# Can Localism Deliver?

## Lessons from Manchester

Susana Forjan and Tom Shakespeare

edited by James Morris

With foreword by Lord Heseltine

**LOCALIS**

# About Localis

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We believe in a greater devolution of power to the local level. Decisions should be made by those most closely affected, and they should be accountable to the people which they serve. Services should be delivered effectively. People should be given a greater choice of services and the means to influence the ways in which these are delivered.

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# Acknowledgements

# Foreword

The first observation to make about local government is that it is hardly local at all.  In essence, it is <u>an extension</u> of a variety of Whitehall Departments.

Depressingly, there is a similarity here with much of our national structure in which Corporate Headquarters, Financial Institutions, Quangoland and the National Health Service, for example, overwhelmingly look to London for more than they used to and certainly more than they should have to.  Over the past half century, the process has led to an alarming accumulation of central power and the separation of local knowledge from corporate strategy and government policy-making.

The attempted nationalisation of the so-called commanding heights of the economy, post war confiscatory tax rates that destroyed much private capital and denied its replacement, tax privileges to quoted companies in their takeover of private firms, the growth of the London-based state, the hollowing out of local government activity in favour of unaccountable and undemocratic quangos and the ever more detailed constraint of what discretion remained to our municipalities have erected a monopolistic society unlike other advanced economies.

I think an essential feature of the practice and philosophy of the Conservative Party is choice. 'Set the people free' is amongst our most evocative clarion calls.  The political world has wrestled with the public wish to do just this and reverse the post war trend.  This has, in fairness, led to a degree of delegation to Scotland, Wales and Northern Ireland.  But the English institutional straight jacket remains as firmly buttoned as it has ever been.

The tax changes of the mid-80's began a process of economic regeneration that is showing conspicuous benefits in provincial England whilst the privatisation process has returned power from whence it should never have been removed.

But government remains too large, too centralised, too rigid.  Here lies an opportunity.  We need a refreshing wind of change that empowers local government, including through the election of directly elected mayors to focus the attention of their communities on the complex interdependent challenges they face rather than a system where local officials wait for the latest grant or the attendant instruction from Whitehall.  We need mechanisms that drive communities together, embracing academia, the private sector, the voluntary sector and others with a stake in our society to seek solutions designed in the circumstances on the ground and not forged as a national 'one solution fits all' diktat from London.

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The regeneration competitions, City Challenge, of the 1990's, provide a useful template. The trigger on the starting pistol is there to see.  Billions of pounds are spent every year through quangos which have received the cash that would once have been channeled through local government.  Give them the chance to get it back.  Watch a new era of Victorian-style municipal entrepreneurship help us out of the suffocating centralism that now dominates too many procedures and attitudes.

I am delighted to introduce this important contribution from Localis into the debate on city regions.  It is vital that policymakers take into account the lessons learnt from Manchester if we are to move forward into a new era of localism.

**The Rt Hon the Lord Heseltine CH**

# Executive Summary

## Report objectives

The purpose of this report is to:

- Examine the Manchester localism approach in practice.
- Deliver lessons for national policy from Manchester's experience.
- Assess key policy options for the future of Britain's major cities.

## Consensus on the need for more strategic governance of cities

Britain is potentially on course for a much greater localist future. Despite differences between the main political parties there is a degree of consensus that reform of the governance of major cities is needed. How that reform develops is critical to the country's economic health.

Manchester is one of Britain's leading cities, and is one of two of the current Government's 'city region' pilots. These pilots are exploring the possibility of devolving existing government functions to the level of a wider economic geography of the city. "City regions" in this report is used on its own terms – it does not imply the government's definition. Rather it is a means to explore future policy options for the governance of cities and whether or not they advance the cause of localism.

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### The Manchester approach to localism and city governance

**Strong leadership** - Manchester has benefited from long term leadership at both a political and executive level. This leadership has been creative, pragmatic and often entrepreneurial. The dynamic interaction between local authority leaders in the city and private and public sector partners has been the key to success.

**Effective private sector partnerships** - Ever since the late 1980's, Manchester has developed a mature partnership model particularly in relation to the private sector which has played a key role in the development of modern Manchester - particularly around the Commonwealth and Olympic games bids and in response to the IRA bomb of the mid 1990's. It is this pragmatic relationship with the private sector that has seen Manchester make progress under both Conservative and Labour governments.

> **Sustained vision** - It has been the case that localism has emerged in Manchester almost inspite of national policy. Manchester has been notably successful in developing policy by, to some extent, manipulating national regulations and guidelines to achieve their local goals.
>
> **Responsive structure** - The governance structure of the Association of Manchester Authorities (AGMA) has proved to be durable despite the set back of the recent congestion charging referendum. It demonstrates that local authorities are capable of working closely together, across their traditional boundaries, to achieve shared objectives and policy goals. Furthermore, it has proven that it is possible to make big decisions without statutory powers.
>
> **Battling central restrictions** – Manchester has demonstrated a pragmatic approach to working with central government, but has pushed hard for more control. There are many seemingly intractable problems in Manchester which still remain to be tackled, and it could be argued that that these intractable problems have not been solved because policies to tackle them have been hampered by too much central government prescription. It could also be argued that an overarching policy designed to attract growth and investment has not trickled down to the most deprived areas in Manchester. This can be largely explained by legislative and financial barriers imposed by central government which have limited the effective governance of Manchester.

## Ten lessons from Greater Manchester

**1** ***There should be a presumption towards localism by central government***

As it is currently configured, city region status is primarily a negotiating platform for local government to bid for more powers from central government. Therefore, central government is deciding who 'deserves' power, and who doesn't. This is the key debate about the utility of city regions – should devolution relate to 'earned local autonomy' or 'presumed local autonomy'? Top-down or bottom-up? Earned autonomy could lead to a centralised, hesitant system of devolution, which distrusts the local in favour of the central (see chapter 2, proposition 1). We therefore believe that presumed autonomy is the most localist approach, and believe that this approach should not be limited to Greater Manchester but should be given to all major cities in the UK, and extended even further to other forms of local government. There should be no centralised measure of 'performance' as national departmental perspectives do not always align with local priorities and needs.

**2** ***A localist approach enables better decision making for economic development, transport and skills***

City region status is a means of reflecting the real economic geography of an area to deliver outcomes which extend beyond the borders of the districts[1]. We find strong evidence that the granting of statutory powers for economic development, transport and skills in particular will enhance the economic development of Greater Manchester – more closely aligning governing structures with real economic geographies. We also find that a coherent brand for Greater Manchester would encourage more growth and competition with other European cities. There is also the opportunity

1 The districts are: Manchester, Stockport, Tameside, Trafford, Oldham, Rochdale, Bury, Bolton, Wigan and Salford.

to move control from existing local institutions up to a more strategic city regional level, but only where there is consensus and strong evidence to do so. However, there should always be a presumption of powers devolved to as low a spatial level as possible.

## 3 Thinking should shift away from a focus on structures to one of achieving outcomes

No one size fits all. You can't drive desired outcomes by imposing structures and modus operandi from the centre. National policy should facilitate organic, bottom up, fluid, entrepreneurial cooperation across authorities and between authorities and the private and voluntary sectors. Allowing greater financial flexibility with funding based on outcomes rather than institutions is one possibility, through pooled funding for example. Removing restrictions on data sharing is another important component.

City governance offers the potential to deliver on the shared priorities of all ten districts more effectively on issues which are common to all districts. Around some of the more intractable problems – such as poverty and deprivation – we find that one of the reasons for policy failure has been that many government

> National policy should facilitate organic, bottom up, fluid, entrepreneurial cooperation across authorities

schemes have failed to take into account the needs and requirements of particular localities. However, we find a great deal of utility in the idea that shared budgets and greater fluidity between organisations can lead to better outcomes, and there is the potential to join these schemes at the level of the city region. However, this should not be prescribed by central government. One of the dangers is that city regions could become just another regional mechanism of central control with all the increased bureaucracy and duplication of roles and responsibilities that that implies. This could also lead to confused accountability.

## 4 Financial freedoms should be enhanced at the local level

We do not find that a statutory city region will, by definition, help Greater Manchester to deliver on all of its key strategic priorities. However, we find that extra financial incentives and financial freedoms for local government would make a significant contribution to reform. Two examples could include re-localisation of business rates or for councils to keep the savings from the Operational Efficiency Programme. Pooled budgets through initiatives such as 'Total Place[2]' also offer an unprecedented opportunity to both improve outcomes and save significant sums of money. Extra financial freedoms would allow councils to deliver more effectively and independently on their aims. This also requires fewer ring fenced grants and less control from central government.

## 5 Statutory powers and financial freedoms should be extended to other cities and councils

City region status or changes to the governance of cities through the creation of directly elected mayors and the devolution of more powers to local government should not be limited to Greater Manchester. Our survey results show that there is a significant appetite for the idea elsewhere, and we find that although Greater Manchester has demonstrated real maturity in their approach, there are many other areas which could benefit from the same potential powers.

2 Announced in the Budget 2009 from the recommendations of Local incentives and empowerment (led by Sir Michael Bichard), Total Place is an initiative that will map flows of public spending in local areas to identify where public money can be spent more effectively.

Executive Summary

6   *National policy must give up its obsession with equalisation*
    Equalisation is a central government approach to investment and funding which prioritises the spatial geography over the economic geography. The practical reality is that equalisation leads to an investment strategy which takes no account of particular economic circumstances, or the wider impact that localities can have on the surrounding areas. Equalisation has the potential to damage the strength of the national economy, and can focus funding on schemes which have little or no beneficial outcomes. Instead, investment programmes should focus more on connecting places more effectively to the strong economic hubs of localities and regions, both through better transport links and the internet.

7   *Regional Development Agencies (RDAs) should be dismantled*
    Where groupings of councils can demonstrate the ability to think strategically at a meaningful spatial level, they should be handed the powers and funding from central government, RDAs and other interfering quangos[3]. RDAs have proven to be both costly and to have had only, at best, a marginal impact on improving economic productivity. Only by passing on their powers to more meaningful organic geographies can this be improved. Economic development and transport should be prioritised.

8   *Clear lines of responsibility and accountability are vital for effective local governance structures*
    We find that addressing the problem of confused responsibility and duplication is the most important factor in creating clear lines of accountability to the public. Directly elected mayors have been posited as one means of enhancing accountability and increasing public visibility. We discuss the utility of the concept of a mayor (chapter 2, propostion 5), and find that although they are more visible, it is more important that bureaucracy and duplication are reduced between all public services operating locally. The increased visibility of mayors combined with limited powers and blurred lines of responsibility could be the worst of all outcomes.

9   *An environment for meaningful partnerships should be created*
    Partnership is not about partners merely ticking the appropriate boxes, as has been the case in many partnering arrangements under the Local Strategic Partnerships umbrella.  Partnerships are about delivering tangible, concrete improvements for a local area such as the mutual ownership of Manchester airport, or delivering a more sustainable waste strategy.

10  *Localist governance could potentially increase innovation and the spread of innovative practice*
    Local people know best about their local area. The most efficient decentralised governance structure captures and applies local knowledge and expertise to improve processes, spread innovation and improve outcomes. Extra flexibilities in funding will help allow for a culture of innovation to thrive.

## Key findings from the localism survey

Changes to the governance of cities should not be limited to Greater Manchester. As part of the research for this report, a survey was carried out to assess views on local government in the 50 most populated towns and councils.

Our survey results show that there is popularity for the idea of city/town regions beyond Manchester: Liverpool, Sheffield, Birmingham, Milton Keynes, Bristol, Preston, Nottingham, Oxford and Reading record the highest levels of support.

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We surveyed over 650 local councillors and officers across the United Kingdom between the 28th July and 31st August. See Appendix 1 for further details on methodology.

*The key findings from the survey were:*

- **Local funding and control** - Only 50% of respondents thought that councils' existing powers and resources are sufficient to achieve the main strategic aims of the council. This compares with just 30% in Greater Manchester. For those who thought that powers and resources could be improved – the most common responses were: 'Devolve power', 'Raise own taxes' and 'Remove regional bureaucracy'.

- **Political structures** - 61% thought that their existing political structures already reflect the real economic patterns of activity in their area. This compares with 58% of Greater Manchester respondents. For those who thought that structures could be improved, most people highlighted 'Become a unitary' or 'Less central government control'.

- **Key priorities of the council** - 68% of respondents thought that existing structures performed well on delivering strategic priorities, and 25% thought that they did not. This compares with a figure of 72% in the GM area. For those who thought that key priorities could be improved – the most common responses were: 'Devolve power', 'Increased and fairer funding' and 'Become a unitary authority'.

- **Accountability** - 61% also thought that accountability was quite or very strong in the current political system, compared with a rate of 51% for Greater Manchester. For those who thought that accountability could be improved – the most common responses were: 'Engage people, increase communication and voting' and 'Devolve power'.

- **Duplication and bureaucracy** - 55% of respondents thought that there were high levels of duplication or confusion between various public bodies, which is a similar experience in GM of 51%. For those who thought that duplication and bureaucracy could be improved – the most common responses were: 'More partnerships, collaborations etc', 'Become a unitary', and 'Remove unelected bodies'.

- **Innovation and spread of innovation** - 49% of people thought that the level of innovation and spread of innovation was good in their area, with 35% thinking it was not good. This compares with 38% and 26% respectively for Greater Manchester. For those who thought that innovation and the spread of innovation could be improved – the most common responses were: 'More learning, exchange of information and communication', 'Funding and tax incentives' and 'Devolved powers'.

# Introduction

Cities are at the heart of the UK economy. They are the home of 60% of the population, and are integral to the vision and direction of the country. And Manchester is one of the most significant cities in the UK. Disraeli once said: "What Manchester does today, the rest of the world does tomorrow"[4].

**Importance of Manchester** – Manchester has been described as the first modern city, and was once the economic powerhouse of Britain. Although it has seen significant decline, Manchester is still the main economic driver of the northwest. Its strategic location, political vision and strong economic foundations make a persuasive case to do all that can be done to capitalise on the assets of the city for the benefit of the wider economic catchment area.

**Research** – This piece of research has two aims. Firstly, it will explore the history of localism in Manchester in order to provide practical examples of the successful delivery of localism in practice. Secondly, it is designed to explore Manchester's experience as a pilot city region to draw lessons about effective local governance in terms of achieving the key priorities and outcomes for the city region as a whole. We will also examine the utility of the city region concept based on our definition of the term as well as six defining principles of localism. The conclusions will demonstrate to what extent the city region delivers on localist principles, in order to make practical recommendations for national policy.

> "What Manchester does today, the rest of the world does tomorrow"

**Current context** – There is a tendency in today's globalised world towards devolution of power from central government to local authorities. However, there is a continued top-down approach to urban local government in England[5] that is out of line with the experience in a number of other countries where city leadership with resources derived from local sources rather than from national capitals is the norm. Cities in the new global economy are forced to compete to attract investors as well as headquarters of international institutions or subsidiaries of multinational corporations, qualified knowledge workers and students.

City-governments need to respond to the conditions of the 21st century by fulfilling two roles simultaneously: one, building the international networks and strategic partnerships that can support the city's role in the global economy and culture and two, supporting local communities and neighbourhoods[6]. The city needs autonomy to be able to perform these roles and more freedom to innovate and to lead.

4  Speake, Jennifer, Ed (2003). The Oxford Dictionary of Proverbs (4th Ed.). Oxford University Press. http://www.oxfordreference.com/views/ENTRY.html?subview=Main&entry=t90.e1326. Retrieved 2007-07-06. "What Manchester says today, the rest of England says tomorrow.

