

Response to consultation on the Regional Growth Fund.

Q1. Are there benefits to be had from allocating different elements of the fund in different ways?

Yes, a (large) proportion of the funds need to be targeted at those areas that are suffering from high levels of deprivation and have economies that are overly dependent on the public sector. While these areas must demonstrate the impact, value and need of any activity that is funded they should have some money ringfenced for them outside the competitive bidding process, to ensure they have sufficient support to make the changes needed in the structure of their economies. These allocations could be roughly based on the relative amounts of money the regions received previously through the RDA budgets, when the more deprived areas got a larger proportion of the pot.

Q2. What type of activities, that promote the objectives outlined above, should the fund support and how should the fund be best designed to facilitate this?

The Fund needs to be as flexible as possible in the range of activities it will support, on the proviso that they can be seen to contribute to the wider objectives of the Fund and to growing and strengthening the economy of the applicant. This should ensure that interventions can be targeted as locally as possible in meeting the needs of these areas.

Q3. Do you think these are the right criteria for assessing bids to the Regional Growth Fund?

The criteria must take account of the fact that areas of greatest deprivation, which arguably are most in need of support through the Growth Fund, are also going to find it most difficult to attract high levels of private sector investment. These difficulties must be considered within the judging of the bidding process. It would also be useful if there were some geographical allocations underpinning the bidding process, to make sure that disadvantaged areas received a "fair outcome."

With the setting up of Local Economic Partnerships (LEP) to provide strategic leadership for an area, we think it is vital that any bids for the Growth Fund need to have received the endorsement of the relevant LEP before being able to access Growth Fund support.

Q4. Do you think we should operate a two-stage bidding process?

The criteria a bid must meet are very wide ranging and challenging, which is as it should be. However, to have the first round of bidding closing by the end of December 2010 could provide an advantage to any projects that are already "on the shelf" and disadvantage new projects that are being developed from scratch, particularly as LEPS will still be very much in their infancy by this point. As such a 2 stage bidding process originally requiring initial outline bids seems eminently sensible.

Q5. Should a Regional Growth Fund become a long-term means of funding activity that promotes growth?

Potentially yes. Relatively short term funding streams such as SRB, ERDF, and WNF have acted as a barrier to longer term investments. However, the Fund needs to be run for a couple of years with any issues identified and resolved, and demonstrating that it is having a beneficial impact on the economies of the areas (particularly the more disadvantaged) before any commitment to a long term solution is made.