sought “a fairer and more balanced economy that is not so dependent on a narrow range of economic sectors...driven by private sector growth”, and “has new business

opportunities that are more evenly balanced across the country and between industries” (BIS 2010a: 5). Prescott’s regional project was characterised as “too centralised” (BIS 2010c: 27), over-emphasised planning and “failed as it went against the grain of markets. Regional and other strategies stifled natural and healthy competition between places and inhibited growth” (BIS 2010a: 7). Then Secretary of State for CLG, Eric Pickles, argued:

If you want to rebuild a fragile national economy you don’t strangle business with red tape and let bloated regional quangos make all the decisions. Urgent action is needed to rebuild and rebalance local economies...The solution needs to be local...By giving up central control we will put democratic accountability back into the local economy making it responsive to the needs of local business and local people (quoted in BIS 2010b: 1).

The Coalition Government’s ‘Local Growth’ agenda involved, first, shifting powers to business, local government and community actors at the local level through the invitation to form ‘Local Enterprise Partnerships’ (LEPs) so that “where the drivers of growth are local, decisions [are] made locally” (BIS 2010a: 5). This state rescaling presaged abolition of the regional tier of the Regional Government Offices, Regional Chambers and RDAs (Sandford 2013). Second, efficient and dynamic markets and increased

confidence for investors were sought through planning reform and local government incentives. Last, new competitive initiatives were introduced with lower levels of funding including Regional Growth Fund, Growing Places Fund, Enterprise Zones and City Deals (NAO 2014).

### ***3.3 Constructing and contesting the case for RDA abolition and closure***

Propelled by the imperative of pushing through their particular version of the austerity state and keen to create an overwhelming case for reform, actors in Government, parliament and the civil service articulated their arguments for RDA abolition and closure. First, allegedly indicative of the bureaucratic tax and debt state, RDAs were said to have accumulated too many powers and responsibilities (Table 1). Such “mission creep” (House of Commons Business, Innovation and Skills Committee 2010: 10) meant their interpretation of economic development and role became too broad, diluting their focus and undermining their effectiveness. The joint statutory planning responsibility with local authorities in 2008 represented for many, including the sceptical local government community and RDA officials, ‘a step too far’ for a NDPB (Clarke 2012). RDA leaders countered that increased responsibilities were foisted upon them by central government, and integrating key levers for economic development within a single

institution with a long-term strategy, governance structure, staff, integrated and multi-annual budgets, and scale provided an effective organisational model.

Second, held up against a yardstick of policy delivery and effectiveness in the manner of the ‘new public management’ (Hood and Peters 2004), RDAs were charged with failing to deliver the Labour Government’s cross-departmental Public Service Agreement (PSA 2) target to reduce the gap in economic growth rates between regions (HMT, DTI and CLG 2003). Then BIS Minister Mark Prisk (2010: 1) argued “the economic divide between the Greater South East and the rest of England is as wide today as when RDAs began their work. That, by any measure, is a failed policy”. As lead regional economic development institutions, RDAs were responsible for delivering PSA 2 for their sponsor departments BIS, CLG and HM Treasury. Yet, each RDA’s statutory purpose was to *increase* economic growth in *their* regional economy not *reduce* the gap in growth rates *between* regional economies.

RDAs had other specific and broader accountabilities too that sat uneasily with PSA 2: departmental guidance; ‘State of the Region’ and ‘Activity’ indicators, tiered objectives, targets and milestones; and Regional Economic Strategies. Controlling less than 1% of total public expenditure within their regions (Table 3), it was considered unrealistic to expect RDAs to exert much influence upon longstanding “structural differences” in geographies

and levels of economic growth (Senior BIS Official, Author's Interview, 2014) and, in practice, PSA 2 was recognised as aspirational and a means to focus central government attention on regional issues. BIS (2010c: 26) even accepted “substantial limits in how geographically balanced an economy can become” and how “the increase in economic disparities seems long-term and linked to globalisation”.

< Table 3 >

Third, the state rescaling project condemned the RDA geography of Government Office Regions as an inappropriate spatial scale because it was “based on administrative regions that did not always reflect real functional economic areas” (BIS 2010a: 13). Underpinned by the emphasis of ‘New Economic Geography’ and urban economics upon facilitating external economies of agglomeration, ‘functional economic areas’ (FEAs) “over which the relevant market operates” were preferred for the new LEP geographies “to deliver economic development activities at the most appropriate level to maximise their impact” (BIS 2010c: 29). RDAs were at best groupings of FEAs, simply due to their size, and many deployed sub-regional structures which recognized FEAs such as city-regions. Indeed, reflecting the intractability of matching institutional structures to inherently shifting economic geographies (Jones 2014), over half of the 39 LEPs have

boundaries that are difficult to reconcile with recognized FEAs (Table 4). Demonstrating the mixing of technocracy and politics in the austerity state, BIS and CLG (2010) acknowledged this mismatch and noted that in assessing potential LEP boundaries they considered other qualitative and more subjective factors including business leadership, local authority support, value added and ambition.

< Table 4 >

Fourth, as an acute issue for the austerity state project and its focus on public expenditure reductions, RDAs were criticised for being “particularly expensive” (The Conservative Party 2009: 5) and over-staffed. Prime Minister David Cameron (2010: col. 869) claimed money had been “wasted” on overseas offices and expenses, and “proper control of costs and spending” was needed. Then RDA ‘Chair of Chairs’, Sir Harry Studholme, countered that around 10% of RDA funding had been spent on administrative costs in 2007/08-2009/10 which “compares very favourably with organisations past and present carrying out similar functions” (quoted in Cook 2010: 1). The Chief Executive of the Cumbria Chamber of Commerce argued RDAs were “overstaffed, underachieving...the epitome of the wasteful, spendthrift Labour regime” (Johnston 2010: 1). Campaigners the Tax Payer’s Alliance (2010: 1) further asserted that RDAs

were an “unnecessary and expensive layer of bureaucracy that stifle genuine private enterprise”. Detailing how they “shared a combined single pot budget of £21bn”, employed “around 3,000 staff” (Tables 5 and 6), BIS (2010a: 18, 13) concluded RDAs and the regional tier “involved significant complexity and duplication of responsibilities, which led to increased costs to the public purse”. In the Coalition’s austerity state, it was considered “no longer possible to fund the RDAs or other comparable bodies at their previous level” (BIS 2011:1). However, central government actors offered no yardsticks against which to assess claims of over-generous funding, profligacy, waste, and over-staffing.