5  Gough, R,(2009) With a Little Help from Our Friends, London: Localis, www.localis.org.uk/publications

6  Coles, J (ed) (2004), Making Sense of Localism, London: The Smith Institute.

In a large number of countries there is a growing interest in the economic contribution that cities can make to national welfare. In the early nineteenth century, the industrial revolution shattered the human bonds of rural life and caused intolerable squalor. But cities forced through religious tolerance, wider franchise, and gradually improved public health and evolved traditions of voluntary activity, local pride and artistic patronage. Later cities also bred the spirit of municipalism which ran gas, water and electricity more cheaply than private companies. But whether or not this model can be applied to modern day cities is yet to be seen. Most cities in the UK have seen growing disparities between the rich and the poor despite increased economic activity.

**What is localism?** – Simply put, localism is a political philosophy that prioritises the local. Many authors argue that by localising democratic and economic relationships, social, economic and environmental problems will be more definable and solutions more easily found. Attempts have been made through history to give the term an exact definition but this has proved to be difficult as it is inherently related to the changing nature of politics. However, more recent moves towards localism can be defined in terms of an approach to devolution in terms of 'earned local autonomy' or 'presumed local autonomy'. The former advocates devolving power from central to local government only when local government meets certain standards, whereas the latter advocates locating power at the local level unless there is a very good reason why it should not rest at that level. This is the definition we shall use for the purposes of this project.

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## Our principles of localism:

"A political philosophy which prioritises the focus of political activity at the lowest meaningful level over activity at any other level". There are six key principles underpinning this when thinking about cities:

- Funds and control should be devolved to the local area
- Political structures should closely represent the identity and networked patterns of activity in an area
- Delivery of strategic political aims should benefit all residents and neighbourhoods
- Artificial boundaries between front-line public organisations should be broken down to deliver better outcomes and value for money
- Accountability through democratic processes should be stronger and clearer
- Local knowledge capital should be captured to spread innovation and improve governance structures

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**What is a city region?** – There appears to be no uniform definition of what a city region is. City regions were described in the State of the English Cities report, published in 2006, as "enlarged territories from which core urban areas draw people for work and services". Current advocates for the creation of city regions argue that they are effective ways of promoting economic competitiveness. According to the Metrogov European project, the city region represents the "economic city", an area larger than that designated by traditional administrative boundaries, where cooperation is perceived to add value to existing working arrangements. The current government has shown enthusiasm for the concept of city regions, leading to both Greater Manchester and Leeds being granted pilot status in the pre-budget report in the autumn of 2008.

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Conservative thinking has historically been opposed to any form of regional governance. Yet they have been broadly positive about the need for a more strategic form of cross-border governance of cities. Under David Cameron's leadership Michael Heseltine headed up a major policy review which recommended there should be directly elected mayors in Britain's major cities creating new city governments with new powers and responsibilities. Over the last three years the Conservative Party has become increasingly localist in its tone and ambition recognising that cities, in particular, that face difficult strategic issues, require innovation in localist approaches to governance and policy delivery. The Conservative Party, in its Green Paper on localism, 'Control Shift', envisaged the removal of the regional tier of government and envisaged that powers and funds currently vested in RDA's should be repatriated by local authorities. The work of the Heseltine Review and the party's commitment to referendums on directly elected mayors for England's major cities demonstrates that there is a recognition that reform of the way cities are governed is urgently needed.

## The potential defining features of a city region

- It provides a negotiating platform to argue for powers to be devolved from central and regional government
- It allows for decisions to be taken in the interest of a wider economic geography without full consent from local government bodies on a range of areas including transport, economic development and skills
- It provides a meaningful spatial level to strategically plan for a range of services currently delivered locally, only when there is sufficient evidence to move these powers upwards
- It provides coherent branding to lever in international investment and European funding
- It allows the potential for services to be joined up efficiently at a meaningful level, reducing duplication and bureaucracy

Chapter 1:

# A History of Cities, Local Government and Manchester

Cities are the drivers of our national economies, making the governance structure of cities arguably more important than any other local government body. The governance structure of cities has evolved over time, and they have been viewed with varying degrees of importance and given varying levels of powers related to the changes in society, and the government of the day.

**A brief history of Manchester** – During the renaissance of cities in the late middle ages, Manchester was a manorial township that later evolved into a small town although it did not receive city status until the mid nineteenth century (in 1854). It was the Industrial Revolution in the eighteenth century that converted the city into the centre of the cotton industry, helped by the invention of machines that would be at the forefront of the Industrial Revolution. At the time it seemed the place where anything could happen, prompting Benjamin Disraeli to say: "What Manchester does today, the rest of the world does tomorrow" and stating that it was the "modern Athens"[7].

## Medieval local government

- The separation of towns from the countryside was greatly expanded from the twelfth century onwards giving them specific rights within counties. These included exemption of feudal dues, the right to hold market and the right to levy certain taxes.
- Cities in the UK developed as a type and in a regional pattern[8] that would remain essentially fixed politically until the rise of national capitals in the modern period and economically until the Industrial Revolution[9].
- However the rise of nation-states (that brought along with it the creation of centralised bureaucracy and state diplomacy) saw the decline of cities and their rights. This progressive loss of power was first seen in the early nineteenth century by the removal of local chartered or customary restraints on trade, production and labour. In the late nineteenth century there was also the entry of state regulation into the urban environmental problems of squalor, pollution and overcrowding.

7  Disraeli, B.(1844), Coningsby, Penguin, London.
8  Nicholas, D. (1997), The later medieval city (1300-1500)., Longman limited, Harlow. p.1.
9  Albeit with some important structural changes in the late Middle Ages.

In a space of a few years the small market town was converted into a city with an ever growing population, a melting pot of different cultures attracted by its growing wealth that would later set the basis for the modern labour movement and the foundation of female emancipation. However, Manchester and its neighbouring industrial towns were poorly represented in Parliament. The whole of the county, that by the nineteenth century was populous and prosperous, had less representation than certain rotten boroughs overrepresented due to obsolete rules. This was one of the reasons that led the citizens of Manchester to demonstrate in 1819 and express their discontent about their lack of suffrage. The Reform Act of 1832 would finally take into account the massive demographic changes in northern industrial towns and the urban middle classes that had remained voteless.

## Local government during the industrial revolution

- The increasing urbanisation of the Industrial Revolution made greater representation of cities with high populations necessary. The Reform Act of 1832 was designed to address this problem and repeal the 'rotten boroughs'. This was closely followed by the Municipal Corporation Act in 1835 that required members of town councils to be elected by ratepayers and allowed councils to establish their financial accounts. At around the same time, there were also public welfare reforms that enabled town councils to deal with the urban poor.

- The structure of local government that developed after 1888 was mainly based upon lower tier district authorities and upper level county or regional authorities. In 1889, elected county councils were established (the county of London was put in place at this time). The main powers and responsibilities put in place were: making and levying rates, borrowing money, passing of county accounts, maintenance and construction of county buildings, licensing places of entertainment, provision of asylum, establishment and maintenance of reformatory or industrial schools, repair of county roads and bridges, etc. At this time there was a significant trust placed in the hands of local government.

- However, it was not until the Local Government Act of 1894 that there was a true attempt to impose a standardised system of local government in the whole of England using counties (now called historic counties) as the basis of the system. The Second Local Act created the second tier of government where all administrative counties and county boroughs would be divided into either rural or urban districts allowing more localised administration.

Manchester continued to be a world reference point in industrial innovation until the early twentieth century when the decline of its industry came as a result of the Great Depression in the thirties combined with cheaper external competition. The first industrial city was the first to suffer large-scale deindustrialisation that has led to the sporadic decline of manufacturing and employment ever since. Industry in Manchester has been a source of wealth and but also of cultural identity, epitomised by the phrase "no-nonsense graft and money making"[10]. Manchester has suffered badly since the decline of its industrial base. This

10 Peck, J and Ward, K. (eds) (2002), City of Revolution. Manchester: Manchester University Press.

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was characterised by severe localised deprivation, endemic low pay in many parts of the economy, political and social alienation and crumbling public infrastructure. The decline of industry made citizens leave, contributing to a declining tax base, dilapidated buildings, closed business, slums, and so forth.

The Local Government Act of 1972 created a system of two tier metropolitan and non-metropolitan counties and districts throughout the country. This Act formally established Greater Manchester City Council, GMCC. Greater Manchester had a series of long-term and strategic objectives drawn up in its "Structure Plan". The main objective was to improve the quality of life for its inhabitants by improving the city's physical environment and cultural facilities which had become obsolete (its basic infrastructure dated from its industrial growth in the nineteenth century and was unsuited to modern communication systems and life-styles) following the large scale deindustrialisation after the Second World War. Other key priorities were to reverse the trend of depopulation in its centre, improve the transport infrastructure and journey to work patterns.

The emergence of the new urban left from the late seventies led to the subsequent radicalisation of Labour councils in opposition to the Thatcher government. Since the 1980's Manchester City Council has abandoned municipal socialism in favour of a more pragmatic approach. They have chosen to work both pragmatically and imaginatively with local businesses and central government in a way that has been described as "establishing a new modus operandi for local politics"[11].

A decade after the GMCC was established the mostly Labour controlled metropolitan county councils had several high profile clashes with Thatcher's government. The Local Government Act of 1986 abolished the GMCC and most of its functions were devolved to the 10 Greater Manchester metropolitan district councils. The Association of Greater Manchester Authorities (AGMA) was subsequently established to continue much of the county-wide services of the county council.

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## The decline of local government in the twentieth century

- After the Second World War, the Labour government created the NHS ending local authority responsibility for certain local hospitals as well as localised gas and electricity supply. At the same time, local authorities received more responsibilities over the provision of social care and education. The Town and Country Planning Act in 1947 gave local government power over development.

- The mid-twentieth century saw the arrival of the mixed economy and the welfare state. Cities became a stage rather than actors. Once those rights obtained over centuries were eroded, cities and towns were turned into a mere container for broader social and economic processes and sat within a national equalisation agenda.

- During the sixties and seventies, the Metropolitan counties were created in the major English conurbations which provided only the most strategic services such as transport and planning with most social welfare services provided by the districts. Greater Manchester was one such example. However, in the shire counties the situation was reversed with more services provided by the upper tier authorities. In London an enlarged

11 Peck, J. and Ward, K., (2002), p. 13.

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Greater London Council shared power with the London Boroughs. The Local Government Act of 1972 abolished previous existing local government structures and created a two-tier system of counties and districts elsewhere.

- Since the 1970's, fiscal stress has forced a reconsideration of relationships. Central government has sought to control local government finance and expenditure and at times this has extended that to the direct control of services.

- In 1984 the Rates Act was designed to reduce the importance, independence and spending of local authorities and the 1985 Local Government Act abolished the metropolitan county councils and the Greater London Council and distributed their responsibilities between joint-boards, special arrangements, quangos and the boroughs.

- In the 1990's, single tier local government was reintroduced outside the old metropolitan city councils. The Local Government Act of 1992 set up unitary authorities (single tier and responsible for all local government functions) in England and Wales that are responsible for almost all local government functions within their areas. Greater Manchester and the districts were not affected in this reshuffle. The reformulation of the rates into Council tax and nationalisation of business rates were both significant factors in imposing a fiscal straight jacket on local government.

- The City Challenge Launched by John Major and led by Michael Heseltine in 1991, invited councils to bid for funds to renew rundown areas. Those that were successful received £37.5m to spend over five years. The scheme was set up to tackle deprivation in more depth by realising that physical and social regeneration were dependent on each other. Another initiative, the Single Regeneration Budget (SRB) was a re-packaging of government grants. The aim was to make it easier for local authorities to apply for funds.

- Since the late 1990's, there has been an increasing role for the regions with a directly elected Greater London Authority and indirectly elected regions set up elsewhere. In general, this has undermined both the powers of local government, and has significantly underplayed the importance of strategically located cities to the strength of both the regional and national economy.

- There have also been a whole series of initiatives since 1997 which to a greater or lesser extent have had an impact on the freedoms and status of local government today. The Labour government has made some incremental steps in the direction of localism but this has been an uphill struggle against the countervailing tendency towards regionalism and further centralisation. Along with a change in focus there has been a number of extra potential opportunities such as access to loans through prudential borrowing powers, and limited access to business growth receipts through Business Improvement Districts. The Sustainable Communities Act, extended trading powers and the Power of Wellbeing have allowed councils extra freedoms in terms of what they can, in theory,

do. However along with the extra freedoms have come a far more stringent central inspection regime and an increase in the number of centrally imposed standards through the national indicator set. Yet in terms of real freedoms, through greater control over direct access to taxes, local government is limited.

- In 2006, Michael Heseltine was chosen by David Cameron to head a cities' task force. The task force looked at large-scale urban regeneration and, in particular, at capital projects which might be undertaken by a future Conservative government. *Cities Renaissance: Creating Local Leadership* is the first publication of the *Cities Task Force*, which was convened to advise the Conservative Shadow Cabinet on urban policy. The report recommended a range of policies including a transfer of power from regional agencies downward to local government and greater local control over finances, including retained business rates from new developments, more capital funding, and freedom to issue local bonds.

- Mayors have also become an important part of the city governance landscape. The success of the London mayor has led many to argue that the mayoral model should be extended elsewhere. There are politicians that advocate the creation of "whole-city" mayors for England's largest urban spaces and directly elected mayors for all top-tier authorities with additional powers over transport, welfare and policing.

- This desire to equalise investment and redistribute resources, however well-meaning, has continued to the present day. The regional agenda, pushed partially through a desire to access EU funding, has exacerbated equalization and subsumed cities into the wider regional edifice.

**Modern Manchester** – Today we can also speak of the modern Manchester not just in terms of decline but also transformation to the new economy of high tech, financial services and cultural industries, and a resurgence of a cultural identity manifested in the arts. Significant achievements in the post-war phase were the development of the airport, the redevelopment of city centre after the IRA bomb in 1996 and the growth of a vibrant cultural economy. These came about largely due to the desperate need to have a rethink about the relationship with the private sector in the context of the financial collapse of the council in the 1980s. This has formed the lens through which future thinking has developed. A number of documents have emerged outlining the vision for Manchester, focussing on the key priorities, set within the context of how to encourage investment.

The identity of Manchester has been formed by key events from its industrial past through to the present day, and these key events have allowed the vision and plan to come to fruition. Notably, the city's Olympic bids[12] were key moments in the process of governance and restructuring. They forced the council to think about accommodation and transport issues and subsequently led to the successful bid for the Commonwealth Games in 2002 and the development of the velodrome and other notable developments, which have arguably improved the image and status of Manchester as a key sports hub. The 1996 IRA bomb also united the city in implementing existing plans for city centre development, and the redevelopment of Hulme around the same time was seen as a model

12  Manchester first bid for the 1996 Olympics but lost out to Atlanta and then again for the 2000 Olympics but lost out to Sydney.

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for the regeneration of highly deprived areas in Manchester. The bomb also invoked a strong sense of Mancunian "pride" that made politicians work with commercial property developers and business leaders to fashion a programme of rebuilding by the Manchester Millenium Ltd taskforce that was established to manage the work.

The common themes which were cited as key factors in the successful redevelopment of Manchester have been the continuity of leadership, strong private sector involvement and a strong vision from the public sector. This has come to be represented by a grouping of all ten Greater Manchester authorities known as the Association of Greater Manchester Authorities (AGMA), which was created to focus on those functions held at the Greater Manchester level following its dissolution in 1986. The focus on economic development also led directly to the emergence of publically initiated and funded, but privately led, investment organisations such as the 'Manchester Investment Development Agency Service (MIDAS)' and Marketing Manchester which have grown to represent all ten authorities in Greater Manchester.

