

*BRITISH BROADCASTING CORPORATION*

*RADIO 4*

*TRANSCRIPT OF "FILE ON 4"- 'REGIONAL DEVELOPMENT AGENCIES'*

*CURRENT AFFAIRS GROUP*

*TRANSMISSION: Tuesday 4<sup>th</sup> March 2008 2000 - 2040*

*REPEAT: Sunday 9<sup>th</sup> March 2008 1700 - 1740*

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*PROGRAMME NUMBER: 08VQ3936LHO*

THE ATTACHED TRANSCRIPT WAS TYPED FROM A RECORDING AND NOT COPIED FROM AN ORIGINAL SCRIPT. BECAUSE OF THE RISK OF MISHEARING AND THE DIFFICULTY IN SOME CASES OF IDENTIFYING INDIVIDUAL SPEAKERS, THE BBC CANNOT VOUCH FOR ITS COMPLETE ACCURACY.

“FILE ON 4”

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URRY: With MPs under scrutiny as never before about their expenses, what about civil servants in charge of spending taxpayers' money? Tonight we investigate the running costs of the unelected senior executives in England's nine Regional Development Agencies. One chairman spent more on taxis and limousines in a year than all of Britain's MPs put together, and he's only part time. A chief executive enjoys being chauffeured home from cup finals, whilst his company car sits idle in the driveway. Cost to the taxpayer? £400 a ride. It comes at a time when the Government is devolving more and more responsibilities to these organisations, causing some to question their accountability.

BAKER: This shadowy quasi world of bodies which aren't elected, but nevertheless have vast amounts of public money needs to be regulated rather more. This kind of quangocracy that we have in this country is, I think, an anathema to democracy and it requires not less accountability, but more.

URRY: They say they're doing a great job, but do we really know how well these organisations perform on their key functions of boosting economic development? How wisely do they spend their £2 billion budget? Tonight, File on 4 puts Regional Development Agencies to the test.

## SIGNATURE TUNE

### ACTUALITY IN BEDFORDSHIRE

URRY: Just down the road from where I'm standing, the industry which made this part of Bedfordshire famous and wealthy is breathing its last. Once the largest brickworks in the world, the factory sitting on the edge of the model village of Stewartby, is shutting down. But there's a vision to put this place back on the world map. It's called the National Institute for Research into Aquatic Habitats - or NIRAH. Put simply, an Eden Project for fish.

STAY: The NIRAH project is one of the most exciting tourist and research and conservation schemes that this country has ever seen. So the scheme is absolutely fantastic news for Bedfordshire.

URRY: Bedfordshire County Council is a partner in efforts to make NIRAH a reality. Deputy leader, Conservative councillor Richard Stay, says it's an exciting vision.

STAY: As a visitor, you may well see the Amazonian rainforests right through to the very dry parts of deserts where aquatic life struggles to survive. You will see the water parks, the standard bit like a Disney type of operation around the sort of touristy bit, but then the more serious side of conservation and increasing people's understanding of actually water is pretty essential to life and we're running out of it.

URRY: Development Agencies have key strategic roles in furthering economic development and regeneration and promoting employment, so the county council formed a consortium with the East of England Development Agency, or EEDA. A funding agreement for £4 million was drawn up between the Bedfordshire Consortium and NIRAH in May 2005, and NIRAH began work on a business plan and preparing a planning application. Most of that money's now been spent, but there's still no full planning permission, and it's left Liberal Democrat councillor, Susan Gaszczak, wondering how much value the taxpayer has had so far.

GASZCZAK: The concerns started when November 2005 came and went and there was no business plan and there wasn't a planning application, and then there were more and more delays, and really it was in May, June 2006 that we really started to ask the questions as to why public money was being ploughed into something that actually wasn't giving anything tangible

URRY: So when the business plan was finally delivered, what did you make of it?