< Tables 5 and 6 >

Fifth, as anathema to the Coalition’s ambitions for decentralisation and localism as NDPBs, BIS (2010a: 7) claimed RDAs lacked local accountability and “local partners did not feel empowered to lead action to improve economic growth”. Further, RDAs were portrayed as remote, unresponsive and “largely ignored the knowledge and the expertise” of the private sector, local authorities and local communities (BIS 2010a: 7).

RDAs’ joint role in statutory planning sharpened accountability concerns, especially in politically hostile southern regions. RDA leaders argued they were “much more in the goldfish bowl than some government bodies”

(Former RDA Chief Executive, Authors' Interview, 2014) and had multiple accountabilities: to Ministers of State in BIS and CLG; to Members of Parliament through departmental Select Committees; to HM Treasury and the National Audit Office as NDPBs; and, to their Boards (including elected local authority leaders) and financial auditors. Yet, accountability within their regions was their "Achilles heel" (Former RDA Chief Executive, Authors' Interview, 2014) because of the relatively weak oversight and scrutiny exercised by the indirectly elected Regional Chambers, Leaders' Boards and Regional Select Committees, and rejection of the Elected Regional Assemblies in the North East referendum in 2004 (Sandford 2006).

Sixth, questioning the role of state intervention and its "effectiveness" (NAO 2014: 16) under austerity, RDA performance and value for money were questioned. Reflecting their institutional evolution and history, the Labour government had already asked "what sort of value RDAs were delivering" (Former RDA Chairman, Authors' Interview, 2014). As inherently political assessment exercises (Valler 2012), evaluations of RDAs were contested. Given their wide and broadening responsibilities, RDAs were difficult to evaluate. PricewaterhouseCoopers and the Department of Business, Enterprise and Regulatory Reform (PwC/BERR) (2009: ii) found that between 2002/03 and 2006/07 "RDAs collectively exceeded their

targets, particularly for businesses created and people assisted in skills development...individual RDAs achieved their annual targets for each of the outputs on over 90% of occasions” and, overall, “every £1 of RDA spend will add £4.50 to regional GVA”. The NAO (2010: 7) stated “regional economic wealth generated as a result of jobs created by the RDAs’ support to physical regeneration shows benefits of £3.30 per £1 of actual costs incurred” and “it is reasonable to conclude that the RDAs’ activities have been beneficial overall”. In contrast, BIS (2011: 6) concluded “Despite demonstrating a positive impact for some RDA expenditure, the [PwC/BERR] report did not make a conclusive case that RDAs operated more effectively than any alternative approach”. Overman (2011: 21) questioned the PwC/BERR cost-benefit ratio as “high” and unlikely to have properly isolated deadweight and additionality effects, and claimed “no compelling evidence” exists on whether RDAs “are a good or bad thing”. RDA leaders accepted the inevitable unevenness in the effectiveness of their interventions, and claimed their role was longer-term, strategic, innovative and experimental in addressing structural economic problems (Former RDA Chief Executive, Authors’ Interview, 2014).

Last, as vestiges of Prescott’s regional project, the RDAs were victims of “a raw political decision” by actors in the coalition government (Former RDA Chief Executive, Authors’ Interview, 2014). RDA leaders considered the

judgement was made without objective analysis of the evidence because “Westminster politicians were moving on to other things, city-regions, and there was no-one certainly not of any prominence making the case for continuing with the existing economic institutions...when it came to the crunch, RDA advocates were not thick on the ground” (Former RDA Chairman, Authors’ Interview, 2014). Territorial political economy was evident for some because RDA abolition was “more about the politics of the South East than the economics of the North East” (Paul Callaghan, former RDA Chair, quoted in Pearson 2010: 1). While initially Liberal Democrats in the coalition sought RDA retention in regions that needed and supported them, albeit with reduced responsibilities and resources, the more powerful Conservative factions won the argument. The closure decision was taken by central government actors to “empower local partners, deliver significantly better value for money and generate large cost savings which will reduce the deficit” (BIS 2011: 1). For RDA leaders, despite the articulation of austerity, “it was never to do with the money” (Former RDA Chair, Authors’ Interview, 2014) because “[CLG Secretary of State, Eric] Pickles wanted to abolish the agencies because he hated regions. Period. He didn’t think it through” (RDA Chief Executive quoted in Hayman 2010: 1). RDA abolition was an “early scalp” for the Conservatives’ austerity and state restructuring project, “anti-regionalism” and dislike of Labour’s regional tier, fuelled by concerns about their involvement as

NDPBs in planning decisions with Conservative-led local authorities in southern England (Former RDA Chief Executive, Authors' Interview, 2014). In its mandatory cost-benefit analysis of the policy change, BIS (2011) presented a *negative* 'Total Net Present Value' (-£3,447m) rather than the *positive* figure required by HM Treasury, partly explained by the hiatus in establishing the new local funding initiatives and institutions.

### ***3.4 Institutional dismantling in motion: changing the law and implementing the 'RDA Transition and Closure Programme'***

Amidst contestation from opposition Labour politicians and disquiet amongst some Conservatives and Liberal Democrat coalition partners, the particular version of the austerity state articulated by Conservative Chancellor George Osborne proved decisive. Established in statute, RDA abolition required an Act of Parliament. In the Public Bodies Reform Bill, the RDAs (except the LDA) were identified as "No longer an NDPB - RDAs will be abolished and functions which are to be retained will be transferred to central or local government and others" (Cabinet Office 2011: 4). Within regions, non-statutory Multi-Area Agreements, City Region Pilots, Urban Regeneration Companies and City Development Companies were abolished too as part of the institutional rationalisation (NAO 2014). Demonstrating the abandonment of democratic process as part of the

austerity state's overriding financial imperatives (Donald *et al.* 2014), concerns were expressed about the pre-emption of Parliament in the government's Public Bodies Reform programme and the constitutional legalities of the "pre-legislative implementation" of the Bill without consultation and Royal Assent (Beecham 2014: 1).