*AGMA Structure as of September 2009*
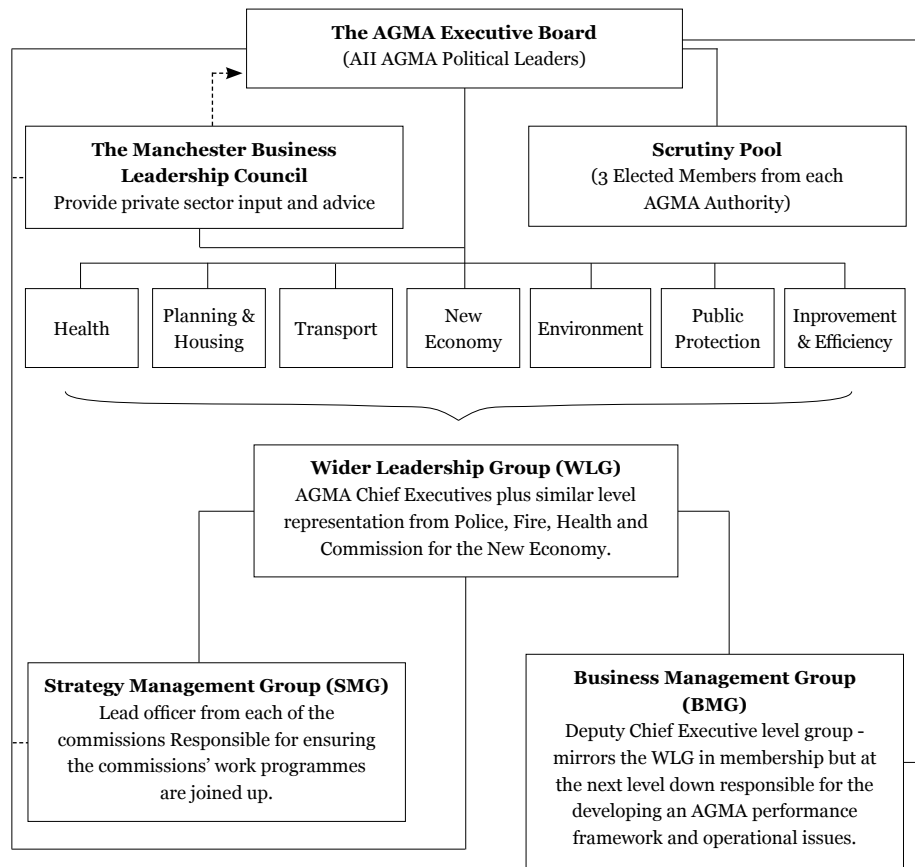


AGMA has had many successes since its formation. The building of a publically funded airport was a clear example of what could be done with the pooled funding and mature relationship between the ten district councils.

AGMA became a stronger force in 2008 with a new binding constitution which was seen as a key requirement to meeting the strategic development of Greater Manchester. Nevertheless, AGMA has more recently been pushed

close to its limit through negotiations to extend Metrolink to some of the outer regions of Greater Manchester, with some districts unhappy that they have to pay for something that they do not receive the direct benefit from. The origins of this debate were in relation to the failure of AGMA to secure capital funding from central and regional government, leading to the disastrous referendum on congestion charging in December 2008. This is an example of where agreement could not be reached to a sufficient level.

## Case Study: Development of Manchester airport

Manchester has the largest and busiest airport outside London. The airport is owned and managed by the Manchester Airports Group (MAG), which is a holding company owned by the ten metropolitan borough councils of Greater Manchester, is the largest British-owned airport group and has around 19,000 people employed directly on-site. The airport pulls in extra revenue for Greater Manchester. In 2006-7, the group made a profit of £96m, of which a proportion is divided between the investing authorities and a large proportion to 'Marketing Manchester'. The airport is managed by a private company which oversees all commercial activity.

**Lessons** - The districts of Greater Manchester have demonstrated that they can work collaboratively on shared economic development priorities. They have also shown that they can agree on the best use of any profits to reinvest into the development of Greater Manchester as a whole. This is clear evidence of the fact that economic development is a shared priority with common goals across all ten districts, and also that they can work sufficiently well without statutory powers. This is also a demonstration that Greater Manchester has embraced the private sector.

> ## Case study: Greater Manchester's failed 'TIF ' bid
>
> Proposals for congestion charging in Greater Manchester were part of a bid to the Government's Transport Innovation Fund (TIF) for a £3bn pound package of transport funding and the introduction of a congestion charge for Greater Manchester. The proposed funding would have been in two parts. £1.44bn in the form of government central grant and £1.150bn as a loan repaid over a period of 30 years with the profit generated by both the public transport system and the congestion charge scheme. It was proposed that a number of projects would be funded by the TIF including the extension of Manchester Metrolink to Oldham and Rochdale, East Didsbury, Ashburton under Lyme, the Trafford Centre and Manchester Airport, as well as new bus routes and cycleways. As a result of a considerable degree of popular pressure and differences of opinion within the AGMA grouping it was decided to hold a referendum in Greater Manchester so that the electorate could express their approval or rejection of the proposals. The referendum, a postal vote, began in late November and closed in December 2008. The result of the referendum indicated a strong disapproval of the scheme.
>
> Following the results of the referendum the 10 AGMA councils attempted to rescue the TIF by proposing a prioritization of the original proposals and a funding formula which would involve the top-slicing of existing local council transport budgets. On May 12th 2009 a budget was selected which allowed for £1.2bn to be raised for spending on phase 3b of the Metrolink extension in addition to various road and bus improvements.
>
> **Lessons** – The strong collaborative relationship of AGMA can fail when the districts cannot agree or become protective of their own positions. Although the position was recovered somewhat, the optimal outcome for the city as a whole was not reached in this case. Lessons point to some degree of statutory body with secured funding which can oversee transport at a city level.

The districts of Greater Manchester have shown a strong desire to build on the successes of AGMA to continue to encourage growth and development in the city.

The relationship with the RDA has been both pragmatic and problematic. It is perceived that the RDA diverts resources to the lowest common denominator rather than on strategic improvement of the region as a whole. Other central government initiatives such as MAAs and LAAs[13] were brought forward to increase flexibilities, but have also been treated with some scepticism as it is perceived that Greater Manchester was mature enough to create its own strategy and put it into action. Although the sentiment of some of the direct incentive and finance schemes such as accelerated development zones (ADZ) and prudential borrowing powers have been welcomed, they are not perceived to go far enough, and do not reflect the maturity of Greater Manchester as a major driver of the UK economy.

13   Multi Area Agreements, Local Strategic Partnerships and Local Area Agreements.

**The vision for Greater Manchester** – The districts of Greater Manchester have shown a strong desire to build on the successes of AGMA to continue to encourage growth and development in the city. They have reached a point where they desire more control over those functions which occur across the borders of the district councils, including powers over economic development and transport.

There is a common interest across the Greater Manchester city region that Manchester could become a key strategic location in the heart of the north west. The aim in doing this is to make it more competitive with other cities across Europe. There is a strong sense of identity, culture and ambition across the whole of Greater Manchester which has the potential to help deliver such ambitious goals.

## Case study: A comparison between Barcelona and Manchester

The City of Barcelona (metropolitan area population 3 million) is situated in the autonomous region of Catalonia. After Madrid, it is the second urban-industrial centre in Spain, and the capital of Catalonia. Since hosting the 1992 Olympics, the city has engaged in an ambitious programme of urban redevelopment, seeking to position itself as the economic and cultural capital of the Mediterranean.

Although Barcelona has acquired a reputation as a progressive European capital and a model of urban renaissance worthy of replication by cities around the world, such aspirations overshadow ongoing conflicts. A century or more of continuous urban transformation has led to the physical clearance of entire neighbourhoods, displacement, and intense feelings of resistance in some parts of the city.

The forming of a city region was stimulated by the Olympic Games (1992) that reinforced local-regional identity but that was also facilitated by the central-state to encourage nationally relevant initiatives.

Barcelona has a long tradition in creative industries which is central to the debate that has been going on in the city in recent years about which strategy to follow in order to consolidate the transition from an industrial economic structure to an innovative knowledge economy.

As in Manchester, deindustrialization in Barcelona started in the 1980's and continued throughout the 1990's and the 2000's. This process has particularly affected low and medium technology manufacturing sectors which are outsourcing their activities to Asia and Eastern Europe. Today Barcelona, like most cities in Europe, is mainly a service economy – nearly 80% of the employed population work in the service sector. However, this process of economic tertialisation has resulted in an economic base with a significant percentage of low added value services that do not require a high-skilled workforce.

**There are a number of similarities between Barcelona and Manchester: Ambition and competition** – One of the key factors is the fact that they both have strong ambitions to be better than other cities. Manchester desires to be an alternative to London, and Barcelona aspires to emphasise its Catalan nationality, as distinct from the rest of Spain, and it therefore highly competitive with Madrid, the capital city.

**Common sense of the possible** – In Barcelona the cultural turning point in the collective psychology was provided by the success of new infrastructures created for the Olympic Games, which reawakened Catalan pride and confidence and created their sense of the possible.

The Manchester Commonwealth Games were widely seen to represent the unique imaginative and informal spirit of Manchester. They were organised and realised with limited resources, and yet produced widely praised unorthodox events with the help of a vast number of citizens as volunteers. Later, major successes in attracting significant investments into Manchester's financial and biotech sector, turned depressed areas into upcoming trendy areas and revived the spirit of "bringing the ocean to town" (harking back to the construction of a canal from the Atlantic in the 19th century to compete with the harbour of Lancaster).

**Research and knowledge** - Both cities have placed a high value in research and development through the university, and have established and kept a relatively strong skill base by investing money in attracting the leading academics to work at the University. Both have used EU structural funds to establish this strong knowledge environment.

**Creative industry** – Both cities have also encouraged a creative industry. In Barcelona, creativity is not so much conceived as a tool for urban change, but as a goal itself. It is considered to be a central element in the promotion of new businesses and the emergence of new forms of managing knowledge. In Barcelona local authorities believe that creative policies benefit not only the creative industries but the competitive edge of the city in general. Operating on this assumption the whole city has been essentially considered as a cultural product. Culture and creativity have played a central role in the city development during the last 20 years, influencing the urban, economic and social landscape.

**Lessons** – Some authors attribute this success to the work that the city has done in promoting the Barcelona brand. Others highlight the importance of the joint effort that institutions, policies and actors have put forward in embracing coherent long-term objectives for the development of the city. But the similarity of vision and ambition is clearly an important factor in making it an attractive place to live and work, and is probably at the heart of the success. City region status may be a useful means of strengthening the brand to lever in funds, but it will make no difference without a strong existing identity, vision and ambition, which Manchester already has.

There is a sense that Manchester may be interested in city region status and enhanced powers in order to establish a stronger position for themselves internationally relative to other cities in the UK. This high level of ambition, although admirable, cannot be used to delegate powers to Greater Manchester alone. In the next chapter we will explore what powers Greater Manchester requires to deliver its strategic priorities, and why these powers should be

extended to other councils and cities across the country. We will also explore to what extent extra powers will allow Greater Manchester to achieve their aim to drastically improve some of the more intractable problems in the city.

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### The strategic political aims of Greater Manchester set by AGMA

1. Radically improve the early years experience in the most deprived areas
2. Drastically increase the proportion of highly-skilled people in the city-region
3. Attract, retain and develop the best "talent"
4. Significantly improve transport connectivity into and within the city region
5. Housing policy needs to be more flexible to respond to market demands and the need for quality and affordable homes in sustainable neighbourhoods
6. Achieve rapid transition to a resilient low carbon economy
7. Increase the international connectivity of Manchester's firms, especially to the newly-emerging economies
8. Expand and diversify the city region's economic base through digital super-connectivity
9. Review city region governance to ensure effective and efficiency delivery mechanisms
10. Continue to build Greater Manchester's unique identity and sense of place

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As far as transport is concerned the vision of the city region is one which draws considerably on the London model. We will also explore the meaningful economic geography in the next chapter. If we accept the logic of the Greater Manchester City region as viable and the bounded economic entity, then the logical corollary is that it makes sense to view transport on a city region wide basis with decisions on transport investment being made in a way similar to that of Transport for London. If the economic objective is to raise the productivity of the city's economy then creating the right types of transport connectivity is absolutely crucial given the related long term aim of reducing congestion and promoting a modal shift from the car to other more environmentally friendly modes of transport.

Overall, the vision for Greater Manchester appears to be a logical extension of the journey they have experienced so far. The question which remains is the extent to which a city region can expand and improve upon the localist credentials which have already been demonstrated throughout Greater Manchester's recent history.

> The vision for Greater Manchester appears to be a logical extension of the journey they have experienced so far.

Chapter 2:

# The Future of Localism in Greater Manchester

We have already shown that Greater Manchester can work across all ten districts to deliver on localist principles for mutual benefit. From the creation of AGMA, MIDAS and Marketing Manchester to the development of the city airport, there is clear evidence that Manchester can work across borders without central interference or statutory powers. However, the failure of the TIF bid and mixed experience with the RDA has shown that other forms of city governance may be required to deliver on the aims of Greater Manchester as a whole.

In this chapter we explore how localism can be built upon and strengthened in Greater Manchester. The concept of a city region will be tested against the six localist principles, as outlined in the introduction, to determine to what extent statutory powers at the city level will add anything to the existing mature collaborative relationships of AGMA. In doing so, we hope to be able to determine which functions naturally lie at the Greater Manchester level, and which should remain with local or central government. We will also uncover a range of powers and freedoms which would allow Greater Manchester to deliver on its aims more effectively. The lessons from Manchester will be explored in the context of expanding these powers to other cities and other forms of local government across the country.

## Proposition 1: Funds and control should be devolved to the local area

This proposition posits that the best form of localism should make the most of potential opportunities to manoeuvre funds and control downwards to a more local level. Ideally, the funds and control should lie at the lowest meaningful spatial level. This raises two questions. Firstly, what is the most meaningful spatial level? And secondly, is it possible that Greater Manchester is the lowest meaningful spatial level for some functions currently delivered at other levels? These questions will be answered more fully under Proposition 2 which looks to define the most meaningful level. Under this proposition we discuss whether a city region has the potential to manoeuvre funding and control directionally downwards, and whether it makes the city more competitive with other European cities.

***Does a city region manoeuvre control and power downwards?***
The primary focus of a city region is to negotiate powers from central and regional government to Greater Manchester. The question as to whether it will do this successfully depends on the extent to which central government is prepared to concede power and funding. The statutory nature of the body

operating at the Greater Manchester level is obviously an important factor for central government. Without statutory status at the city level, the government will have little control over where funding should go, and will also be obliged to pass on similar powers to all local authorities, at least those in metropolitan districts. This approach to devolution is a top down approach which can be defined as 'earned local autonomy' which requires the imposition of a central government framework to determine who deserves powers and who doesn't. We prefer the notion that local government should have presumed autonomy unless there is clear evidence that they should not.

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### Debate: 'Earned local autonomy' vs. 'Presumed local autonomy'

**Earned autonomy** - The principle of 'earned autonomy' emerged as a key Labour government concept where service providers that are rated highly in inspection are given more freedom and flexibility and a "lighter touch" inspection regime. The concept was formalised in the Local Public Service Agreement (LPSA) targets in 2000 which represents a partnership agreement between individual local authorities and the government to allow increased freedom locally and in the regions. By the time of New Labour's second term of office it had become a defining feature of its approach to the reform of public services in England. The principle was intended to fulfil Labour's election manifesto pledge to reward successful public service providers with freedom from excessive micro-management by central government. Earned autonomy was included in Blair's key principles of reform in 2002 as a settlement between centralism and decentralization[14].

**Presumed autonomy** – The underlying principle behind presumed local autonomy is that central government is not in the best position to determine who deserves extra powers and who does not. Given the weakness of current inspection regimes to assess local government performance based on local nuances or priorities, it seems unlikely that central government can see beyond these distorted views to make fully informed decisions. Furthermore, it could be argued, that it is precisely because the council does not have sufficient power and freedoms that they may not be performing to the top of their ability.