GASZCZAK: As a county councillor I didn't actually ever get sight of this document, because it was considered to be commercially sensitive, but we did get sight of an overview document, written by PricewaterhouseCooper. It told us that the business plan didn't actually make much sense

URRY: But how did PricewaterhouseCoopers become involved when you were already paying somebody else to produce a business plan?

GASZCZAK: The county council asked Pricewaterhousecooper to do the report, because they were so concerned about the business plan. The version that they had seen that had been submitted by NIRAH didn't actually make sense to them and they were concerned about taxpayers' money, so they asked Pricewaterhousecooper to get involved to actually look at the business plan and see if their concerns were founded.

URRY: The Development Agency alone put up £2 million and Conservative MP for Mid Bedfordshire, Nadine Dorries, believes EEDA should have insisted on tougher conditions when lending public money.

DORRIES: I would have liked to have seen that money with, 'Right, this is what you'll deliver on Day 1, this is what you'll deliver on Month 2, on Month 5,' and none of that happened.

URRY: Isn't a development agency really though there to use public money to start the process of stimulating investment and getting these big projects off the ground?

DORRIES: Yes, sure. I'm very happy for a development agency and local councils and anybody actually to back financially a project that we know is going to work, that we know has been costed, has had the feasibility done, has had the financial modelling, that we know is at a position where if the touch button were touched, that it would actually bring revenue back to the bodies which had lent the money initially. Yeah, the money was given to them with no deliverables whatsoever in there, no guarantees.

URRY: But the consortium of public bodies which put up the cash has had representatives sitting on the NIRAH board to keep an eye on things. One of them is George Kieffer, who's EEDA's deputy chair. Mr Kieffer is keen to keep confidence in the project high.

KIEFFER: The potential of this project is to deliver over 4,200 jobs in Bedfordshire, to create a nationally important, if not globally important research institute.

URRY: Yes.

KIEFFER: And that is just the sort of thing, in my view, the Regional Development Agencies were created to do. With a project of this complexity, it's not surprising it's taken longer. It was important that we got the business plan right, the outline planning consent right and these issues have been addressed.

URRY: You see, when the business plan was delivered, it wasn't very good, was it? You had to have Pricewaterhousecoopers come in at extra public expense ...

KIEFFER: Well, that was actually a requirement of the Bedfordshire consortium.

URRY: But they had to reconfigure it, didn't they?

KIEFFER: No, they did not have to reconfigure it. They made their observations and NIRAH then revised the business plan.

URRY: You've been drawn into this vision, haven't you, which is an impressive one, without putting in place the necessary requirements that would usually apply to public money. This loan should have been contingent on clearly stated deliverables and a strict timetable, and a proper business plan in the first place. That's what a local MP has told us, that's why she's concerned about all this.

KIEFFER: The reason the funding was put in was to develop the business plan. There were clear milestones deliverables outlined in that ...

URRY: Which weren't met.

KIEFFER: Those were met, absolutely.

URRY: But the timetable wasn't met. It was a year later being delivered.

KIEFFER: And therefore the money was dispersed more slowly ...

URRY: So the timetable wasn't there?

KIEFFER: There were delays, as I've said earlier, yes.

URRY: Now there are more problems with infrastructure issues, which mean full planning permission has been withheld. The scheme has also changed in character, shifting towards more emphasis on tourism and leisure - something which hasn't been welcomed by a local authority. A report for Bedford Borough Council in April last year by its Head of Planning warned:

READER IN STUDIO: Without its original iconic status and unique ambition for freshwater species science and research, there remains a risk that the level of investment necessary to deliver the whole project will not be forthcoming.

URRY: And that level of investment? A cool £600 million. The recent appointment to the NIRAH board of the man behind the completion of Arsenal's new Emirates stadium may help. But it's also where the development agency should have been scoring. If, after three years, it's been going as well as EEDA's George Kieffer suggests, they'll be queuing up to put their money into it, won't they?

KIEFFER: Colleagues of mine from EEDA are, as we speak, travelling to raise exactly that funding.

