

## **Statement on RDA Assets and Liabilities**

This Government is committed to ensuring an effective transition from the Regional Development Agencies (RDAs) to a new economic delivery landscape. Part of that transition will involve the disposal of RDAs' assets and liabilities through open market sales, other negotiated agreements or statutory transfer schemes.

BIS, as the sponsor of and accountable Department for the RDAs, is leading the programme for the closure (which is still subject to Parliamentary approval), working closely with DCLG, HM Treasury and the Government departments who fund projects and programmes currently being delivered by the RDAs.

As set out in the Local Growth White Paper<sup>1</sup>, the Government aims to dispose of RDA assets in a way which creates maximum long-term value for the economy and local areas and maximises receipts to help pay down the deficit. This will require a collaborative approach drawing on the most appropriate expertise in Government so DCLG will manage the disposal of land and property and BIS the disposal of the business and technology related assets. Both Departments will be working closely with the RDAs themselves who will be developing their own assets and liabilities plans in line with Government guidance. The RDA Chief Executives, as Accounting Officers, retain ultimate responsibility for the disposal of RDA assets and liabilities.

RDA Accounting Officers continue to have overall responsibility for ensuring value for money and remain answerable to the Principal Accounting Officer at BIS. The provisions of Treasury guidance: *Managing Public Money*<sup>2</sup>; establish the framework for the disposal of public assets. This explains that disposals and transfers between public bodies generally take place at market prices. The Local Growth White Paper also detailed a set of shared principles for RDA asset management which will further inform and direct the process.

The primary considerations will be that:

- assets will be disposed of together with the associated liabilities wherever possible; and
- the aim will be to achieve the best possible outcome for the local area consistent with achieving best value for the public purse

In considering particular cases the following principles will also apply:

- Decisions on disposals and transfers will remain based on the principles in the RDA Act – to further the economic development and regeneration of its

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<sup>1</sup> 'Local growth; realising every place's potential' Cm 7961 – 28 October 2010

<sup>2</sup> [http://www.hm-treasury.gov.uk/psr\\_mpm\\_index.htm](http://www.hm-treasury.gov.uk/psr_mpm_index.htm)

area. The existing statutory framework remains in place until new legislation comes into force

- Consideration will be given to whether the asset will prosper with the planned new owner – the planned new owner must be capable of ensuring the asset will prosper within its custody or that any liabilities will be properly handled.
- Consideration should also be given to ensuring a reasonable balance is reached as part of disposal or transfer between national deficit reduction, national policy aims and local ambitions and opportunity

The principles will need to be considered and applied on a case by case basis. This Government has issued guidance to the RDAs on the development of their transition plans for assets and liabilities. As part of this process, working with BIS and DCLG, the Homes & Communities Agency (HCA) has been commissioned to work with RDAs and local partners to develop local strategies and disposal plans for land and property.

RDAs have liaised with local authorities, local enterprise partnerships and other local partners whilst developing their assets and liabilities plans. These plans were submitted to BIS on 31 January. The plans are currently being reviewed by Government and will then be given final sign off by the RDA Boards. We are working to a challenging timetable to ensure that these plans can be implemented quickly whilst still securing best long term value for the taxpayer. Until RDAs' plans for the disposal of their assets and liabilities are agreed by the National RDA Transition Board and approved by the RDA Boards, the current arrangements covering acquisition and disposal of assets will remain in place. We anticipate that the systematic disposal of assets and liabilities will begin in April 2011.

It is intended that all London Development Agency (LDA) assets (and liabilities) will be transferred to the Greater London Authority (GLA) before the closure of the LDA. This will give the GLA an important portfolio of regeneration assets to support its new responsibilities for housing and regeneration in London being implemented in the Localism Bill.

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