Given London's particular governance arrangements and place within the UK's national political economy, the LDA (2010: 1) and its assets and liabilities were handled through the Localism Act and "folded into" the GLA, supporting its new responsibilities for housing and regeneration, and enabling Mayoral designation of Development Corporations. CLG (2011: 5) argued this "decentralises power and streamlines London's governance architecture" to improve efficiency, accountability and enable London government to address its economic development, housing and regeneration challenges.

Reflecting the aims of the austerity project to deliver abolition and the lack of historical precedents for institutional dismantling, the 'RDA Transition and Closure Programme' was established to handle staff transfers, manage out assets and liabilities, sustain RDA performance during function transfers and minimize transition impacts, ensure RDA governance arrangements during transition met Ministerial oversight and control requirements,

minimize transition costs, and manage out residual business effectively (BIS 2012). Rejecting BIS's option of contracting-out to an international consultancy as "akin to bringing the receivers in...as if a business went bust" (Former RDA Chair, Authors' Interview, 2014), given their knowledge and the risks to reputational capital the RDA leaders insisted upon a leading role in managing the transition and closure process "within the RDAs and its governance outside of the RDAs" (BIS 2012: 15). Chairs, Boards and Executives were retained in each RDA with responsibility for their wind-up. A National Transition Board (NTB) was established to oversee the programme involving the RDAs ('Chair of Chairs' and 3 RDA Chief Executives), key government departments (BIS, CLG, and HMT), Homes and Communities Agency, legal and finance support, and the NAO. Reflecting the particular civil service culture of the UK state, for the RDA leaders on the NTB, "once politically the decision was made...everyone was pragmatic and realistic...committed to work in a professional manner to manage the process, take care of staff and do the best for the regions to leave good legacy behind" (Former RDA Chief Executive, Authors' Interview, 2014).

Involving organisations across England, over 3,000 staff, £1.2bn of programme commitments and over £500m of land assets and liabilities, "the orderly, cost effective, solvent and compliant closure of the eight RDAs

outside London” was a “significant challenge” for BIS officials and RDA staff especially in the context of austerity (BIS 2012: 5). This state restructuring was decided upon and forced through despite previous assessments of institutional dismantling identifying poor value for money because of unclear objectives, limited cost and benefit monitoring, and poor implementation planning (NAO 2012).

As centralist and localist tensions buffeted the rescaling plans in the Government’s austerity project, ‘Local Growth’ agenda and coalition politics between Ministers, several RDA functions were considered “best led nationally” (Cable and Pickles 2010: 1) and centralised in national government departments and agencies. These comprised: business support (BIS); R&D and innovation (Technology Strategy Board, BIS); inward investment and international trade (UK Trade International, subsequently contracted-out to PA Consulting); EU funding (CLG and DEFRA); sector leadership (BIS); access to finance including venture capital funds (BIS); adult skills provision (Skills Funding Agency); and, rapid responses to economic shocks (BIS). The Homes and Communities Agency was rationalized and retained responsibility for physical regeneration and housing. RDA leaders found this centralization contradictory: “It’s all about localism but functions ended up in national government or national private organisations” (Former RDA Chief Executive, Authors’ Interview, 2014).

Further, Government identified “a number of current functions provided by RDAs that will simply stop” (BIS 2010a: 17): regional economic and spatial strategies, Grants for Business Investment, regional workforce skills strategies, and selected sectoral activities.

In the sharpened context of austerity, the disposal, sale and transfer of RDA assets and liabilities were critical to the financial outcomes of the transition and closure programme. The asset base was valued at around £500m, one third of which was land and property holdings. One fifth was released for sale at ‘market value’ in early 2011. While local authorities had first refusal, purchases had to be at “full market value” with no “gifting” of properties through asset transfer or deferred “buy now, pay later” deals (Werran 2011: 1). In London, LDA assets were transferred to the Mayor and GLA. Then Shadow Business Minister, Gordon Marsden, bemoaned the “fire sale” with local authorities under austerity unable to pay market rates, and the new LEPs lacking the resources, powers and accountable institutional structures to benefit (quoted in Werran 2011: 1). Most remaining RDA land and property assets, worth around £300m, transferred to the Homes and Communities Agency later in 2011.

Despite the complexity and unevenness of institutional dismantling as part of the austerity state project, the RDAs ceased operation on schedule on 31

March 2012. On 1 July 2012, formal abolition was enacted through the Public Bodies Act 2011. Following “lengthy negotiations” over functions and staffing, the Portfolio Management Office (PMO) residuary body was established to handle remaining RDA interests (BIS 2012: 27). The PMO’s late arrival generated “anxiety among the RDAs as their resources necessary to run assets and affect transfers dwindled” (BIS 2012: 27).