URRY: And how much have you raised so far?

KIEFFER: In terms of private sector investment, it must be getting on for about £2 million.

URRY: A million is what I was told. Would that be more accurate?

KIEFFER: It's a million from one single source, but it is more than that.

URRY: So let's see if we can be clear about this then. Is it one million or is it two million?

KIEFFER: It's more than one million.

URRY: So only another £599 million to go then?

KIEFFER: I think the actual cost plan that was developed, I believe – and I haven't got the figure in front of me – is £587 million.

URRY: A slightly smaller amount of money, but really it's a big ask, isn't it?

KIEFFER: Of course it is, yes.

URRY: Where are you going to get this remaining money from?

KIEFFER: From investors, both in the UK and overseas.

URRY: Some people are worried this is just not going to happen.

KIEFFER: Well, you know, we are all worried that the risks in a project this size are quite great, but I'm confident that it will move ahead.

URRY: Perhaps George Kieffer is right to be confident about the chances of success for a national aquatic research facility creating more than 4,000 jobs. Development agencies across England point to their strong record of delivering economic growth and job creation year on year. According to Tom Riordan, who chairs the body which speaks for them, since their inception in 1999 they've been doing rather well.

RIORDAN: If you take the National Audit Office rather than me as the judge of that, they have four categories which they have assessed the RDAs by, and all of the RDAs have appeared in the top two categories. Since we were set up nearly ten years ago, we've created or safeguarded half a million jobs, helped probably about 56,000 businesses get off the ground, trained about a million people in skills development, and we've never missed one of our core targets that Government has set us.

URRY: But some question those claims. Mark Wallace, campaign director of the Taxpayers Alliance pressure group, argues it's difficult to assess some of the agencies' core targets set by Government.

WALLACE: There's so little transparency in what the RDAs actually do that it's very hard to see how these jobs have been created by the RDA – or, for that matter, it's impossible to provide any proof these jobs wouldn't have been created had the RDAs not existed.



URRY: See, business is done behind closed doors, isn't it? That's the way of business, so it's always going to be difficult to absolutely demonstrate from start to finish what you did.

WALLACE: Well yes, to a certain extent, but what does it mean for an RDA to have created a job? How can they prove that they've created it, or for that matter, how can they prove they've safeguarded a job? The public simply don't know what kind of information they're dealing with, how it's been compiled, what it means and what it actually represents in terms of action on the ground.

URRY: Some employers agree. The Engineering Employers Federation submitted evidence to a Government review body last year about the effectiveness of RDAs. Stephen Radley, the Federation's Chief Economist, says it's not easy to see who's dealing with the detail.

RADLEY: There is some national scrutiny, but a lot of this has actually been based on self-reporting by the RDAs, which is clearly not the most effective way to check whether public money's being used extremely well.

URRY: And were you able to establish who actually scrutinises the figures that they're giving?

RADLEY: The trail gets extremely complicated. I mean, clearly the National Audit Office has a role in some of this, but the level of scrutiny is actually very opaque.

URRY: Are the current targets set by the Government meaningful?

RADLEY: I think there are question marks about how meaningful these targets are. I think although it's very sensible to have some targets based on output, such as a number of employees that are assisted in terms of getting jobs and businesses that are assisted in terms of improving their performance, we need to have much better balanced objectives here and actually look at outcomes as well, in terms of



URRY: With respect, we're asking about housing here, which is a central part of the strategy about growing that town.

LOVEJOY: Indeed it is and there are others who are involved in carrying forward that work. I can account to you for the areas that we're responsible for, and our main areas of investment are around employment generating uses.

URRY: So how many jobs have you brought to the town so far then?

LOVEJOY: Sorry, I haven't got that number in front of me.

URRY: Have you created any jobs in the town? Perhaps I've misunderstood this, Mr Lovejoy, but what I understood was happening was that Ashford's growth, all this money that's been put into it, is predicated on the idea you're building thousands of new homes and bringing in thousands of new jobs, so I'm at a bit of a loss to understand why it is that you can't answer questions about either the houses or the jobs.