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Although we believe that these powers should be given to all councils, we agree that the case of Greater Manchester is particularly strong under a system of 'earned autonomy' or 'presumed autonomy'. As we have already demonstrated, Greater Manchester has the maturity to take on more powers. It also has at present the scale, tax base and business buy-in to take on radical financial devolution. These extra powers could allow Greater Manchester to achieve their strategic aims far more effectively. These extra powers could include:

**Funding** – In terms of funding, there are a number of potential mechanisms which would give Greater Manchester a much greater control over how resources are raised and spent. It is clear that the utility of marginally beneficial reward mechanisms such as Business Improvement Districts (BIDs) is low in the case of Manchester, and much wider incentive mechanisms are required. One potential solution is to relocalise business rates. This would allow the rewards

14 Along with national minimum standards, reform of public service professionals and greater choice.

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from growth to be reinvested back into the city, and would give the city an extra buoyant source of income. Other examples of financial freedoms could be a liberalising of prudential borrowing powers to include non capital investments; freedoms over pooled budgets (less ring-fencing) between different organisations operating at the local level; and control over other taxes which could be passed directly to the local level, including income taxes, VAT and stamp duty. Other financial incentives could be linked to the Operational Efficiency Programme. Currently central government is asking local government to make efficiency savings, focussed primarily on back office and leisure services, but all or a proportion of these could be kept locally or excluded from the block funding formula to incentivise further savings across the board.

## International Case Study: Financial autonomy and bottom up funding relationships in Bilbao

**Background** - Bilbao (pop. 350,000) is the economic and cultural heart of the province of Bizkaia in Spain. Ship-building and heavy industry were the mainstays of the local economy until the economic downturn of the 1970s and 1980s – leaving the area in search of a new economic role. This situation is similar to that faced by Greater Manchester.

**Regeneration** - Despite its economic difficulties, Bilbao and its conurbation have turned the corner, thanks in part to an ambitious array of flagship projects and investment in high quality public spaces. There was €450m worth of regeneration being spearheaded by the Municipality of Bilbao[15], spread across 100 projects of varying sizes. This headline figure is bigger than the municipality's €415m annual budget for 2005. Strategic decision making powers at the city-regional level have spurred innovative regeneration – the Guggenheim, Metro and trams are highly visible examples. Another key factor is that land assets have been leveraged dramatically. Brownfield land assets have been pooled by a wide range of public sector partners, and used to attract massive, high quality regeneration investment. Innovative public-public and public-private cooperation models have delivered transformative change.

**Transport** - All tiers of government have contributed in the city region to huge infrastructure projects, which have played a major role in the area's economic turnaround. A new Metro system, trains, tramway and roads connect the city to outlying areas – and a new airport provides a gateway to the rest of Europe. The city-region has formal control over transport and economic development. Due to the fact that it is a city region, it is able take decisions that affect the wider economy in and around it.

**Governance** - The Basque Country has a high level of autonomy from the Spanish state, as well as unique financial powers. There are three principal levels of government in the Basque Country – the Basque government, the three provinces (diputaciones), and municipalities. The competencies of each level, as well as the financial settlement, were developed in the early 1980s following the restoration of democracy in Spain.

15 According to local daily newspaper El Correo on 19 October 2005.

The future of localism in Greater Manchester

**Financial freedoms** - What makes the Basque Country unique is the fact that nearly all taxes are raised at provincial level. Money is 'devolved up' to the Basque Government to deliver specified functions, and to the Spanish Government in Madrid for national issues (e.g. defence and foreign affairs). Some money is also given to municipalities, to deliver day-to-day local services. Bilbao's unique system of financial devolution has been considered to be key to Bilbao's turnaround. The three-tier distribution of functions and finance between the Basque government, the province and the city allows all three levels to raise all their own taxes and control most of their own spending decisions.

The Basque system of devolved finance is unlikely to be replicated in Greater Manchester – but there are instructive lessons about how long-term economic agreements between central and local government can affect the fortunes of a city.

**Lessons** - Bilbao is an example of how autonomous policy-making and financial devolution can create the conditions for city-regions to design and deliver their own economic development strategies. In the case of Bilbao, there is strong evidence for powers over regeneration and transport to lie at this level. Passing funding upwards rather than downwards is an incredibly progressive approach to public investment, and is similar to the positive experience of Manchester regarding the development of the airport and improvement of transport schemes. This is in clear contrast to the experience of most other UK cities and towns, which have had little power to respond to the economic transition since the Industrial Revolution.

**Cross organisational collaboration** – As well as removing ring-fenced grants, there are a number of extra freedoms which would allow organisations operating at the local level to collaborate more effectively. This includes removing legislative barriers to data sharing which have been direct barriers to achieving some of the key strategic priorities for Greater Manchester, especially around early years' intervention and sharing of birth data. There is a strong case for more local freedoms over health, employment and benefits to deliver better outcomes which are tailored to a real understanding of the specific social and economic challenges of the city.

These financial and legislative powers would naturally lie at the level of the local authority. However, by providing these extra freedoms at the level of the local authority, this gives a great deal of extra flexibility for the AGMA districts to pool funds far more extensively as they have done with the airport and transport investment schemes. There are more clear-cut areas which would naturally sit at the Greater Manchester level with regards to devolved budgets from regional and national bodies operating in the city.

**Devolved responsibility for transport, economic development and skills** – Removing RDAs and other unnecessary quangos is a good way of devolving the budget to Greater Manchester. For example, the North West RDA could have a proportion of its budget removed and passed straight to the city region, along with all of its current functions. This would give direct control to the city over regeneration investment and strategic planning. This could also be applied to powers over skills and transport policy.

Overall, combined extra freedoms from central government to the city level and devolved budgets to the district level would provide a 'bottom-up' and 'top-down' source of income for improvement of Greater Manchester as a whole. The 'presumed autonomy' approach to devolution offers a great opportunity for significant financial devolution. It is an opportunity for central government to provide real power over funding at the local level and also an opportunity to significantly reduce bureaucracy.

### Will city region allow greater competition with other cities across the UK and Europe?

When the Chancellor announced both Manchester and Leeds as pilot city-regions it was the end of a battle by different metropolitan areas in the UK to achieve recognition as one of the top cities in the UK. Tees Valley and Birmingham also gave in proposals because they believed that becoming a city-region would increase their competitiveness not only in national politics and in the economy but also in a globalised world. Some authors believe that Britain's core cities still lag behind their European counterparts in terms of competitiveness[16], despite increases in Gross Value Added (GVA). In Europe, the richest city after London in England is Bristol with a GDP/capita ranking of 34, followed by Leeds 43. Manchester is ranked 57[17]. These figures do not tell the whole story, but clearly there is some room for improvement in terms of standing with other European cities. Cities on the continent have formal and informal institutions to ensure that planning and investment are

> Over 70% of all respondents who desired city region status thought that it would make them more competitive with European cities

consistent across the real geography of the city, and this may be a significant stumbling block to encouraging new development. The GDP/capita figures also demonstrate to a limited degree the level to which economic prosperity is distributed across all areas in the city, which may explain the surprisingly low ranking of Manchester which has actually seen growth in GVA of 54% in 2007-8. There is a strong sense in England that city region status would help cities become more competitive. In our survey, over 70% of all respondents who desired city region status thought that it would make them more competitive with European cities. Clearly there is both the evidence and desire for powers to be devolved significantly to the city level.

### Will City Region status make you more competitive with other European cities?
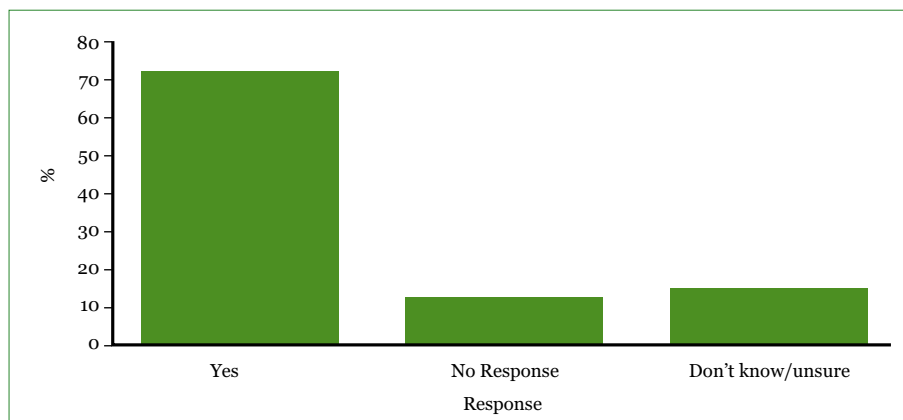


*Graph: Responses for English cities when asked: 'For those people who feel that they would benefit from city region status, do you perceive that city region status would make you more competitive with other European cities?*

16 Parkinson et al(2004), Competitive European Cities: Where do Core Cities stand?, London: Office of Deputy Prime Minister.
17 Barclays study, 2001, found at http://www.citymayors.com/business/eurocities_gdp.html

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*The transferability of the Greater Manchester experience*
There is nothing particularly unique about the requirements of Greater Manchester in terms of desired freedoms to properly manage their local area. For example, there is unlikely to be a single local authority across the country which would not desire relocalised business rates. While it is true that Greater Manchester has shown a particularly strong and well advanced approach to collaboration for mutual gain, we do not find that this is a reason to limit devolved powers solely to Greater Manchester, and that actually; such powers should be given to all councils. In response to another survey question, over 45% of respondents felt that they had insufficient powers and resources to achieve their strategic political goals.
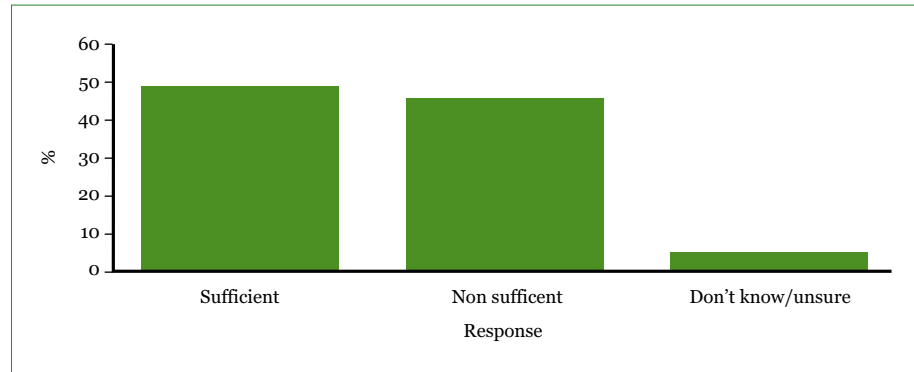


*Graph: How sufficient are your council's existing powers and resources in order to achieve the main strategic priorities for the area?*

When the same survey respondents were asked what extra powers and freedoms they would require to achieve the priorities of the council, the following responses were the most common:

| Other arrangements which allow to pull in more financial resources and trust | No of people |
|---|---|
| Reduce power of central government and devolve powers to local authorities | 112 |
| Raise own taxes (tourism, business, private property) | 13 |
| Remove regional bureaucracy and quangos | 11 |
| Become a unitary authority | 9 |

*Table: What extra powers and freedoms would allow your council to achieve its strategic priorities more effectively?*

The debate about statutory vs non statutory powers is more about central government's desire to devolve power to those who 'deserve' it, which we argue here is the wrong approach. However, there may be a case to suggest that responsibility for transport, economic development and skills may be better carried out at a city regional level, or at least at any meaningful geographical level, whether city or not, and that statutory powers may help to achieve some degree of oversight.

There is a strong view that city region status will make other cities more competitive in Europe, which adds extra weight to the argument that all cities should be given more powers to continue to grow the national and regional economies.

*Summary – On balance, does city regional status achieve this aim?*
It is yet to be seen whether city region status will deliver to the level which has been suggested in this chapter. However, if city region status were to

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deliver significant financial devolution from central government and regional quangos, then it will have taken a great step towards meaningful and long lasting devolution of power.

We have suggested that although Greater Manchester has demonstrated a strong case for more powers to be devolved to the city region, we cannot suggest that Greater Manchester is unique, nor should it be unique in its demands. Yet we have also argued that in Greater Manchester, and probably other city regions too, there is a strong case for economic development, transport and skills agendas to be carried out at a city regional level. This may require statutory status, not only to satisfy central government, but also to ensure that it satisfies our second proposition about localism: 'Political structures should be devolved to the lowest possible meaningful level to represent the networked patterns of activity in the area'. This will be the topic of the next section of the report.

## Recommendations

- The main role of the city region should be to build upon existing relationships and organisations
- The government should explore with all major cities the financial freedoms and powers required to meet their strategic objectives. This should also extend to all cities and all councils too
- The city region should focus on how to create a strong brand to attract external investors

## Proposition 2: Political structures should closely represent the identity and networked patterns of activity in an area

Under this localist proposition, we explore the idea that political structures should, as closely as possible, reflect the patterns of activity within an area. We explore this proposition by looking at economic activity, public service requirements as well as our survey responses to establish whether or not existing structures are sufficient in matching and promoting more closely matched activity within the whole of Greater Manchester. One question which we will try to answer is the extent to which Greater Manchester is the most meaningful local level at which to deliver certain services which are currently being delivered at other levels, including the districts.

### *Does economic activity match the proposed city region?*
In this section we attempt to determine what the real patterns of economic activity are in Greater Manchester, including commuter patterns and inward investment. In doing so, we will uncover the most appropriate governance structures based on the objective of improving economic activity for the whole of the city region. Clearly, there are numerous overlaps between different measures of economic activity, and it is not always clear cut where the economic geographies start and end. Similarly, there is often a complex and interrelated relationship between the economic, physical and social geographies which make determining political boundaries non trivial. This requires a level of pragmatism and flexibility. But under our proposition, we also support the idea that all activity operates at as low a spatial level as possible, and only where there is strong evidence do the borders of political representation increase.

One of the ramifications of not prioritising the local over national funding and investment is that investment is spread according to physical geography rather than on the wider picture of encouraging the most effective way of achieving growth and development. This is essentially a tension between national equalisation and local autonomy.

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### Debate: 'Equalisation' vs. 'local autonomy'

**Equalisation** - Equalisation between localities and regions is primarily the interest of national government. It is made manifest by the four block funding formula for local government which attempts to distribute resources based on population and need. The practical reality is that it leads to an investment strategy which takes no account of particular economic circumstances, or the wider impact that localities can have to the surrounding areas. Equalisation has the potential to damage the strength of the national economy, and can focus funding on schemes which have little or no beneficial outcomes.

**Local autonomy** - Local autonomy is primarily the interest of local government. It posits that by allowing more local control over funding, it provides stronger incentives for growth and naturally allows local areas to shape their own destiny. However, there is an argument to suggest that where local government is too small in scale to appreciate the wider economic geography, there becomes a danger that smaller areas become aggressively protected fiefdoms. The truly localist perspective posits that by focussing governance on a meaningful spatial level, it is possible to have localised powers and economic freedoms and also see a natural net benefit to the wider area.

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In the case of Greater Manchester, there are concerns from some quarters (notably Regional Development Agencies and other significant cities in the northwest) that the net effect of any extra growth in Manchester will not have the same reach as a nationalised equalisation agenda. This may be true. However, the ideal solution may be that all major cities have access to extended powers and freedoms, making competition stronger and incentives for successful policies much larger.