### ***3.5 The legacies and implications of institutional dismantling in the austerity state: after the RDAs and the emergent landscape of economic development governance in England***

As economic development in the UK is “non-statutory for local authorities and central government” and “gets kicked around as a political football” (Former RDA Chief Executive, Authors’ Interview, 2014), its restructuring under the austerity state project constructed and rolled-out from 2010 has been far reaching, complicated and messy. In contrast to the historically “incremental and overlapping” approaches in England, this episode of reorganisation involved almost complete removal of existing programmes and their replacement with new arrangements and funding mechanisms (NAO 2014: 16, 7)(Figure 4). While actors in Government wanted “an orderly transition from RDAs to the new delivery landscape” (BIS 2010a: 18), the NAO (2014: 10) concluded “this has not been achieved”. The

'RDA Transition and Closure Programme' proceeded "effectively" and "as planned" with efficient upward transfer of responsibilities to central government departments and agencies but downward transfer to the new local institutions was conceived and introduced gradually in a different time frame (NAO 2014: 10). The ineffectiveness of this state rescaling was exacerbated by government's lack of a "single definition of local growth policy" and a "co-ordinated national programme with a common strategy, set of objectives and implementation plan" (NAO 2014: 3, 11). For RDA leaders, the "succession, who are you handing things across to was a complete bloody shambles" (Former RDA Chief Executive, Authors' Interview, 2014). Reflecting tensions between centralism and localism cross-cutting the actors' austerity state project, institutional change since 2010 has been a disorderly, rapid and largely unplanned unfolding and accretion of additional initiatives, funds and responsibilities under the new arrangements (Pike *et al.* 2015). Then BIS Secretary of State, Liberal Democrat Vince Cable acknowledged that "getting rid of the RDAs and bringing in LEPs has perhaps been a little Maoist and chaotic" (quoted in Stratton 2010: 1). RDA leaders called it "horrendously complex" (RDA Chief Executive quoted in Hayman 2010: 1).

< Figure 4 >

While a central rationale for abolition under austerity, actual RDA wind-up and closure costs and savings remain unclear. BIS (2011) estimated total costs (present value) of the RDAs of £17bn for 1999-2011, and transition costs of £287m (constant prices). By 2012, BIS (2012) claimed actual transition costs were £364m but were £100m less than budgeted. HM Treasury (2010) estimated savings of £2.3 billion per annum. Lack of public access to the data and calculations, and independent valuation hinder analysis of these differing and shifting assessments. The House of Commons Public Accounts Committee (2012) expressed concerns about implementation, value for money, and staff, expertise and asset transfer from RDAs to LEPs. Uncertainty remains regarding estimates and responsibility for the RDAs' current and historic liabilities of up to £1.5bn including land remediation and on-going public-private partnerships. RDA funding structures generated legacies that complicated the closure process with four government departments involved and projects, assets and liabilities transferred to different institutions on different timescales (BIS 2012). RDAs had 15 to 20-year time horizons extending beyond 5-year political cycles and making them difficult to wind-down because “whether the [BIS or CLG] department takes [the liabilities]...on or a residuary body they have to sit on someone's books (“Whitehall insider” quoted in Hayman 2010: 1). Further and often unplanned costs arose from staff redundancy payments, pensions, lease terminations, finance contracts, knowledge

management, and interests in arms-lengths companies. Despite the sharpened financial imperatives of the austerity state, the closure of the RDAs echoes previous episodes of institutional dismantling in England, such as the Urban Development Corporations (NAO 2002), with the actors involved over-estimating potential savings to underpin change rationales and underestimating eventual costs.

By 2013/14, the costs and savings picture was becoming clearer. Delivering on the Government's austerity state project, RDA abolition enabled a public expenditure reduction of £4.9bn (Figure 5). Between 2010/11-2014/15, planned spend was £6.3bn, comprising £2.4bn by the RDAs and their legacy, and £3.9bn by the new institutions and initiatives (NAO 2014). Reduction in RDA spending started in 2010/11, falling to £585m in 2011/12 following their closure (excluding severance payments and asset transfers) while £230m was spent in 2011/12 for activity transfers (NAO 2014). A further £94m was scheduled for handling RDA legacy issues for 2012/13-2014/15. Funding in the new landscape has to be seen against the estimated total RDA wind-up costs of £1.5bn (Hayman 2010).

< Figure 5 >

Demonstrating the enduring effects of state restructuring and institutional dismantling under austerity, further implications and legacies have been unfolding in the wake of the RDAs' demise. Amidst recession and uneven recovery, misgivings were voiced across the political spectrum and private and public sectors. Senior Conservative Lord Heseltine (2011: 1) called abolition a "mistake" because of the bridge RDAs provided between localities and central government, and warned government departments were *re*-introducing co-ordinating structures at the regional level with different geographies to manage their local engagement. Business leaders too expressed doubts: "[RDAs] had the authority to make things happen. They had money and power. It gave them the leadership and authority to speak on the region's behalf" (Chief Executive of the North East Chamber of Commerce, quoted in Tighe 2012: 1). Seemingly keen to sidestep the role of politics in territorial development, RDA leaders bemoaned the loss of a "coherent and strategic approach" provided by a regional institution with "clearly defined responsibilities and the ability to make broader and more strategic and bolder decisions and not be bogged down in the political world" (Former RDA Chief Executive, Authors' Interview 2104).

Unfolding short-term effects and slower burn legacies from the RDAs' demise are shaping the landscape for successor institutions. Coping with

RDA closure and transition to the new governance arrangements, local and regional actors have faced:

Weaker strategic leadership, increased centralism and far less devolution...Lots of momentum lost, expertise diluted somewhat, confidence and finance to spend has been gone in what was a critical time...a lot of drift, lack of momentum and less confidence... Good quality people doing good work – more fragmented, less impactful, less of the big bold stuff going on (Former RDA Chief Executive, Authors' Interview, 2014).

Further on-going issues include: the labour market impacts of the redundancies of over 3,000 former RDA staff since less than 500 were transferred to new roles (BIS 2012); the splintered knowledge base and networks discarded through redundant staff and information systems; loss of experience and coordination across functions (BIS 2011: 2); written-off investment in staff training and research; costs and uncertainties dealing with RDAs during closure; disruption and gaps in service delivery (BIS 2011); and, the new LEPs starting economic development strategy afresh in rescaled geographies (Pike *et al.* 2015).

#### 4. Conclusions

Advancing the governance geographies of austerity research agenda, the purpose here has been to strengthen conceptual and theoretical frameworks to explain how, why and in what forms austerity states are constructed by actors in particular political-economic settings and geographical and temporal contexts, how and by whom they are expressed and enacted, and how they are unfolded through the institutional and territorial apparatus of the state and public policy. Empirical analysis and explanation of the construction of a particular austerity state project by actors in the UK coalition government from 2010 and the abolition and closure of the RDAs in England has been informed by and fed into conceptual and theoretical development.