LOVEJOY: I'm sorry, you need to understand that you're covering a region the size of 19,000 square miles and you're asking me details for a particular project that is just beginning.

URRY: But you said you've spent £20 million already on growth.

LOVEJOY: Absolutely, we've spent £20 million on assembling ...

URRY: I'm asking what you've got to show for it.

LOVEJOY: ... in assembling sites that will now be developed which we start on this year to produce major town centre developments. But you can't expect that to have produced results at the early stages of a 30 year programme for growth.

URRY: Later we were told there'd been an increase of 2,800 jobs over five years, and almost four thousand houses built between 2001 and 2007. But others are questioning what lies behind those figures.

#### ACTUALITY IN CAR

DAVISON: We're going up Station Road, going north, and we come at the end of it to Charter House, which is a very expensive office block, but has never been filled. And that has now been sold to developers to be turned into flats, because of lack of demand. That's it there.

URRY: Peter Davison is an independent councillor who sits on the borough's planning committee. He's not part of the partnership body set up to deliver Ashford's growth. But he's lived there most of his life and he's a former captain of industry, with wide experience in construction materials, property and house building. Mr Davison is sceptical about SEEDA's employment claims.

DAVISON: What we're concerned about is, we've done an awful lot of building so far and the jobs as yet are not following. We have good companies like Debenhams coming in, but they're not necessarily going to provide the highly skilled jobs that we need.

URRY: It's the high tech end of things, is it, that's the key to this?

DAVISON: Well I think, if you're going to have the higher paid employment, bearing in mind the recent statistics say that 70% of jobs in Ashford were low paid service jobs. What we do need is the higher paid jobs and the higher paid jobs are often related to high tech industries.

URRY: You sound pretty pessimistic overall, I think, based on what you've seen so far.

DAVISON: I'm pessimistic at the moment that Ashford is not being sold in the way I'd like it to be sold, and getting the high tech companies in with the jobs that we need.

URRY: The councillor's concerns don't seem to chime with a visit to SEEDA's website, where the agency says it leads on creating an economic vision for Ashford, with enough employment opportunities to support the numbers of new homes being built. SEEDA says it has a sustainability agenda, and encourages local authorities and developers to build to high environmental standards. All particularly relevant in a growth area in the overcrowded South East. So what about those new homes?

NEWPORT: We've already built many hundreds of houses in Ashford, and these are built to standards that, frankly, to my mind weren't adequate for the 20<sup>th</sup> century, let alone the 21<sup>st</sup>.

URRY: Hilary Newport is Director of the Kent Branch of the Campaign to Protect Rural England. She says the agency should be doing more to ensure quality is delivered.

NEWPORT: I think it's certainly got a role to play in raising the standards, raising the bar. We should be building in resilience to energy shortages, resilience to temperature extremes, resilience to the kind of storm frequencies that we might be seeing. I'm not seeing any attempt to do that in the houses that are being rolled out today in 2008 in Ashford.

URRY: And what are you worried then that you might be left with if this is not addressed properly?

NEWPORT: We know that if all of the houses that are planned for the South East plan are built, there won't be enough water in the South East, unless we start building those houses to water efficiency standards that are something like 20% greater than they are at the moment. That's just not happening. We are seven years into the growth period that is Ashford's future. We are still building houses that don't meet the most basic requirements of water efficiency.

URRY: If the CPRE, is right it'll hardly become the sort of place to which people will flock to work, live and play. SEEDA's Executive Director of Strategy, Paul Lovejoy, argues the sustainability agenda will be delivered.

People are saying, 'Well, we're seeing the houses going up, but we're not seeing the jobs coming in, not the quality jobs on the back of them.'