**Commuter patterns** – Greater Manchester is home to the UK's largest city regional pool – with over 7 million people within a 50 mile radius[18]. The population is flexible and skilled; there is a large population of foreign nationals and 12,500 international students (that brings multi-lingual skills). The workforce is very mobile due to multi-modal transport. Manchester city centre and other key shopping areas within the conurbation serve a wide catchment area which represents a strong expression of the City-Region (Lancashire, Cheshire, and Yorkshire). People seem to travel to the city for work, shopping, culture, football, the hospital, and the University[19].
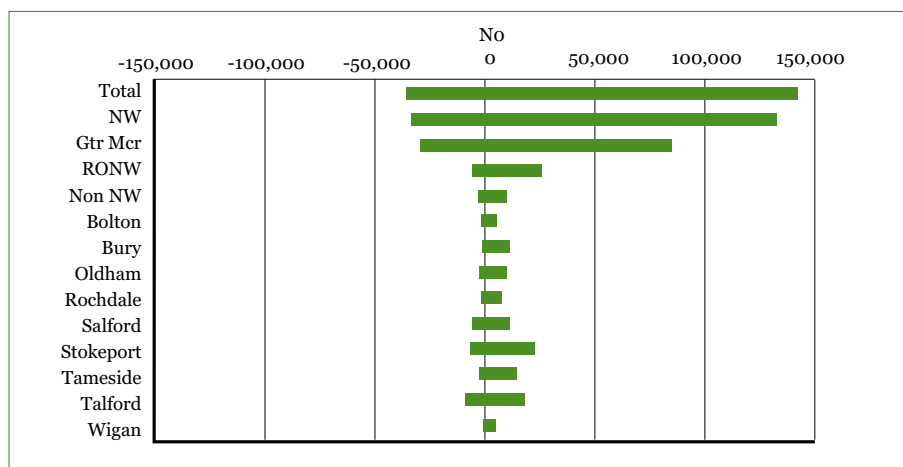


*Chart: Commuter patterns in Greater Manchester[20]*

Data shows that the Manchester city and Salford districts are the major employment areas in the North West. There are a greater number of people who commute to Manchester than any other area in the region, as well as having the greatest reach in terms of distance commuted. The general pattern in the north west is for inward commuting to be strongest between those local authorities immediately adjacent to each group of local planning authorities, with a few other local authorities from further afield making small contributions. This is also true for outward commuting from each group of local planning authorities. The groups of local planning authorities in predominantly rural areas, particularly in Cumbria, have relatively self-contained patterns of commuting in comparison to the patterns observed in the conurbations[21].

There is therefore clear evidence that the districts that make up Greater Manchester are part of the wider economic geography that at least defines Greater Manchester as a city region. There is strong evidence, based on commuter patterns alone that commuter requirements are sufficiently common to justify a unified governance arrangement to deal with related economic problems.

**Investment into Manchester** – Manchester continues to attract new investment and employment for the City Region through its inward investment organisation, MIDAS. During 2008/09, MIDAS created and retained more than 4,700 jobs through 83 projects with many successes in financial and professional services, creative

18  MIDAS, Invest in Manchester. Maximizing Global Businesses Efficiencies.
19  http://www.wlct.org/Tourism/etourism/gmfactsheet1.pdf
20  Pion Economics, North West Place Analysis, NWA Research Conference, 2009.
21  North West Regional Assembly Panel, Briefing paper 1 (July 2006), Travel to work patterns (2001 census).

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digital & new media, life sciences, bio medical and public sector relocations. This vital investment, much of which is generated in knowledge-intensive, high-value sectors, continues to strengthen Manchester's position as the UK's best city to locate a new headquarters or back-office operation, as well as making it one of the top business locations in Europe. Levels of foreign direct investment continue to increase with over 2,500 jobs created and retained from US, European, Indian and Chinese owned firms. The Manchester City Region is now home to more than 1,500 foreign owned companies including Cargill, Kellogg's, Cisco and Google and is in a strong position to attract new investment in the future.

Greater Manchester is now regarded as a key location for inward investors and is ranked as one of the top business locations in Europe. During 2003/04, £70 million worth of investment was brought into Greater Manchester by 109 companies through the activities of MIDAS, creating nearly 1,900 new jobs, the majority in corporate services – one of the major international strengths of the area. In addition, major sporting, conference, exhibition and concert venues alongside significant arts, museums and visitor attractions have established Manchester as the second most-visited city outside London.

According to Aston University Business School's investment report[22], both inward foreign and domestic investment into Manchester uses and generates skilled labour rather than substituting for labour. Furthermore, it is found that foreign investment generally complements domestic investment. Collectively, increased investment by both overseas and UK investors has increased employment.  The study finds that domestic companies are most likely to invest. However, it should be noted that inward investment has not boosted productivity.

> ## Case Study: The importance of the creative and knowledge economies in Greater Manchester
>
> The higher education sector is a key economic asset with world-class research centres across Greater Manchester. The conurbation has 6 HEIs with a combined income of more than £670m per annum, a student population of 90,000 making a contribution of around £0.5bn to the Greater Manchester economy. The conurbation is a centre for knowledge-based activity, media production, sport and culture. The BBC and Granada in central Manchester form the hub of a growing media sector that is second only to London in size and significance. Planned investment by the BBC, including the relocation of 1,000 jobs and £400 million of programme spend will increase the importance of Manchester as a centre for media production and creativity. This will stimulate the strength of creative activity and have a positive impact on the supply chain. The power of the creative economy, which is supported by well-established agencies such as the Creative Industries Development Service, creates the potential for a unique growth profile in Greater Manchester and the opportunity to tap into and expand the wealth of talent across the conurbation, reinforcing the area's reputation as a centre of entrepreneurship and innovation.
>
> **Lessons** – There is a strong political commitment to the value of the creative and knowledge economy in Manchester, and of the independent sector more generally. This has been and will be vital to the economic success of the wider city region now and in the future. external investors

22  MIER (2008), Manchester Independent Economic Review Baseline Study (Inward and Indigenous Investment): Manchester Enterprises. p. 8.

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Greater Manchester has the largest office market outside London, with the regional centre becoming an investment destination capable of complementing and competing with London and the South East in a growing number of sectors. There has also been a booming house market, with values increasing by, for example, 50% in Manchester and 89% in Bury over the period 2000 – 2004. The combination of cultural and sport assets, affordable housing, unique heritage and economic opportunities offer the high quality of life needed to make Greater Manchester a leading place to live and work. This quality of life is beginning to see Greater Manchester attracting or retaining people who in the past may have located to the South East – a third of the 27,000 students graduating each year from the conurbation's five main HEIs remain in Greater Manchester after graduation – considerably more than benchmark areas of West Yorkshire and Glasgow, but the opportunity exists to increase this[23]. There is an enormous difference in the success between different areas of Greater Manchester.

There is clearly an enormous potential for further growth and development in Greater Manchester. The strong economic base in the wider economic region could be further improved with enhanced strategic planning powers, devolved funding and a strong brand

## Greater Manchester is ranked as one of the top business locations in Europe

image to encourage international investors potentially to some of the districts outside of the city centre. This may be able to begin to change the fortunes of some of the most deprived districts of Greater Manchester. The success of developments in some of the more run-down areas of Greater Manchester demonstrates the potential for improvement for the future.

**Economic outlook for Manchester City Region** – In the short to medium term, economic output is expected to fall in 2009 by 0.1% in Greater Manchester as business activity further weakens due to deteriorating economic conditions. However, the longer term outlook is for steady growth at around 3% per annum up by 2018. This decline in business activity will translate into falling employment (expected reduction of 36,000 between 2008-2010). The population growth is forecast to be considerable over the next decades (over 130,000) due to high levels of natural increase. The number of households in the sub-region is forecast to increase by 86,000 with demand increasing with strong population growth[24]. Therefore, it is anticipated that the economic case for better governance structures to match economic development is likely to grow in the long term.

On the basis of current growth, productivity and employment trends, forecasts suggest that the gap between the best and worst performing areas will increase unless action is taken to spread economic success more widely across Greater Manchester. Improving accessibility is crucial to ensuring that residents right across Greater Manchester can participate in the labour market and pursue opportunities in growth sectors. The difference between the highest and lowest performing districts is an important factor in determining to what extent the city region will divert resources to those areas which are worst performing, and therefore potentially impact on the most beneficial investment strategy for the city as a whole.

*Public service activity – What is inherently local and what is not?*
In this section we attempt to determine what the real patterns of public service activity are in Greater Manchester, including regeneration, health, education, environment and transport. In doing so, we will aim to uncover the most appropriate governance structures based on improving public service activity for the whole of Greater Manchester.

23  http://www.manchester-enterprises.com/documents/ME%20Economic%20Development%20Plan.pdf.
24  Oxford Economics, Prospects for Manchester City-Region (Nov 2008).

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**International comparison of service delivery levels** – In a sample of eight broadly comparable countries[25] (see table), there is no one size fits all approach as to the most appropriate spatial level upon which to carry out public service activity. The most common public services to be delivered by local government include amenities, local roads, local planning, public transport, utilities, economic development and environmental protection. And England is in the middle of the road in terms of the number of these services which are delivered locally. All these areas have some overlap with different levels of government, and there is no clear cut responsibility in many countries. Based on this, it does not make sense to make definitive judgements about what should be delivered at the city region, as it requires a complex consideration of multiple idiosyncratic variables. However, the journey of Greater Manchester may shed some light on some of these specific areas, and give an indication about the best way forward.

| Function | Countries with powers at the local government level |
| --- | --- |
| Education | Denmark, France, Germany, Netherlands, England |
| Health | Germany, England |
| Social Services | Denmark, France, Germany, Netherlands, Australia, England |
| Social Housing | France, Germany, Australia, Canada, South Africa, England |
| Welfare and employment | Denmark, France, Germany, Netherlands |
| Emergency planning | Denmark, Germany, Canada, South Africa, |
| Amenities | Denmark, France, Germany, Netherlands, Australia, Canada, South Africa,  England |
| Local roads | Denmark, France, Germany, Netherlands, Australia, Canada, South Africa,  England |
| Strategic infrastructure | Denmark, Australia, Canada, South Africa, England |
| Public transport | Denmark, Germany, Netherlands, Australia, Canada, South Africa, England |
| Utilities | Denmark, France, Germany, Netherlands, Australia, Canada, South Africa, |
| Waste | France, Germany, Netherlands, Australia, Canada, South Africa, England |
| Local planning | Denmark, France, Germany, Netherlands, Australia, Canada, South Africa,  England |
| Local strategic planning | Denmark, England |
| Economic development | Denmark, France, Germany, Netherlands, Australia, Canada, South Africa,  England |
| Strategic infrastructure | Denmark, Canada, South Africa,  England |
| Environmental protection | Denmark, Germany, Netherlands, Australia, Canada, South Africa, England |

*Table: Sample comparison of service delivery at the local level*

One area which does stand out here however, is the lack of local control of the welfare and employment functions in England. Given that unemployment is one of Greater Manchester's key underlying problems, greater control of this area may help Greater Manchester to begin to turn around their fortunes.

**Regeneration** – The revival of city centre living in one of Manchester´s recent successes. Manchester was previously considered to be a dull, old-fashioned,

25   Based on a Localis report by Gough, R. (2009). 'With a Little Help from Our Friends', http://www.localis.org.uk/ article/21/With-a-Little-Help-From-Our-Friends.htm .

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manufacturing city but it has transformed into a modern, dynamic, high-culture urban centre[26] with a flavour of its industrial past.

There are a number of deprived areas and isolated neighbourhoods in the city region area. With more effective local measures there could be improved employment outcomes and lower unemployment in deprived neighbourhoods that will allow a more appropriately skilled workforce and enhanced competitiveness for businesses and the region as a whole. Extensive clearance and re-building of poor quality neighbourhoods in the inner core presents an opportunity for the development of quality mixed tenure and value housing which attracts and sustains mixed economies. Key projects include the transformation of the Northern Quarter, New Islington and East Manchester.

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### Case Study: Regeneration of the Cardroom Estate, East Manchester

This area of Manchester, as many others, had been redeveloped in the seventies by clearing Victorian slums. However, its redevelopment proved unsuccessful as the area was isolated from the rest of the city (no roads) and crime was rife as it also proved to be a difficult policing zone. Nevertheless, a new regeneration and rebranding of the estate was planned. Development company Urban Splash was selected to oversee the demolition of the crime-ridden estate and the creation of a new area, renamed New Islington that contains 1,700 new homes. The regeneration of New Islington was chosen as one of the Millennium Communities[27]. Urban Splash held regular meetings with the residents of the estate and held votes on important questions of the project. This allowed residents to have an input in the redevelopment shown in the building of a number of houses and not flats as the development company had planned. What is also important about this regeneration is that the development company has come up with the concept of Tutti Frutti, where they have 26 canal-side plots of land for sale and each house built will be completely different one from the other creating a new street designed by its own residents.

In New Islington there will be a more community focused approach with communal areas that will attract all types of residents, a new health centre that will be the largest primary care centre in Manchester and they have also understood the importance of good quality education by improving the area's schools that has already proved to be a success with St Anne's becoming one of the most improved schools in the country[28].

**Lessons** - This shows an excellent example of how a brownfield site can be imaginatively developed with real community engagement and benefits. One of the challenges for future governments will be to develop a housing strategy which enables developments such as this to become an increasingly important part of urban living.

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It is not straightforward to suggest whether a statutory city region should be responsible for regeneration on its own, yet the link between regeneration and economic development is strong enough to suggest that at least some aspects of regeneration should be carried out at a city regional level in tandem with a focus on economic development.

26  Van den Berg, L., (2005) European cities in the knowledge economy: the cases of Amsterdam, Dortmund, Eindhoven, Helsinki, Manchester, Munich, Munster, Rotterdam and Zaragoza. European Institute for Comparative Urban Research.

27  Official models for How Britain should build its much needed new residential areas.

28  It has had 173% improvement in English, mathematics and science in the last 3 years.

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**Health** – Greater Manchester suffers some of the worst health statistics of any area in the country. For example, life expectancy is lower than the national average, the number of births to young or single mothers is above the national average, and infant mortality is above the national average. The standardised rate in Greater Manchester is around 59% higher than in the average for England and in north Manchester is nearly 78%. Greater Manchester has a major problem, as in most cities, with external and internal inequalities[29]. The health statistics are related to education and employment as well as a range of other factors, making solutions to these problems highly complicated.

## It is vital for Manchester to increase the skill level of its residents

Early intervention schemes are a useful way of tackling the problems at the root, but require complex cross-organisational collaboration and often funds which just are not available. Manchester, as with all other local authorities in the UK, have a significant problem with data sharing, which severely inhibits advancements in respect to ensuring that progress is monitored throughout the life cycle of a project. There may be a case to suggest that some strategic planning for improving health outcomes could be carried out at a city-regional level, especially where problems are common to all districts. Encouraging different departments to pool resources and deal with particular priorities poses a particularly difficult problem when the budgets are determined centrally with little room to experiment with preventative work. This problem is exacerbated by central targets and a punitive inspection regime. There is perhaps scope for central government to provide the city region with increased financial freedom and the ability to pool resources targeted at achieving the key priorities. However, there is no strong case to remove existing local powers over health.

**Education** – Manchester has a relatively high level of educational productivity with the presence of a pool of adequately skilled labour. But the deficit of control over policy and financial resources means it is not possible for Manchester to allocate resources to its own economic priorities. It is vital for Manchester to increase the skill level of its residents which should start with children in their early years, to ensure sustainable improvements. The MIER review recommends that there should be further city region level action to meet the objective of embedding educational improvement across the city region. There is an investment in the city's schools through different initiatives such as Primary Capital Programme (a 15 year build-up) and Building Schools for the future (BSF) that aim to improve building stock and facilities. There is £500m capital investment to rebuild, refurbish or replace 33 schools and they will have 7 academies located in disadvantaged areas.