Engaging lacunae in the emergent and cross-disciplinary work, three specific contributions have been made. First, a qualitative and plural conception of austerity states provided a more nuanced explanation of the emergence of state types and their evolution. This framework sought deeper understanding of the particular ways in which specific austerity state projects are constructed and pursued by actors within the political economies of certain geographical variegations of capitalism. Such political projects appear fluid, unstable, temporary and even contingent. Distinct versions of austerity states involve multiple actors working in different territorial scales and

relational networks, their composition of logics and narratives, and their patchy, irregular and dishevelled implementation efforts. Rather than analysing states as somehow remote, inert and passive institutions, in this approach the agency of state and non-state actors is integral to fomenting, pursuing and implementing state restructuring. Addressing the limited analysis of institutional and state failure to date (Jessop 2013), the UK Government's abolition of the RDAs in England demonstrated how 'failure' was articulated and imposed by certain powerful actors, especially in HM Treasury, on a specific set of institutions in the discursive construction of the arguments of RDA ineffectiveness and the imperative for abolition and closure. While austerity is typically presented by actors in austerity states as a value-free and technocratic solution to the fiscal profligacy of the Keynesian tax and debt state (Donald *et al.* 2014), the questionable rationales, limited analysis and evidence collated and articulated by actors to support the UK government's decision to abolish the RDAs in England is illuminating. It demonstrates how power, ideology and politics are exerted by certain actors over rationality, whereby narratives of austerity dominate even in an era claimed to be characterised by post-ideological 'what works' approaches and objective, evidence-based public policy-making (Rutter 2012).

Second, the heightened geographical sensitivity and appreciation of (re)scaling contributed to remedying the nationally framed focus of existing

work on austerity states and broadening it to include *and* extend beyond the national scale. Multiple actors are shaping the geographically differentiated expressions of austerity states across spatial levels and in relational circuits. (Re)scaling is central to the statecraft of actors in austerity state projects as a tangible means to disrupt existing relations and institutional arrangements to foment, encourage and even force radical change. Yet, rather than following any predetermined and singular process in explaining state restructuring and rescaling, the abolition of the RDAs in England demonstrates how what Keating (2013) terms *functional* and *institutional* rescaling in austerity states is fragmented and unfolding in an array of different directions: not only decentralising from the national to the subnational but away from the regional towards the local and city/regional *and*, simultaneously, back to the national central level. In tension and accommodation, the empirical analysis reveals actors in austerity states are juggling opposing and contradictory tendencies. First are the rationales and politics of centralism in seeking tightly to control and change the extent and depth of state intervention and fiscal consolidation. Second, and at the same time, are the logics and politics of localism in trying to devolve responsibility for rationalisation and retrenchment and encourage innovation and ‘doing more with less’ through decentralisation within *and* beyond the state apparatus to the market, civic society, social group and individual. Research is only just beginning to consider such uneven governance geographies of austerity states. Much

further conceptual, theoretical and cross-national comparative empirical work is needed.

Last, a historically literate approach to explaining the politics and restructuring of state institutions by actors and especially dismantling was explained. The empirical analysis demonstrated how legacies of institutional establishment sowed the seeds of future abolition and closure. Modification and persistence combine, fostering lasting endowments that configure institutional evolution. The establishment of RDAs in *all* of the English regions by actors in the Labour government enabled them to be viewed as a whole. The political unpopularity of RDAs in the more prosperous and Conservative governed southern regions fuelled the desires of national and local actors to dismantle *all* the RDAs even those with stronger political support and economic rationales in the less prosperous and Labour run northern regions. Rather than any kind of clear and surgical rationalisation and removal of unwanted parts of the territorial apparatus of the state, the experience of RDA abolition in England demonstrates institutional dismantling by actors in the financially constrained circumstances of austerity states with reduced state staff capacities and resources is chaotic, expensive, messy and uncertain: unable to deliver promised savings; generating unforeseen and unplanned costs and liabilities; reinforcing

institutional churn, instability and uncertainty; and, hampering the achievement of desired public policy outcomes.