LOVEJOY: Well, I can assure you that the investment that SEEDA is making in Ashford is about establishing a major new high quality, mixed use development in the town centre. It will generate jobs in retail, leisure and office sectors.

URRY: But they're not high paid jobs, are they? They won't generate the high tech jobs that are part of a sustainable ....

LOVEJOY: On the contrary, we can point to a whole range of opportunities around high tech manufacturing, around headquarters. Ashford is superbly connected for London.

URRY: The idea is not to have people commuting to London, isn't it? The whole point about this sustainable communities programme is that it's supposed to be a place to live, work and play, not to scoot off to London to make a living.

LOVEJOY: No, absolutely. We want to ensure, as I've said, that the 31,000 new homes are accompanied by 28,000 new jobs. You need to understand that investment in places is a large and complex area. There are other agencies involved ...

URRY: But you are building houses and they're not being built, according to the CPRE, to the proper environmental standards that you say ...

LOVEJOY: I'm sorry, I don't think you'll find that SEEDA is building houses. You need to put those questions to the agencies and organisations directly involved in those developments.

URRY: But you're happy to take credit for this on your website, aren't you? 'SEEDA works in joint ventures with developers, demonstrating best practice,' – and I'm quoting here. We've got a regional housing strategy, we're encouraging house builders and developers to deliver best practice and design of environmental sustainability. And what the CPRE are saying is, well, where's that happening in Ashford then?

LOVEJOY: SEEDA does indeed work with partnership and we play our part and we're working alongside others to achieve the best overall results.

URRY: Well why's this not happening in Ashford then?

LOVEJOY: Well we believe it is happening in Ashford.

URRY: Well can you point to where it is happening then because the CPRE can't find any.

LOVEJOY: As I said, I've described to you the work that we've been involved in in assembling key sites in the town centre and bringing forward new employment generating uses.

URRY: Quality jobs and housing are not the only things the town was expecting. A report from SEEDA's Chief Executive noted an event which:

READER IN STUDIO: provided an excellent opportunity to meet key future players in our major projects. We were able to identify and meet a number of potential developers for an International Conference Centre for Ashford.

URRY: The annual event in question describes itself as the world's premier property summit, held at Cannes in the South of France. It's called MIPIM.

HIPWELL: Oh it's lovely. I mean, you know, you are on one of the nicest coastlines in the world, you're in the Riviera, you're having meetings discussing deals in coffee shops, bars, sitting on the beach. There's breakfast events, lunch ...

URRY: Deidre Hipwell of the publication Property Week agrees that for many it's hard to resist a business gathering in such a location with such a wonderful climate. It's proved irresistible to the English Development Agencies, almost all of which, including SEEDA, go to Cannes every year for MIPIM. It all happens at this time of year, in the run up to the glamorous film festival, and there's such lavish hospitality.

HIPWELL: All along the jetties there will be very large yachts moored, there'll be lots of parties on the yachts. A lot of companies will host receptions on the yachts and some of their senior executives will stay on the yachts. It's very informal and you can have meetings literally on the beach. It's a lovely atmosphere to have a conference in.

URRY: Fair enough if that what it takes to get business done. And with Ashford being ideally placed between London and the coastal ports to host international conferences, the South East Development Agency's attendance in Cannes might seem worthwhile. The trouble is, we couldn't find any international conference centre in Ashford, or anyone there who knew of any such proposals. Yet SEEDA were mentioning potential developers met at MIPIM back in 2003. A point I raised with SEEDA's Executive Director of Strategy Paul Lovejoy.

LOVEJOY: Property development is a major and complex process. It takes years to bring forward, and we can't do this job on our own, so we need to engage the property development industry where they meet and where they're best placed.

URRY: Yes, you see taxpayers are going to be wondering what they got for their £191,000 that was spent sending thirteen staff to this jolly in Cannes ...



LOVEJOY: Oh it's essential.

URRY: ... point to the conference centre by your own, by your own minutes ...