In deprived areas the educational performance is low. Disparities in educational performance reflect and reinforce the geography of social segregation. Narrowing the gap in educational performance needs to be a key priority if current levels of spatial polarisation in Greater Manchester are to be reduced. Policies which impact upon the performances of schools serving the most deprived areas and admissions policies generally will both have a critical role to play[30].

Again, disparities in the level of education is a significant problem for Greater Manchester. The link with health, family life and early intervention are seen to be critical in reducing the gap. As with health, there may be an argument for pooled budgets and a greater integrated focus on unemployment and skills at the city regional level designed to address some of these problems, but there is no clear case to remove local control.

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29  Manchester NHS Annual Public Health Report 2006.
30  MIER(2008): Manchester Independent Economic Review Economic Baseline Study; Manchester Enterprises.

**Transport** – There is clear evidence from commuter patterns and the recent congestion charging referendum (see case study in introduction) that transport could and probably should be delivered by a statutory city regional body. The congestion charging bid clearly demonstrated both an equalising tendency of central government grant distribution, and a subsequent 'lack of teeth' amongst the districts (through AGMA) to deliver the optimal policy to build a greatly extended public transport network for Greater Manchester.

The Department for Transport is currently close to agreeing a strategy for transport powers for Greater Manchester with local authorities. Political leaders in Greater Manchester have been told they could be on the verge of a "very significant win" that would see the Government grant the conurbation Transport for London-equivalent powers and influence. The experience of Greater Manchester would demonstrate that this is necessary in order to ensure that economic and transport activity matches the governance arrangements.

**Skills** – Outside London, Greater Manchester contains the highest concentration of jobs in key knowledge-based industries (KBIs). The city region area also has access to a large and highly skilled residential population that emanate from its universities and higher education institutions but also from other parts of the country and beyond that are attracted to the city. However, a large proportion of graduates (especially from Manchester University) leave the city region and migrate towards the south east area. Greater Manchester city region's performance in terms of high skilled jobs and people is not matched by its productivity, which is comparatively modest. This is caused firstly by relatively high levels of people lacking qualifications within the whole of Greater Manchester and secondly by the productivity gap between different areas.

**Environment and waste** – Even though environmental issues are often considered a global problem, there is a general consensus that there needs to be a local approach to tackling these. In AGMA's Statutory City Region and Greater Manchester Strategy, one of the main aims is to "achieve a rapid transition to a resilient low carbon economy, investing in critical infrastructure to that and applying cross cutting climate change principles to procurement, transport and spatial planning."

<div style="border:1px solid green; padding:1em;">

### Case study: Waste in Greater Manchester

Greater Manchester's waste is handled by the Greater Manchester Waste Disposal Authority (GMWDA), one of the six statutory authorities created under the Local Authority Act of 1985 to carry out the waste management functions. The metropolitan boroughs covered by the authority are Bolton, Bury, City of Manchester, Oldham, Rochdale, City of Salford, Stockport, Tameside and Trafford. The Metropolitan Borough of Wigan however is only on the authority for administration purposes. It serves approximately 973,000 households and a resident population of over 2.27 million people.

The Greater Manchester Waste Disposal Authority has signed a 25 year Private Finance Initiative waste and recycling contract with Viridor Lang (Greater Manchester) Limited. This initiative will trigger a £640 million construction programme that will create a network of state-of-the-art recycling facilities over

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the next five years. It is estimated it will create 5000 jobs in the building trade and 620 jobs in Greater Manchester Waste based in Bolton. Its main aim is to divert more than 75% of Greater Manchester's waste away from landfill (that is one million tonnes of waste); which will be the greatest amount of diversion of all local authorities in the UK. The project has the support of all nine district councils and all 3 political parties.

**Lessons** – Greater Manchester has clearly shown that on waste, partnership based on localist principles has been a success. All districts are co-operating without the need for statutory powers. This is an example of partnership around delivery of well defined outcomes. The economic geography does not require partnership, but shared priorities have driven the development of partnership in this area. In short, partnership around shared outcomes works.

Local authorities have shown that they can have an effect on environmental policies, and that extra freedoms at the council level can have an impact. There is obviously clear potential for cross border collaboration on a range of policies from flooding to sustainable energy policy to waste. However, it is not clear that energy or environmental policy would benefit from being carried out by a statutory city regional body.

### The transferability of the Greater Manchester experience

Each city has different patterns of growth, development and prosperity. We have seen that the close historical relationship between the ten AGMA districts has been a real strength in forming a clearly defined geography for the prospects of a Manchester city region. However, other cities, although different in form and history, may share the same strength of argument to create a statutory city region for transport, skills and economic development. In our survey 58% of respondents from the Greater Manchester region thought that the existing political structures fitted well or very well with the current patterns of economic activity[31]. This is the roughly in line with respondents in or near cities from all over the country (see graph below) making the case for other areas equally as strongly.



*Graph: How well do the existing political structures reflect the real economic patterns of activity in your area?*
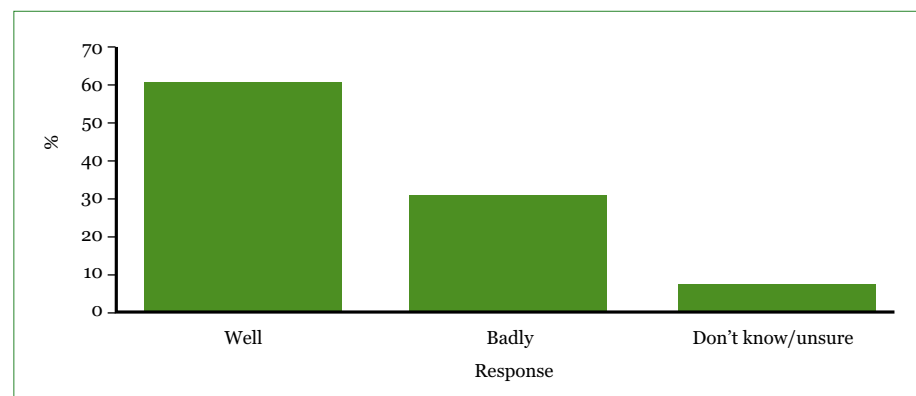
31 Based on 31 responses from 10 districts.

263 people answered the question on how political structures could be improved. There were a huge number of different suggestions for how to improve the political structures, and almost all of them are not included below. There did seem to be a relatively strong opinion however, that becoming a unitary authority would be a solution to make the councils' activity match the economic activity of the area. As with the concept of a city region, this to some extent recognises the need for governance structures to more closely represent economic activity. However, as we have discussed in this report, not all activity sits naturally at this level.

| How can political structures be improved | No. of people |
| --- | --- |
| Become a unitary authority | 24 |
| Less central government control | 11 |
| Redraw boundaries | 10 |

*Table: Sample of survey responses on how to improve political structures*

**Summary – On balance, does city regional status achieve this aim?**
There have been a number of critical successes in the growth of the Greater Manchester economy. As we have seen, the mature relationship with the private sector has led to the evolution and growth of organisations such as MIDAS and Marketing Manchester which have successfully promoted economic growth for all ten districts. The commuter patterns and economic geography make a strong case for economic development to take place at the city-regional level. The great potential benefits of such a body would be the ability to plan strategically for the region as a whole and improve the coherent image of the city for external investors.

One potential source of tension between the districts in the development of the city region will be a consideration of the extent to which funding will be prioritised to achieving growth for the benefit of the wider region, with potential for other areas to be neglected. Nevertheless, so long as councils sign up to the agreement and understand that a city region will have strategic powers over investment, this should not be a problem. If this level of mature collaborative agreement can be agreed, which looks likely, then it would make sense to devolve powers and funding from regional development agencies back down to the city level.

Over the course of this chapter, two themes have emerged. Firstly, governance should lie at the lowest level, which in the case of economic development (including regeneration, transport and skills), is at the city regional level. Secondly, where there are common priorities across all councils, there is no need for statutory powers to lie at the city regional level. In the case of Greater Manchester, there is a common agreement that economic development is a priority across all ten AGMA councils, and statutory status may not even be needed (see for example the case study on Manchester airport). However, occasionally, local authorities try to protect their position which goes against what is of benefit for the wider economic area, and in these occasions, statutory city regional status may be required to ensure the stability of funding (see case study on failed TIF bid).

In education and health the intractable problems pose particularly difficult challenges which only a focus on outcomes can achieve. It may be useful for the government to relax legislation and the pooling of budgets in these areas so that the region as a whole can focus on the key outcomes which the city requires, especially around early intervention and data sharing.

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However, it is less clear whether more local services such as education, health or social care should be carried out at the city regional level. There are links between all services and the departmentalisation of different services which only enhances the blurred lines of responsibility. The city region should focus only on those service areas which are designed to work across institutions to deliver the outcomes for the city region as a whole, or where there is full mutual agreement that a service will be delivered better at the city level.

We make the case for the fact that by focussing on a meaningful geography at which to carry out services, the equalisation debate becomes easier, and fits within the broader context of economic development for the coherent region. Nevertheless, the growth in disparities between different areas within the city may be an area of tension for the future.

## Recommendations

- Greater Manchester should take control of all powers for economic development, transport and skills from central and regional government.
- Greater Manchester requires extra powers from central government in order to tackle the growth in wealth disparity between the poorest and richest areas of Greater Manchester. Greater Manchester should explore the option of devolving responsibility for welfare and employment with central government. Central government should look to extend this to other parts of the country too.
- The health and education bodies in Greater Manchester require a removal of legislative barriers to share data in order to achieve its early intervention ambitions.
- Greater Manchester should have powers over transport akin to Transport for London. These powers should, at the very minimum, be extended to other major cities.

## Proposition 3: Delivery of strategic political aims should benefit all residents and neighbourhoods

Under this localist proposition we explore the extent to which a city region can deliver on achieving the strategic political aims of the Greater Manchester region more effectively. As we have found in the previous chapters, the extent to which a city region will deliver better outcomes is likely to be strongly related to the number of freedoms and powers devolved from central to local government. But there may also be opportunities for the city region to also assist on its shared priorities by pooling funds and levering in extra capital from external sources. We will explore this by looking at each of the strategic aims of the council and determining the potential for additional benefit from city region status.

*Strategic aims – Is there evidence that a city region will deliver on all of the strategic aims?*
The strategic aims set out for the city region are:

**Radically improve the early years experience in the most deprived areas** – All the Greater Manchester districts are in the worst 50% as measured by the Index of Multiple Deprivation whilst the rest of the city-region comprises relatively prosperous local authority areas[32]. Deprivation has been identified in the heart of Manchester City Review (MCR). It is these deprived areas where unemployment is at its highest and where less skilled labour is found. MIER says that in terms of attainment scores, the gap with the Greater Manchester average has neither widened, nor narrowed between 2002/03 and 2005/06 but problems still persist in most deprived areas (as the greater improvement have occurred in what MIER call the gentrifier or transit areas).

There are a number of key factors, shared across the country, which have led to slow progress on this. Firstly, the focus of public services is more about dealing with situations as they are presented rather than about preventive schemes. Second, there is a high level of risk aversion in the public sector. Public bodies operating locally cannot experiment with innovative schemes including early intervention because central standards and inspection limits any significant change. This is especially true when costs are unlikely to be recouped in the short term, and may take several years to return back into the system. Third, there is very little collaboration between public bodies on tackling, directly initiatives such as this. This is partly to do with the barriers to sharing information, and partly to do with insufficient financial flexibility to be innovative. This requires a much larger pooling of resources targeted at directly achieving these outcomes. Therefore the problems in Greater Manchester are not unique, and need to be fundamentally revaluated if significant progress is to be made.

There is an opportunity with the city region to begin to address some of these existing problems with the status quo. Extra flexibilities should be passed onto existing institutions within the city region, including the districts, health authorities, schools and others. Unless government is willing to significantly relax legislative barriers, it is unlikely that significant progress will be made.

**Drastically increase the proportion of highly-skilled people in the city-region** – The number of highly skilled people in the city region is related to the quality of jobs, the quality of educational establishments and other factors which keep highly qualified people in Greater Manchester once they graduate. Manchester has already attracted a great number of skilled people to the city through development and investment into the University. The number of quality jobs is related to the ability to attract new business and development into the city.

32  MIER (2008).p.32.

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Greater Manchester has had a good experience so far through organisations like Marketing Manchester and MIDAS, but as we discussed earlier, it is possible that by coordinating this economic activity through a city region, investment and development could be enhanced.

**Attract, retain and develop the best "talent"** – Greater Manchester has shown that it can attract talent to the universities and other institutions already. There is an opportunity with the city region to encourage more talent to locate in some of the outer districts of Greater Manchester. Beyond the impact of the city region on economic development, it is unclear as to whether there is much more that a city region will add to achieving this aim.

**Significantly improve transport connectivity into and within the city region** –Transport has improved in the Manchester city region shown by the construction of the Metrolink light-railway system that carries nearly 20 million people a year. However, when its expansion warranted implementing a type of congestion charge in the city centre it showed that all AGMA members did not agree and that Manchester's citizens did not approve either (see case study). Therefore, a city region with a sufficiently robust decision making force will be a significant step forward to achieving this aim.

**Housing policy needs to be more flexible to respond to market demands and the need for quality and affordable homes in sustainable neighbourhoods** – There has been an increase in house prices all over the city region area and especially in those isolated areas that poses a problem for its inhabitants. There is good practice across the city, yet there are also a number of restrictions to housing policy from central government. Local government should be able to manage its own housing stock far more flexibly, and should also be able to adapt to differing economic conditions across the country, especially in regard to supporting people into quality affordable homes. This too is the case in Greater Manchester.

The city region poses a potential opportunity for central government to remove unnecessary restrictions on the free management of housing amongst local authorities. However, whether social housing should be administered at the city regional level is not necessarily recommended. But there is certainly an opportunity for the city region to get involved in this debate, especially if there are any potential opportunities to devolve powers away from Whitehall.

**Achieve rapid transition to a resilient low carbon economy** – There may be some scope for the city region to assist the districts in meeting this aim, and by ensuring the rapid spread of good practice. However, AGMA has already shown that it can deliver on achieving this aim without statutory control over the districts. However, extra financial freedoms will lubricate relationships further and provide extra incentives to move to a low carbon economy faster.

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**Increase the international connectivity of Manchester's firms, especially to the newly-emerging economies** – Organisations such as MIDAS are already doing some good work in this field, but the unified brand of the Manchester city region combined with extra potential funding and the Universities should help to encourage international connectivity.

**Expand and diversify the city region's economic base through digital super-connectivity** – This should be possible under existing arrangements.

**Review city region governance to ensure effective and efficient delivery mechanisms** – Considerations include changing the voting system and considering new types of leadership.
**Continue to build Manchester's unique identity and sense of place** – This cannot be enhanced by a city region. The sense of place and identity is formed through the history and vision for the city. However, care must be taken to ensure that the economic vision for Manchester takes full consideration of the geography, skillset and identity of Greater Manchester.