## **Acknowledgements**

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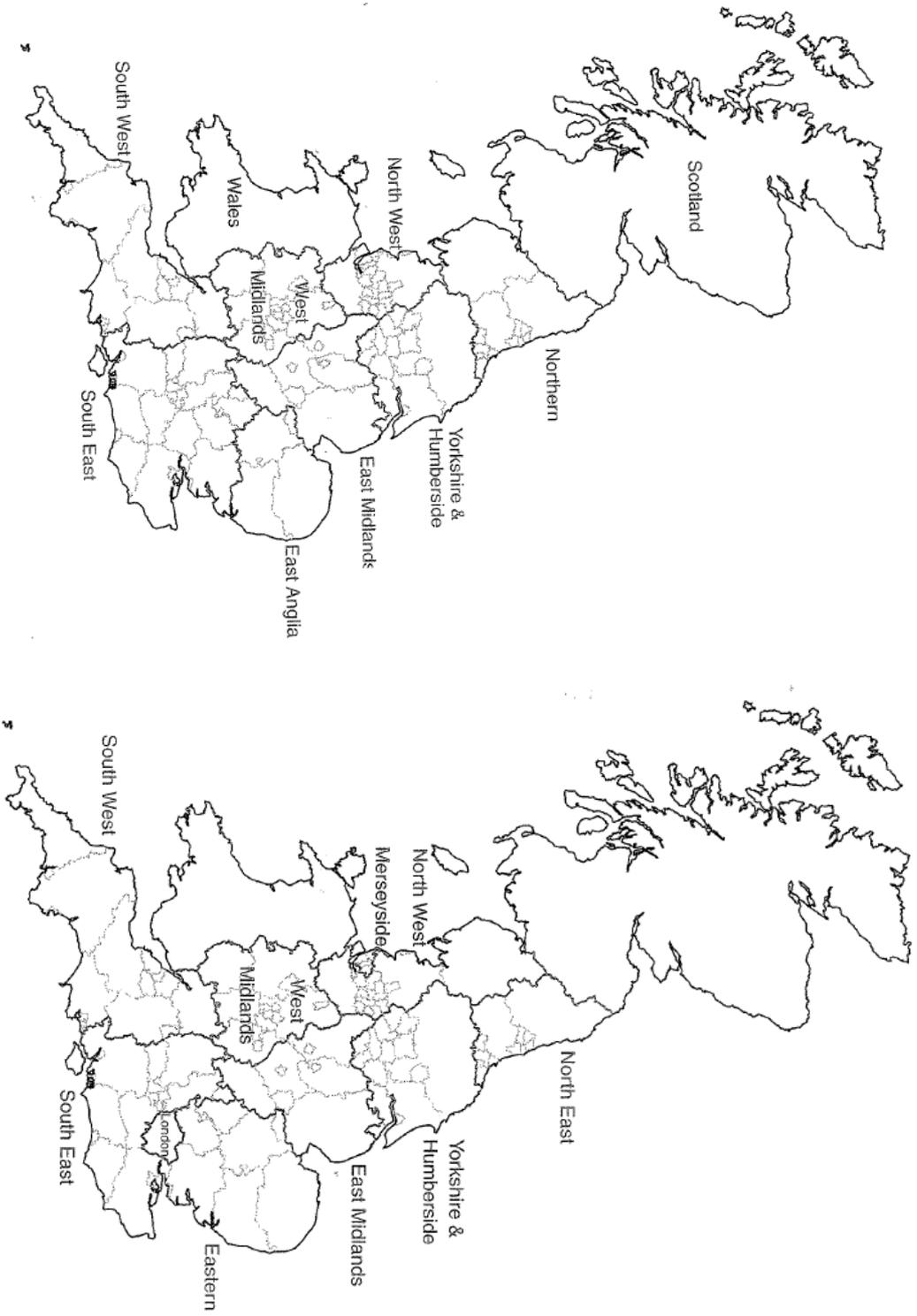
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Figure 1: Standard Regions (from 1974) and Government Office Regions (from 1994) in England\*



\* Merseyside later became part of the North West region.

Source: Adapted from Hogwood (1996: 13, 20)

**Table 1: Additional responsibilities for the RDAs, 2000-2009**

2000	2002	2003	2004	2005	2006	2007	2008	2009
Market Towns Initiative	Manufacturing Advisory Service	Regional Tourism Boards	Selective Finance for Investment	Business Link	Olympic Games Preparation	European Regional Development Funds (ERDF)	RDAs asked by Government to play key roles in responding regionally to tackling the impacts of the Credit Crunch and recession	RDAs take on statutory responsibility, with Regional Leaders' Board, for the preparation of Single Integrated Regional Strategies (to encompass Spatial Planning)
Farm Action Plan		Regional Skills Partnerships	Broadband Aggregation Programme	BREW (Business Research, Efficiency and Waste) Programme	Rural Development Programme for England (RDPE)			RDAs become key partners in the Government's New Industry, New Jobs Industrial Strategy
Regional Development Grants			Statutory Consultee on Planning Decisions	Modernising Rural Delivery				
			Rural Strategy	Grants for R&D				
			Sustainable Farming and Food Strategy (Regional Implementation)					
			The Northern Way (Supported by 3 Northern RDAs) and partners in City Regions					

Source: Adapted from PwC/BERR (2009) and House of Commons Business and Enterprise Committee (2009)

Figure 2: RDAs in England



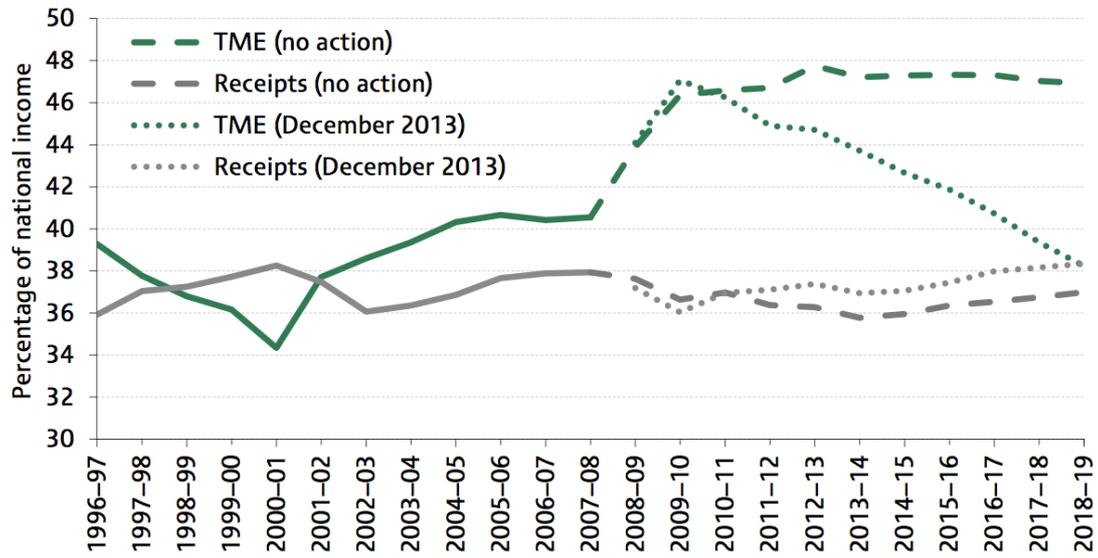
Source: The RDA Network

**Table 2: Political control (%) of local government by region, 2009**

Region	Conservatives	Labour	Liberal Democrats	Independent	No Overall Control
South East	82	1	7	1	8
East of England	73	4	10	0	13
West Midlands	70	3	0	0	27
East Midlands	67	11	9	4	9
South West	56	0	5	5	34
London	42	21	9	0	27
North West	32	20	12	0	55
Yorkshire and the Humber	18	18	9	0	55
North East	8	50	8	0	23
England	59	10	8	1	23