LOVEJOY: It's essential that we were in MIPIM. We have to involve the property development industry. We have to draw them in and excite them at the prospects that we have. If we're not there, then that money will go elsewhere.

URRY: It's just a jolly this really, isn't it? Lots of champagne, nice yachts, parties on the beach?

LOVEJOY: No. Our work is involved around presenting and showcasing real examples of what has been achieved and what can be achieved. Last year, for example, we were taking development prospects in Ashford and other parts of Kent, that if they were to come forward would require a total development value of £250 million. A disused shipyard in Southampton with a value of half a billion pounds. This is about getting the best value for taxpayers' money.

URRY: Swanning around on yachts?

LOVEJOY: We provide hospitality that's appropriate to the occasion and we can justify the money that we've spent there in terms of the connections made and the interest brought.

URRY: MPs have become concerned about the fact that taxpayers' money is funding the annual trip to Cannes, and they too have been asking what communities have to show for it. But unless you're in the Government department which has ownership of development agencies it's not always easy to get access to costs and other details. So its left MPs like Liberal Democrat Norman Baker having to rely on pot shot requests under the Freedom of Information Act to flush out some facts and figures.

BAKER: MIPIM 2007 was attended by thirteen SEEDA staff. Do we need that many people from one organisation to attend one particular days? It lasted several days. It was described to me as an endless run of champagne on yachts.

BAKER cont: In the last three years it's cost between roughly £90,000 and £191,000 each year to go, to put SEEDA down there. That's a very large amount of public money and I'm not clear what the gain is from that particular event.

URRY: Have you asked?

BAKER: Yes, I mean, I have to ask ...

URRY: And what reason?

BAKER: The official reasons given that SEEDA, the property industry is crucial to the development of the South East. SEEDA is the main catalyst for companies moving to the region. Continued presence at this event helps maintain contacts in a competitive and fast-moving international property development market. Sounds like 'Yes Minister', doesn't it? It may well be necessary, let's be generous, for one or two people from SEEDA to go there. It's not necessary for thirteen to go down there.

URRY: Mr Baker, a South East MP, has not been impressed either by annual taxi and car bills of £51,433.80 to drive round the chairman of SEEDA, James Brathwaite - and he's only part time.

BAKER: I don't know if he's living in a taxi but its difficult to understand how he can run up a bill of that nature if you've got a full time job running SEEDA.

URRY: He's only got a part time job.

BAKER: So it's even more extraordinary. I also question frankly, even if he is in a taxi as much as that, whether that's a sensible use of his time. But I think that one figure itself, over £50,000 on taxis suggests to me that SEEDA, which is largely unaccountable, may not have the rigour to make sure that public money is properly spent in the same way as local councils and indeed MPs even are subject to proper scrutiny, as we've seen in recent days and weeks over MPs' expenses.

URRY: If you ran up a taxi and executive car bill of more than £50,000 in one year what would be being said here in Parliament?

BAKER: Mr Braithwaite's taxi bill, I think, was greater than the entire taxi bill for all Members of Parliament put together. There's been a great deal of attention, quite rightly in my view, about MPs' expenses and how they've been deployed or misused in recent years, and the consequence of that, I think, is for the public to say, 'We're not tolerating this, we don't like it,' and for Parliament slowly and sluggishly at last to try and deal with these issues, and that's happening now. The reason it's not happening at SEEDA is because there are no pressure points on it. SEEDA cannot be sacked.

URRY: Figures obtained by File on 4 show Britain's 646 MPs lag far behind the part time chairman's taxi bill, managing less than £41,000 between them. SEEDA pointed out that their chairman travels more than 37,000 miles a year in a large and diverse English region. We would have liked to have interviewed him, but SEEDA chose instead to offer another executive for this programme. The chairman of the south east is not the only senior figure in Regional Development Agencies coming under scrutiny because of his travel costs.

#### ACTUALITY OF CAR

URRY: Shall we get in the car? It's a nice comfortable car this, isn't it?