We can see from the table below that not all the strategic priorities are shared across all ten districts. While this is not necessarily a problem, it is important that before strategy is formulated there is at least a consideration of the potential conflict further down the line when one district's resources are used to invest into areas which it would otherwise not have done.

| | **Improve early years experience in most deprived areas** | **Improve highly skilled** | **Retain, attract and develop best talent** | **Transport Connectivity** |
|---|---|---|---|---|
| Agma | yes | yes | yes | yes |
| Trafford | More general policy statements[33] | | | |
| Wigan | yes | yes | no | yes |
| Manchester | yes | yes | yes | yes |
| Tameside | | | | |
| Stockport | yes | | | |
| Salford | yes | yes | no | yes |
| Rochdale | yes | yes | no | yes |
| Oldham | yes | yes | no | yes |
| Bury | yes | yes | no | no |
| Bolton | More general policy statements[34] | | | |

| | **Transition to a low carbon economy** | **Diversify economy** | **Expand and diversify the city region's economic base through digital super-connectivity** | **Sense of place** | **Housing** |
|---|---|---|---|---|---|
| Agma | yes | yes | yes | yes | yes |
| Trafford | More general policy statements[33] | | | | |
| Wigan | yes | yes | no | yes | yes |
| Manchester | yes | yes | yes | yes | yes |
| Tameside | | | | | |
| Stockport | | | | | |
| Salford | yes | yes | no | yes | yes |
| Rochdale | yes | yes | no | no | |
| Oldham | no | yes | no | no | yes |
| Bury | yes | no | no | yes | yes |
| Bolton | More general policy statements[34] | | | | |

*Table: Comparison of district and AGMA policy*

33  Policies could not be easily distilled into discrete areas.
34  As above.

The future of localism in Greater Manchester

### *The transferability of the Greater Manchester experience*

The priorities for Greater Manchester are not unique. The desire to create a strong and resilient local economy, combined with enhanced powers over housing, the environment, transport and skills are common across most local areas. In our survey we found that most respondents actually found that the existing political structures were sufficient to deliver the key priorities of the council. However, 25% of people thought that the existing structures were not sufficient. This compares with 72% of GM authorities who believe that their existing structure have delivered on the key strategic priorities.
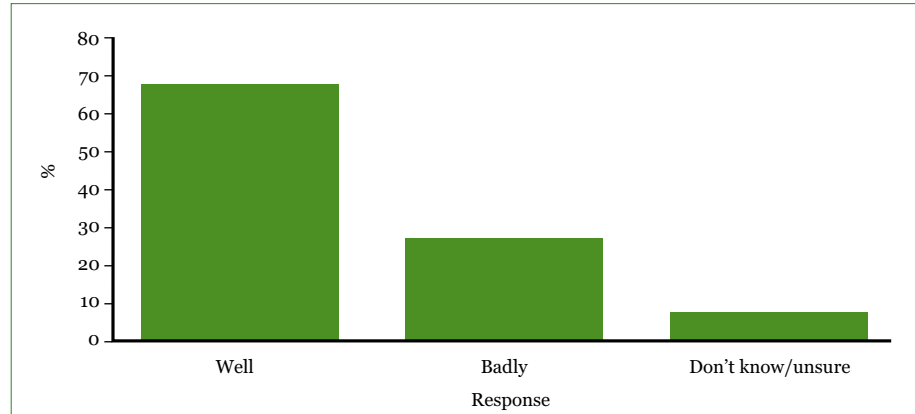


*Graph: Responses across England to the question: 'How well do you think the current political structures have performed on delivering the key strategic priorities for your area?'*

Respondents were then asked about how this could be improved. 248 people replied to this question, and the majority of people thought that devolution and increased funding were the key solutions to ensuring that the key strategic priorities are delivered better.

| What changes are required to deliver key priorities better | No of people |
|---|---|
| Devolution | 44 |
| Increased and fairer funding | 27 |
| Become Unitary authority | 10 |
| Improved communication and co-ordination between departments, districts, etc | 10 |

*Table: What changes are required to deliver key priorities better?*

### *Summary – On balance, does city regional status achieve this aim?*

Overall, city regional status will help to achieve one or two of the city's priorities if responsibility and funding for economic development and transport are devolved. However, to achieve the aims of improving early intervention and control over housing, central government is going to have to give away significant powers to councils to tackle these problems effectively.

Recommendations

- The government should grant Greater Manchester with powers to shift investment onto a focus on the key priorities of Greater Manchester. This will require flexibilities over front-loading investment into early years intervention, pooled budgets and shared access to information.
- The government should relax its inspection regime in Greater Manchester. Investment into early years intervention is likely to take some time to penetrate the system. The current inspection regime is causing a culture of risk aversion.
- The government should reduce restrictions on social housing to allow the districts of Greater Manchester to manage its housing stock as it sees fit.

## Proposition 4: Artificial boundaries between front-line public organisations should be broken down to deliver better outcomes and value for money

This localist proposition suggests that a large proportion of the inefficiency in the public sector is due the high level of duplication and bureaucracy between different organisations operating at the local level. We suggest that the public sector needs to fundamentally review how it operates with a change in focus from structures to diverting and focussing resources on achieving the key outcomes for the area. This section will discuss this idea in the context of whether a city region will add to the level of bureaucracy or help to reduce it.

*Will the city region divide existing institutions and make them more bureaucratic?*
Government interventions in cities have thus far occurred on many different spatial levels (national, regional, sub-regional, local and neighbourhood). This dispersal of functions and funding up and down the governance ladder is inefficient. It hampers the effective design and delivery of strategic policies[35]. Successful governance arrangements instead rely on the ability for creativity to be fed up the hierarchy rather than being fed downwards. Both public and private stakeholders believe that cities are handicapped by a complex, over complicated public finance system. Therefore, the extent to which a city region will genuinely solve problems based on the priorities of Greater Manchester depends strongly on the extent to which public organisations can come together with pooled budgets to deliver on outcomes rather than operating as institutions or government departments.

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### Debate: Structures vs Outcomes

**Structures** – The last twenty or thirty years in the public sector have been characterised by an approach to policy which has essentially seen the creation of new institutions or organisations in order to solve emerging problems. We have seen a rapid growth in the number of public sector bodies or quasi public sector bodies (quangos) such as regional development agencies (RDAs) which have repeated or distorted the roles and functions of existing bodies. The reality is that such organisations do not solve those problems, but actually create another level of bureaucracy and cost.

**Outcomes** – A focus on outcomes with the corresponding funding streams ensures that existing public bodies work together to solve a particular problems. The other advantage of such an approach is that it can also capitalise on the expertise and knowledge of the private and voluntary to help in achieving the desired outcomes.

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**Cross border collaboration** – One area of relative successes throughout the UK has been the concept of a multi-area agreement (MAA). Common themes included in the multi area agreement are: the weak skills base, increasing economic productivity, reducing unemployment, increasing the supply of homes and providing other infrastructure needed for economic growth. Although multi area agreements have demonstrated some utility in other areas, to a large degree they were simply seen as a duplication of the good work that had already been achieved in Greater Manchester.

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35 Mulgan, G. And Bury, F (Eds) (2006) Double Devolution: The Renewal of Local Government, London: The Smith Institute.

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### Definition: Multi Area Agreement (MAA)

A multi-area agreement is designed to be cross-boundary local area agreement (LAA). They bring together key players in flexible ways to tackle issues that are best addressed in partnership – at a regional and sub-regional level. The major issues that MAAs can tackle include:

- Skills deficits
- Housing market imbalances
- Transport and infrastructure projects
- Economic development.

MAAs complement and do not duplicate the work of existing LAAs, the new performance framework or existing regional strategies. An MAA is not required where existing sub-regional partnerships are sufficient. The wider spatial level can include partners across towns, cities or sub-regions. MAAs are similar to LAAs in that strategic partners across boundaries can agree targets and pooling of funding arrangements with their government office (GO). There is a particular attraction to aligning rather than pooling funding at MAA level to ensure control of spending.

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Nevertheless, Manchester's MAA was in the first wave and has radically overhauled its governance arrangements and created seven strategic commissions bringing together leading members and partners to address the key issues facing the conurbation. But working at this level isn't easy. Firstly, there is a realization among GM chief executives that relatively few people are fully engaged. Second, there is also a need to create a culture in which the spatial consequences of strategic decisions are better understood, enabling difficult decisions to be taken in the interests of the whole conurbation. Effective leadership is the key to this, but leadership with different elements from those needed at local authority level. AGMA recognized this and commissioned Shared Intelligence to design and deliver a leadership development programme to support the city region.

**Joining up services** – The success of the city region will depend quite significantly on whether or not it will simplify service delivery towards achieving key outcomes rather than in adding an extra layer of bureaucracy. One potential solution would be for the government to assist with the idea of pooled budgets, which may go some way to addressing the departmental approach currently taken by public sector bodies. The 'Total Place' initiative currently underway is designed to look at the totality of budgets in individual areas and look to make savings. This initiative could easily be combined with the idea of pooled budgets to allow most effective cross border collaboration to occur, with a by-product of significant efficiency savings. The role of the city region could be to oversee this initiative, but ultimately not get involved in any form of delivery, thus helping to simplify processes and leaving structures as the status quo.

**Value for money** – The potential for the 'Total Place' initiative to deliver on the most important outcomes for the local area should not be understated. However, the initial pilots in places such and Cumbria or Leicestershire have also shown the potential to save significant sums of money too. The government should look to ensure that the 'structures' or 'departmental' approach to service delivery does not inhibit the best delivery of outcomes or the ambition to deliver significant savings to public expenditure.

### The transferability of the Greater Manchester experience

The level of duplication and bureaucracy is not unique to Greater Manchester. As we can see from the graph below, almost 50% of people across the country have experienced high levels of duplication or confusion. Clearly, Total Place and pooled budgets would be desirable in all councils, especially when working across borders with existing initiatives such as MAAs.
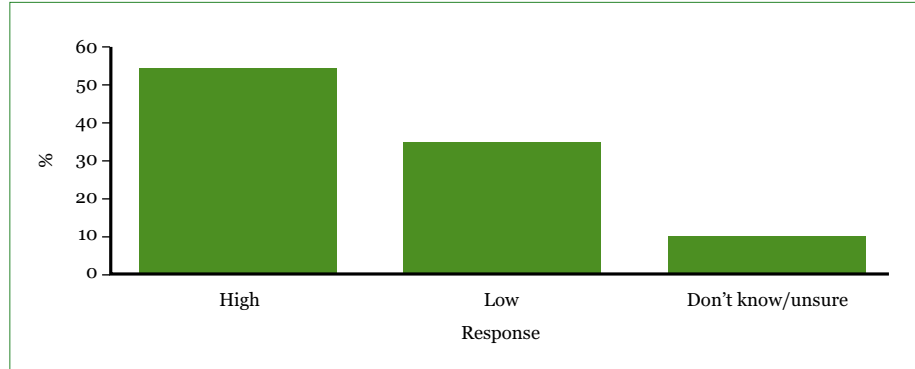


*Graph: Responses from across England on 'How high is the duplication or confusion between various public bodies operating in your area?'*

| How might duplication and confusion be reduced | No of people |
| --- | --- |
| Closer workings, cross-border interaction, partnerships | 36 |
| Become a unitary authority | 31 |
| Abolish/reduce unelected and unaccountable bodies | 21 |
| Reduce levels of government and increase clarity between them | 20 |

*Table: How might duplication and confusion be reduced in your Council area*

### Summary – On balance, does city regional status achieve this aim?

Overall, a city region again has the potential to deliver on reducing the levels of bureaucracy in Greater Manchester, depending on how far central government is prepared to take it. It could for example be responsible for oversight of Total Place and the pooled budget for delivering key priorities across all districts.

Recommendations

- RDAs and other quangos should devolve functions to their biggest city-regions.
- Powers over pooled budgets and the successes of the total place initiative should be extended to other local areas, and the government should ensure that it completely roles back its 'departmental' approach to service delivery.

## Proposition 5: Accountability through democratic processes should be stronger and clearer

Under this localist proposition, we explore the idea that accountability through democratic processes should become stronger and clearer under proposed changes to the structure and governance of the city region, and that it should do so for all areas of Greater Manchester. We explore this proposition by looking at the leadership models which provide the highest level of accountability, and whether leadership is confused when there is more than one body involved in the final decision making process. We will also explore the potential for residents' voices to be heard under the different models, and influence decisions in a way which enhances political representative decision making.

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### Definition: Accountability

Accountability is the assumption of responsibility for a particular action or decision given to a body, A, who is then obliged to inform and justify to another body B. In this case B is the public, and A can be any governance structure. The important feature is that the assumption of responsibility is clearly defined for A, and that the strength in numbers of B is maximised.

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### *What type of leadership leads to better accountability?*

The continuity of leadership in Greater Manchester has been frequently cited as an important factor in ensuring that there is a strong and consistent vision for the city. As we have already seen, Greater Manchester's AGMA board has been a great success, and has enabled plans and developments to take place in the interests of all ten districts. But the one example of where AGMA did not deliver was in the failed transport investment plan and subsequent congestion charging. Although the position was partially recovered in terms of investment into the transport infrastructure, there were a number of question marks raised about the governance arrangements. These question marks can be traced directly to the concept of a statutory city region.

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### Debate: Statutory vs non statutory powers

**Statutory powers** – It is argued that statutory powers at a city regional level will allow Greater Manchester to plan at a strategic level on a number of shared goals. By doing so, it will be able to overrule the districts on certain issues and enact change. Proponents of the statutory city region would argue that the economic geography of Greater Manchester provides more of an opportunity to reap the rewards of growth in the region as a whole than by the districts acting alone. Furthermore, they would argue that rational choice would naturally lead the district councils to block any proposal unless each and every district was to benefit in exactly the same proportion. This was similar to the real situation in the TIF bid.

**Non statutory powers** – Yet those who argue against the need for statutory powers highlight the plethora of successes that AGMA has achieved on a range

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of investments. They argue that statutory status is a non-localist proposition because it has the potential to overrule the local councils, who by definition, have their residents interests at heart. They also argue that it would be possible to achieve the same level of oversight through a change to the voting system. Currently AGMA operates by requiring a majority to push through decisions. But it could potentially be feasible to create a mutual agreement that the voting majority should change, or different districts had different voting weights based on population, or some councils had a veto. Either way, providing the AGMA board with more teeth may not actually require central government to pass 'statutory' powers onto the governing body.

Furthermore, the Lyons Report finds that local government has adequate statutory powers – and that the key to devolved powers is to allow: "Localities to be able to express 'postcode preferences', especially when prioritising and spending their own resources." For this to happen, the centre must be clear about what it does, and help the public to better understand what local government is and should be doing.

Many councils, as well as the Local Government Association, believe that devolution will require additional statutory powers, as well as greater flexibility over budgets and implementation. As we have already argued, statutory city region status appears to be a means by which central government can pick and choose which councils have access to such powers. We have already suggested that these powers should be given to all cities, and where relevant, all councils too. Yet statutory status is also to some degree a recognition that powers should lie at the most meaningful spatial level. Therefore the question as to whether this kind of model is more or less accountable to local residents relies firstly on whether activity at that level makes sense to them; and secondly, whether the public sector makes an active attempt to inform residents more robustly. We have already argued that financial freedoms combined with city-regional responsibility for economic development, transport and skills would solve the first problem; but solutions to the second part of the equation require further examination.

**Improving the visibility of leadership** – Any questions over the best type of leadership to increase accountability would require that form of leadership to inform more people about their work and their responsibility. Many argue that mayors are the most visible and accountable form of leadership, and are the solution to the problem of accountability. There is no doubt that the high-profile mayors, such as in London or New York, have increased public awareness. They are highly visible, and are seen as a means of cutting through red tape and bureaucracy. What is significant about mayors is the fact that alongside the legal and resource constraints placed on urban leadership, mayors (especially directly elected ones) can claim a democratic mandate that many prime ministers do not share[36].

But across the rest of the UK, mayors are politically difficult and controversial. Many existing city leaders argue that they are not necessary as existing leaders are already high-profile. And while incumbent city leaders are inevitably going to oppose the idea, they may have a point. A mayor without the corresponding powers may be the worst of all worlds, increasing visibility without sufficient

36 McNeill, D. (2001), Embodying a Europe of cities: geographies of mayoral leadership. Institute of British Geographers: 33.4, 353-359.

control over how to enact the change demanded by the public. A recent Localis paper[37] debated the pros and cons of directly elected mayors, and found that there is not a one-size-fits-all approach to city governance. Looking internationally, there are many approaches to leadership which could also address the question of improving visibility.