Source: Adapted from Centre for Cities (2009: 3) analysis based on LGA data

**Figure 3: UK Government Revenues and Spending – with and without policy action\***



\* TME = Total Managed Expenditure

Source: Adapted from IFS (2014: 13)

**Table 3: Comparison of RDA spending with total identified public expenditure by region, 2002/03-2006/07**

RDA*	RDA Spending (£m)	Local Authority Spending (£m)	Central Government Spending (£m)	Total Identified Public Spending (£m)	RDA Spending as a % of Total Spending (%)
AWM	1,504	50,300	117,701	168,002	0.9
EEDA	522	46,451	106,156	152,607	0.3
EMDA	858	36,358	88,924	125,282	0.7
LDA	2,116	106,943	178,553	285,496	0.7
NWDA	1,698	68,432	168,568	237,004	0.7
ONE	1,334	26,721	65,191	91,912	1.5
SEEDA	873	68,394	158,383	226,777	0.4
SWRDA	766	42,162	106,834	148,997	0.5
YF	1,564	46,449	117,407	163,855	1.0
Total	11,234	492,212	1,107,717	1,599,930	0.7

\* Advantage West Midlands (AWM), East of England Development Agency (EEDA), East Midlands Development Agency (EMDA), London Development Agency (LDA), North West Development Agency (NWDA), One North East (ONE), South East of England Development Agency (SEEDA), South West Regional Development Agency (SWRDA) and Yorkshire Forward (YF).

**Source: Adapted from PwC/BERR (2009)**

**Table 4: Local Enterprise Partnerships (LEPs) and Functional Economic Areas (FEAs)\***

	Number	%
LEPs whose areas are close to being '1 for 1' with Travel to Work Areas	2	5.1
LEPs whose areas are plausible as City Regions	15	38.5
LEPs whose areas are of questionable validity as FEAs	22	56.4

\* Travel to Work Areas (TTWAs) are the official definitions of British local labour market areas. England has no official 'City Region' definitions and those used in the analysis here are from Coombes (2014). LEPs as analysed here are those designated up to August 2013.

**Source: Authors' research**

**Table 5: Regional Development Agencies Out-turns and Allocated Budgets, 2005-06-2011/12**

	CSR 2004			CSR 2007		Allocated Budget	Allocated Budget
	2005- 06 (£m)	2006- 07(£m)	2007- 08 (£m)	2008- 09 (£m)	2009- 10 (£m)	2010-2011 (£m)	2011-2012 (£m)
AWM	289	282	291	296	296	163	100
EEDA	130	139	134	131	133	78	26
EMDA	161	160	170	160	161	95	43
LDA	396	416	386	346	376	275	174
NWDA	383	402	390	383	393	234	111
ONE	245	273	276	240	247	186	69
SEEDA	167	172	162	160	166	96	38
SWRDA	151	171	156	169	156	115	45
YF	294	313	300	292	320	174	105
Total	2,216	2,328	2,265	2,177	2,249	1,415	711

Source: Calculated from BIS Regional Development Agency Out-turn Data  
<http://webarchive.nationalarchives.gov.uk/+http://www.bis.gov.uk/policies/economic-development/englands-regional-development-agencies/rda-finance-and-governance>

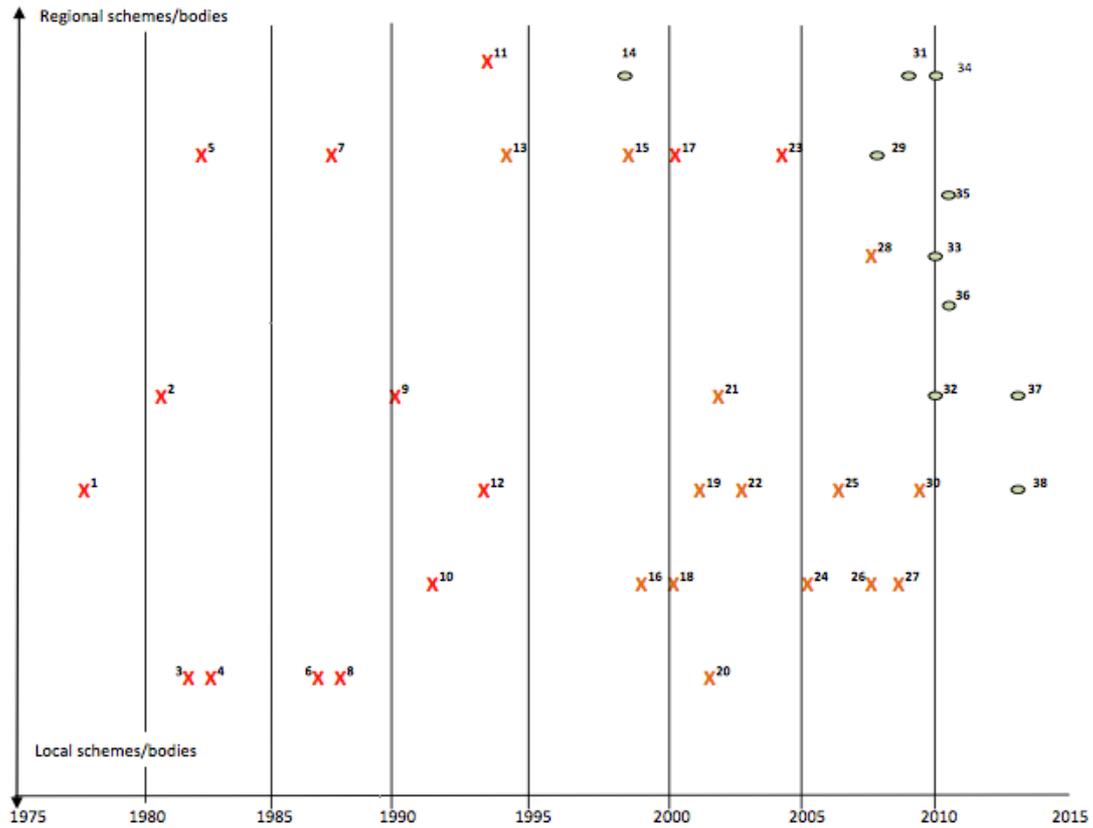
**Table 6: Staff by RDA, 1999/00-2009/10\***