COLWELL: Oh absolutely, yes. It's probably the most preferable car for executives, the new Mercedes. The suspension's built so well, it gives you the comfort ...

URRY: Mike Colwell owns the business which used to provide executive cars for the North West Development Agency. Mr Colwell has had disagreements with them, some of which he argues are matters of principle, so he's agreed to speak with File on 4. We've seen paperwork relating to journeys undertaken by the Chief Executive of the North West agency, Steven Broomhead. Mr Broomhead is also

URRY cont: vice chairman of Warrington Wolves Rugby league club. He gets invited to rugby league cup finals. He's been chauffeur driven back from them hundreds of miles at the taxpayers' expense. In 2005 it was from the Millennium Stadium in Cardiff.

COLWELL: I had to send one of my drivers to pick him up at a hotel in Cardiff, take him to the rugby. After the rugby, take him home, stop for a meal on route home and take both of them to their home addresses.

URRY: From Cardiff to where?

COLWELL: Back to his home in Preston.

URRY: Preston? How many miles is that?

COLWELL: It's probably 200, 220 miles.

URRY: Quite a long journey then?

COLWELL: Quite a long journey, yes.

URRY: What was the bill for that?

COLWELL: I think it was 400 quid.

URRY: And who paid that bill?

COLWELL: The Northwest Development Agency paid it.

URRY: It was the same the following year at Twickenham. A chauffeur driven ride back home to the North West from London on a Sunday. Cost to the taxpayer? £350. There's no suggestion of any wrongdoing, but I wanted to ask Mr Broomhead how he justified the expenditure, when he also benefited from a company car on the taxpayer. We were told he was on holiday and not available for interview. Instead the agency's Head of Legal Services Steven Zdolyny, gave an explanation.

URRY cont: Why should the taxpayer pay for a chauffeur driven limousine to take your Chief Exec back home from watching a rugby league cup final?

ZDOLYNY: Well, the invitation for that particular event was to the Chief Executive in his capacity as Chief Executive of the Regional Development Agency, and if he attends functions in that capacity then clearly there are different modes of transport that can be used, and he made his own choice as to which was appropriate for that particular occasion.

URRY: Well why couldn't he have used the train?

ZDOLYNY: Well, I can't speculate on that. He made the choice as to which was the appropriate form of transport on that particular occasion. He has an important position and the advantage of using perhaps a car is that you can obviously work to and from the event.

URRY: He didn't seem to be working. The information we have is that he and a chum were driven back up to the North West, stopped off for a curry, chum driven back to Warrington, Chief Executive driven back to Preston. Total cost to the taxpayer £395.

ZDOLYNY: As I've said before, it's for the Chief Executive to make his own decisions as to which mode of transport is appropriate.

URRY: It happened again the next year, didn't it, at Twickenham? Train seemed to be all right going down, but then has a chauffeur driven limo back home.

ZDOLYNY: Well again, he's the Chief Executive and he's entitled to make decisions as to the appropriate transport to be used.

URRY: Mike Colwell says his accounts for the year 2005/6 show the development agency spent £57,000 pounds on executive car rides for its senior people, with Mr Broomhead being the principal passenger. Mr Zdolyny suggested we concentrate on the bigger picture of performance delivery by the agency.

ZDOLYNY: We should be talking about some of the good new stories, like Media City, which has the potential to create £1 billion for the regional economy, it's going to create 15,000 jobs. We should be talking about Liverpool School of Tropical Medicine, where we've invested £9 million and secured multi million pounds worth of Bill Gates' investment. And we're looking to develop a cure for malaria. I mean these are fantastic achievements.

URRY: Well they are, aren't they? The Tropical School is. But they've been looking for that for decades.

ZDOLYNY: Well we at the North West Development Agency put £9 million into that, and that has secured, levered in multi million pounds of private sector investment.

URRY: That's what you're there for though, isn't it?