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
AWM	0	0	178	216	280	308	341	327	341	390	382
EEDA	0	0	0	0	141	159	189	223	243	245	249
EMDA	0	0	0	170	185	210	225	247	261	277	272
LDA	n/a	0	160	245	303	0	432	489	565	572	443
NWDA	218	237	263	291	357	377	378	402	431	481	482
ONE	258	244	240	249	347	376	418	446	437	410	399
SEEDA	0	0	0	0	324	335	342	370	356	413	359
SWRDA	176	180	197	227	238	259	277	303	348	362	339
YF	0	0	0	0	0	0	0	428	435	434	429
Total	652	661	1038	1398	2175	2024	2602	3235	3417	3584	3354

\* Based on publicly available data.

**Source: Authors' own calculations from RDA Annual Reports and Financial Statements**

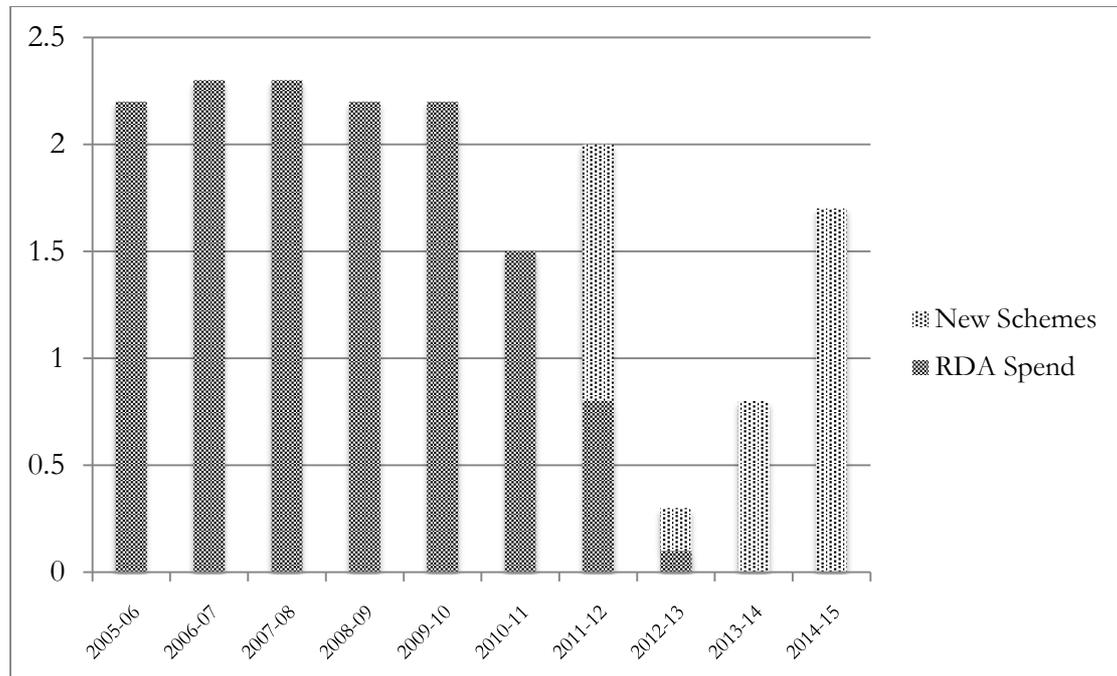
Figure 4: Initiatives for local growth in England, 1975-2015



- |   |  |   |
|---|--|---|
| 1 Urban Programme (expansion)           | 14 National Coalfields Programme             | 27 City/Economic Development Companies    |
| 2 Urban Development Corporations        | 15 Regional Development Agencies             | 28 Multi Area Agreements/City Region Pict |
| 3 Urban Development Grant               | 16 New Deal for Communities                  | 29 Grants for Business Investment         |
| 4 Derelict Land Grant                   | 17 Enterprise Grant Scheme                   | 30 Future Jobs Fund                       |
| 5 Regional Development Grant (revision) | 18 Urban Regeneration Companies              | 31 Homes and Communities Agency           |
| 6 Urban Regeneration Grant              | 19 Local Strategic Partnerships              | 32 Enterprise Zones (new phase)           |
| 7 Regional Enterprise Grant             | 20 Neighbourhood Renewal Fund                | 33 Local Enterprise Partnerships          |
| 8 City Grant                            | 21 Housing Market Renewal Pathfinder         | 34 Regional Growth Fund                   |
| 9 Training and Enterprise Councils      | 22 Local Authority Business Growth incentive | 35 City Deals                             |
| 10 City Challenge                       | 23 Selective Finance for Investment          | 36 Growing Places Fund                    |
| 11 English Partnerships                 | 24 Working Neighbourhoods Fund               | 37 Tax Increment Finance                  |
| 12 Single Regeneration Budget           | 25 Local Area Agreements                     | 38 Business Rates Retention               |
| 13 Government Offices for the Regions   | 26 Local Enterprise Growth Initiative        |   |
- Currently operational  
 X Closed since 2010  
 X Closed prior to 2010

Source: Adapted from NAO (2014: 17)

**Figure 5: Government spending on RDAs and new local growth funds and structures (£bn), 2005/06-2014/15\***



\* Payments by departments. Spending by RDAs from Annual Reports and Accounts and excludes closure costs. Data for 2013/14 onwards is budget data. Earlier data is out-turn. Figures have been rounded.

**Source: Adapted from NAO (2014: 20) analysis of departmental data**