ZDOLYNY: Absolutely. But these are good news stories. You know, let's not just take it for granted.

URRY: But you seem to be suggesting you're getting a cure for malaria, and I think this is a criticism at large of the Regional Development Agencies, isn't it? They attempt to take credit for things that they may have had a hand in, but not fully.

ZDOLYNY: We obviously have carried out a full appraisal process to assess the benefits of that particular project, and it's clearly something which I don't think anybody could in any way doubt that that has the potential to be of massive benefit. If you can cure malaria worldwide it's a huge benefit. Now clearly we're not going to be developing that cure, but our funding has played a major part in securing, levering in the Bill Gates money and enabling that project to go ahead. I mean, it's a superb achievement for the North West.

URRY: But the executive car company boss, Mike Colwell, wants the Agency to put its house in order over its own employment record and set higher standards. In December 2006, Mr Colwell's business with NWDA came to an end. He



URRY cont: to account over these matters. He's contacted his local MPs, and through them Government ministers to whom development agencies are supposed to answer.

COLWELL: Margaret Hodge, to her credit, said that their behaviour was unacceptable. But she said it's a matter for the North West Development Agency.

URRY: She passed it back to the agency?

COLWELL: Passed it back to the agency.

URRY: What were you expecting ministers to do about this?

COLWELL: Well, as I say, I was probably a bit naïve. First of all I thought they would thank me for reporting this behaviour as a citizen, as a taxpayer, and I thought they would take action against the North West Development Agency. That stuck with me that they have to be responsible to somebody, the North West Development Agency, and if the taxpayer is paying them, the Government should be the people who they're responsible to.

URRY: And, on paper at least, they are. But there are few signs ministers are getting to grips with the detail of how well agencies are functioning and how effectively they account for themselves. Regional assemblies were supposed to provide a level of scrutiny, but last year in a review, the Government announced they were to be scrapped. There was also talk then of beefing up accountability within the system. And that's something which Tom Riordan, who speaks for the English development agencies and is himself a Chief Executive of one, concedes is necessary. Do you think you benefit more from a clearer public scrutiny process?

RIORDAN: Yes, and I think the recent review the Government has done has recognised that we need to improve that. I personally would very much welcome people being able to question me about why we've taken certain decisions and to, if you like, get hold of an RDA to scrutinise them and to say on a regular basis whether they're using their taxpayers' money effectively. There are ...



URRY: Fine words, but it all gets very uncomfortable when people start questioning travel expenses and such-like. I know you'll tell me it's a small proportion of what RDAs spend, but it's an important one, isn't it?

RIORDAN: It is and, you know, I think that's what we're looking to the new scrutiny arrangements to try and do, where we can make sure that the MPs who are elected locally can hold us to account on a regular basis, and that hasn't been easy in the Select Committee structure that we've got in Parliament at the moment, and that's why the Government is looking at better ways to do that. We do have scrutiny that happens in the regions. It works very effectively at times and other times we can improve it.

URRY: But so far nothing tangible has emerged from the Government's review. The evidence we've uncovered in this programme demonstrates a current gap in detailed scrutiny of performance and probity. And it's becoming even more pressing. The Government announced last year it's to hand over more responsibilities to development agencies, such as regional planning, and that worries the Liberal Democrat MP, Norman Baker.

BAKER: First of all, no one knows what they're promising, if they are promising very much, and if don't deliver it they're not held to account. They're not even held to account for the most basic things such as the expenses they run up on their own behalf, which is why I introduced a Bill at the end of February which will require the same sorts of disclosures in terms of money these people are awarding themselves in terms of expenses as has to be declared by councillors, as has to be declared by Members of Parliament, quite rightly, and has to be declared by others in the public sector. And this shadowy quasi world of bodies which aren't elected but nevertheless have vast amounts of public money needs to be more regulated rather more. This kind of quangocracy that we have in this country is, I think, an anathema to democracy and it requires not less accountability but more.

SIGNATURE TUNE