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### International case study: Voluntary organisation in Bologna

In 1994, 48 municipalities and the province of Bologna signed the *Accordo per la Citta Metropolitana* (ACM). The main political body of this (Conferenza Metropolitana) is composed of all town mayors and is presided over by the province's president. Each municipality is free to withdraw at any time and may participate if it chooses. The Conferenza is a voluntary instrument of consultation for local authorities on the main political decisions. Since its creation, it has dealt with the main problems in the areas of transparency, services, hospitals, education, infrastructure, sustainable development[38]. Has it been a success? One of the first tasks of this public-public partnership was to integrate public services at a metropolitan level. As a result, services formally delivered by a great number of companies have been entrusted to a sole metropolitan firm and agency, and costs have decreased substantially.

**Lessons** - AGMA type structures have been found to work in other countries. Non statutory organisation has allowed the creation of structures which are specific to the metropolitan level and are administratively light. It serves as a forum where all the municipalities can participate including even those who are not members. It shows that voluntary structures can work.

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Improving the visibility of leadership also requires an active rather than passive approach to involving and informing residents about the work of the public sector. There are many examples both in the UK and abroad about the different approaches to this, but it seems as though accountability can be improved without the often cited city-mayor approach.

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### Case study: Participatory budgeting in Greater Manchester

Participatory budgeting is an idea that originated in Brazil in the 1980s. It allows the citizens of an area (neighbourhood, regeneration or local authority area) to participate in the allocation of part of the local council's or other statutory agency's (health services, police) available financial resources. Among the aims of participatory budgeting are to increase transparency, accountability, understanding and social inclusion in local government affairs.

Greater Manchester was host to two PB pilots in the neighbourhoods of Brinnington (Stockport) and St Peters (Tameside) giving local residents a greater voice in local policing matters and improving community safety. Local community

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37  Localis (2009), 'Directly Elected Mayors', http://www.localis.org.uk/article/263/Directly-Elected-Mayors.htm .

38  Province of Bologna's official website: http://www.provincia.bologna.it/probo/Engine/RAServePG.php/P/254610010404.

groups and organizations were invited to submit proposals for such projects which local residents then voted on at a "decision day" event. The proposals with the most votes were awarded funding. The pilots increased community engagement as over 98% said they would attend a similar event in the future.

**Lessons** – Participatory budgeting can increase the awareness of residents about the political decision making process without the need for a mayor. There are a whole host of other ways of allowing residents into the decision making process which Greater Manchester and other cities and councils could extend to those who are not members. It shows that voluntary structures can work.

### The transferability of the Greater Manchester experience

The maturity and operation of AGMA is one of the outstanding lessons to be learned for any other aspiring city region. The voluntary cooperation of all ten districts, even before the multi-area agreement (MAA) framework was introduced, is admirable. Clearly there have been some difficulties to work though, and new ways of improving accountability are required. Devolved powers, both for Greater Manchester and other cities is one part of the equation, but increasing the visibility of the work of local government is a large component to balance the other side of the equation. This is common across all cities and councils across the UK.

There is clearly a demand to improve the level of accountability in Greater Manchester and elsewhere, with 51% of GM respondents rating the current level of accountability quite or very strongly, just short of the national average of 61%.
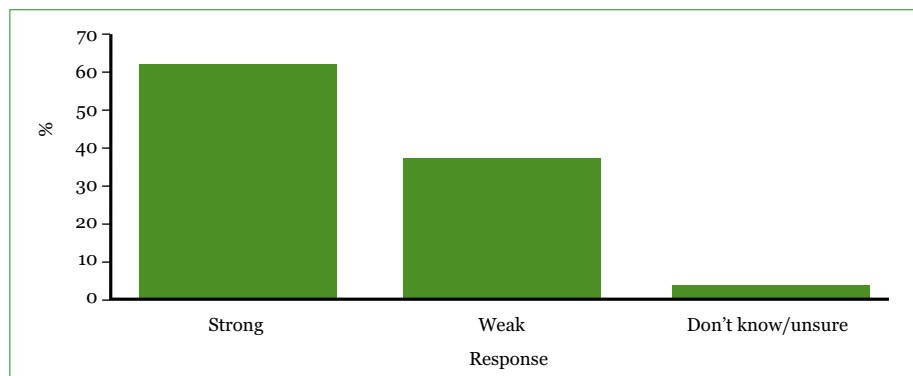


*Graph: Responses from councils across England when asked 'how strongly do you rate the level of accountability to residents in your current political system?'*

Respondents were also asked how they would improve accountability. Out of 246 responses, the most commonly cited were 'engage local people', 'devolve power' and 'increase transparency in decision making'.

| How to improve accountability | No of people |
|---|---|
| Engage local people, increase communication and voting | 41 |
| Devolution | 20 |
| Increase transparency in decision making | 18 |

*Table: How to improve accountability*

*Summary – On balance, does city regional status achieve this aim?*
In summary, it is not necessarily clear whether a statutory city region will add more to the accountability of Greater Manchester. It is also not absolutely clear that the city region would always act with more of the interests of the residents than AGMA does already. However, it was clear that the vote over congestion charging pushed the current system to breaking point, and that something about the governing arrangements needed to change.

Changing the governing arrangements is one option for improving the visibility of the governance of cities in the UK. Directly elected mayors are the most commonly cited solution to this end. Yet a highly visible individual with limited responsibility could be the worst of all worlds. Devolving more powers is clearly the most significant step to ensure greater accountability, followed by ensuring that residents are informed, and where appropriate involved in decision making.

The desire to have a statutory city region is primarily driven from central government, who need to be confident enough in the governing arrangements in order to devolve further powers to that level. It may not be so much about governing as it is about representing a degree of trust in a city to enact change.

The statutory status of the governing body may be more about appeasing central government than it is about pushing decisions through for the greater interest of residents. Changes to the voting system, combined with initiatives to make public office more visible are a good way of improving strategic decision making and enhancing accountability. Capitalising on existing local knowledge, and spreading that knowledge is also an effective mechanism for improving both accountability and delivering on the key outcomes for the city.

## Recommendations

- All cities and local government bodies should explore ways of engaging local residents, informing them of the decision making process and increasing transparency.
- Referendums for directly elected mayors should not be imposed on cities unless they are first given sufficient powers and control from central government to enact the changes demanded by residents.

## Proposition 6: Local knowledge capital should be captured to deliver spread of innovation and improve governance structures

This localist proposition says that 'people know best', or in commercial terms 'the customer is always right'. Front line staff and the general public are more likely to know about how to improve the system than those people who are to a lesser or greater extent, detached from it. An efficient system capitalises on that knowledge and expertise to improve the efficiency of that system. By devolving responsibility for innovation to as low a level as possible, it is possible to improve outcomes in an area. This section will explore the extent to which a city region can better capture this local knowledge and expertise to improve the structures and processes of Greater Manchester and other cities.

*Will innovation spread more quickly and easily?*
Greater Manchester has already shown that it values innovation.

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### Case Study: Manchester Independent Economic Review (MIER)

The Review was commissioned by Manchester's Commission for the New Economy (formerly Manchester Enterprises), the economic development agency for Greater Manchester. The report was launched in June 2008 by Hazel Blears and Chancellor of the Exchequer Alastair Darling, and was the first independent economic review of a city region to be undertaken in Europe. Its main recommendations coincide with city-region's strategic priorities (such as improving early year's experience), it also highly recommends the easing of planning restrictions and finally that policy areas such as housing and economic development should be evaluated at city-region basis.

**MIER findings on innovation** – Large numbers of firms identify themselves as having no trading links with other firms in the City Region. The strong connections to firms outside the region means that creative businesses have good access to innovative ideas, but their lack of internal networks means the spread of these innovations within Greater Manchester is limited.

MIER finds that there is a lack of innovation endowments in the Manchester city-region underlined by limited private sector research and development, specific firms and limited non-university public sector research and development capacity in the city-region, as well as a lack of internal linkages which allow innovation to spread across and become "domesticated" within the city[39]. MIER finds that innovation spreads across the network most effectively when firms engage in the exchange behaviour. When firms or partners come together in collaborative relations, these allow a collaboration and exchange of ideas and information. Increasing connections improves the chances of generating cascades of innovation whatever the characteristics of the firms or other organisations[40].

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39  MIER(2008),P. 7.
40  MIER (2008),.p.8 .

> **Lessons** – Greater Manchester has already demonstrated an interest in learning about the innovation patterns in the private sector through the commissioning of MIER. There are no significant internal institutional barriers to improving this further in the public sector, other than a reduction in data sharing legislation from central government.

Where good practice has been identified to a problem common to all districts, there is potentially a role for the city region to encourage other areas to take up the idea, with statutory backing if necessary. There are a whole host of ways that the city region could begin to think about how to foster a culture of innovation, from financial incentives to changes to the way that services operate. However, there are already a number of existing national initiatives such as the 'beacon' scheme, operating through IDeA which could be utilised far more effectively. It is important that the city region, in mandating certain aspects of good practice, that it doesn't end up stifling innovation.

> It is important that the city region, in mandating certain aspects of good practice, that it doesn't end up stifling innovation.

At a Localis/Audit Commission roundtable discussion held in 2008, there were a number of priorities which emerged for capitalising on local knowledge including the following. These ideas came from experts from a range of organisations involved in this field.

> ## Findings of Localis roundtable discussion held with the Audit Commission
>
> **Internal structural/organisational modifications**
> - Reforming professional training to include both a greater understanding of innovation and how it can be captured, as well as widening the understanding to a greater number of people in local government and the public sector more widely
> - Creating 'space' and 'strategy' to focus innovation within the organisation. This could include building innovation time into the employment structures
> - Improve and ensure a greater clarity of roles within the organisation
> - Creating a clear innovation process for every organisation including an ideation stage, an evaluation process and then a sound portfolio management of all innovative ideas throughout the organisation
> - Creating different, flatter organisational structures which mix up professions and groups of people to learn from each other
>
> **Customer/Citizen focus**
> - To get citizens more directly involved in the whole political process,

including service design, identifying need, and to ensure that compliance with legislation is not the priority

- To involve more external organisations such as voluntary and community organisations to act as advocates for user groups, challenge the status quo and to foster a greater degree of risk taking

**Performance assessment/Targets/Central and local relationship**

- Focus needs to be shifted to outcomes, and not process
- Central government should allow local areas to decide their own priorities and have the financial and regulatory freedom to do so. Central prescription on delivery should be scaled back or removed.

**Addressing the culture of risk aversion**

- Create a safe space away from the 'normal' job in which to generate ideas, and aim to isolate risk
- Establish a local government 'innovation incubator' in order to test ideas in small areas so as to reduce the overall risk associated with piloting a scheme over much wider areas.
- Improve evaluation and risk management, and legislate to spread risk
- Encourage more funding partnerships with voluntary sector organisations where they can accept greater risk. Also encourage a greater willingness from central government to share the risk of innovation with local government through joint financing

**Dissemination, relationships and collaboration**

- Independent public bodies, and inter-organisational networks should be given an 'innovation' remit to help share 'next practice'
- Councils should attract, hire, develop and incentivise real innovators
- There is a need to define 'innovation step change' vs 'incremental improvements'
- Government to enact the changes demanded by residents.

These lessons and the experience of Greater Manchester show that the culture of innovation has already begun. There are some question marks over whether a statutory city region will really add to this beyond allowing legislative barriers to be overcome. Nevertheless, this is no small feat, and if replicated across the Country, a reduction in, for example, legislative barriers to information sharing, could kick-start a wave of innovation across the public sector.

### *The transferability of the Greater Manchester experience*
In terms of capitalising on existing knowledge and expertise, the experiences of Greater Manchester are by no means unique. The problems found across the Country can be related to both cultural barriers and a lack of freedom from central government to innovate. The survey responses show that only 50% of respondents felt that their council were innovative at all, compared with only 38% in Greater Manchester.
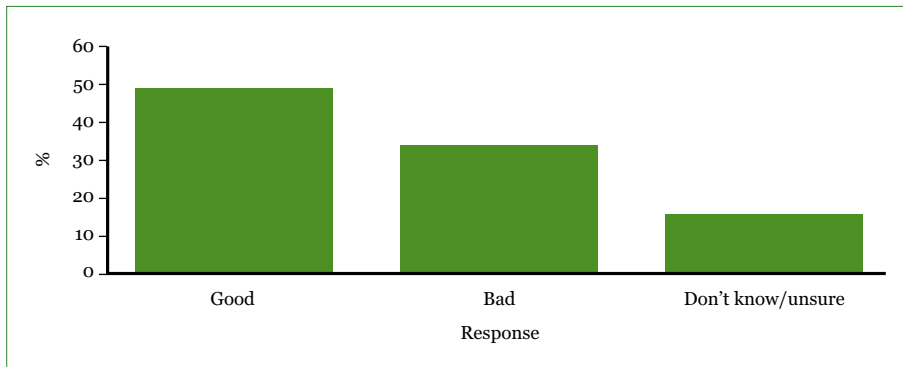
*Graph: How do you rate the level of innovation in your area and the speed at which it is spread to neighbouring areas?*

However, there was a relatively strong degree of consensus about how to improve the spread of innovation, especially around the need to share information and communication. It is in that regard that legislative barriers to the spread of information should be removed, not just in Greater Manchester, but across the Country.

| How might the spread of innovation be improved | No of people |
|---|---|
| More learning, exchange of information, communication | 49 |
| Funding and tax incentives | 15 |
| Devolution and less government interference | 9 |

*Table: How to increase the spread of innovation*

### Summary – On balance, does city regional status achieve this aim?
In summary, city region status alone will not achieve this aim. It requires a much higher level of information sharing, as well as addressing cultural and organisation behaviours. However, enhanced powers from central government will more likely aid the rate and spread of innovation.

### Recommendations

- Central government should look at reducing legislative barriers to sharing information between public bodies in Greater Manchester, especially those which inhibit achieving the main strategic aims for Greater Manchester. This should then be extended to other councils.
- Greater Manchester should work closely with existing bodies to assist in ways of accelerating innovation and the spread of innovation.

Chapter 3:

# Lessons from Greater Manchester

Throughout this publication we have demonstrated that Greater Manchester has already delivered on the localist propositions against which we have tested it. Once the most modern city in the world, today it is trying to shape its identity in a post-industrial context. Manchester therefore has its share of problems that can be seen by varying measures of deprivation and exclusion. City-region status is seen as a way of extending the successes of their already well-established and fruitful relationships, with the belief that it will help them to tackle their key strategic priorities for Greater Manchester.

**Strong history of localism in Manchester** – From the development of AGMA after the break-up of Greater Manchester as a County, partnership and collaboration has gone from strength to strength between the ten districts, often despite national policy. Ever since the near bankruptcy of the mid 1980's the council has pursued a pragmatic economic policy aimed at improving the economic fortunes of the city. The long term leadership and vision for Manchester has been an important factor in seeing this through. Key milestones include the regeneration of East Manchester, the joint ownership of the airport, the Olympics bids and the regeneration of the city centre after the IRA bomb in 1996.

> Ever since the near bankruptcy of the mid 1980's the council has pursued a pragmatic economic policy aimed at improving the economic fortunes of the city.

The graph below is a relatively crude pictorial representation of the changing nature of localism due to national activity (grey), Greater Manchester activity (black), and the net change to localism in Greater Manchester (green). The scores are determined by assigning a score of +1, 0 or -1 to each activity based on the six localist propositions in this document (see appendix for details). We can see from the graph that while national policy has reduced localism in Manchester, their own policies have attributed a net positive impact to the city region as a whole. The anticipated change to localism is shown to increase significantly based on the conditionality that all recommendations from our report are adopted.
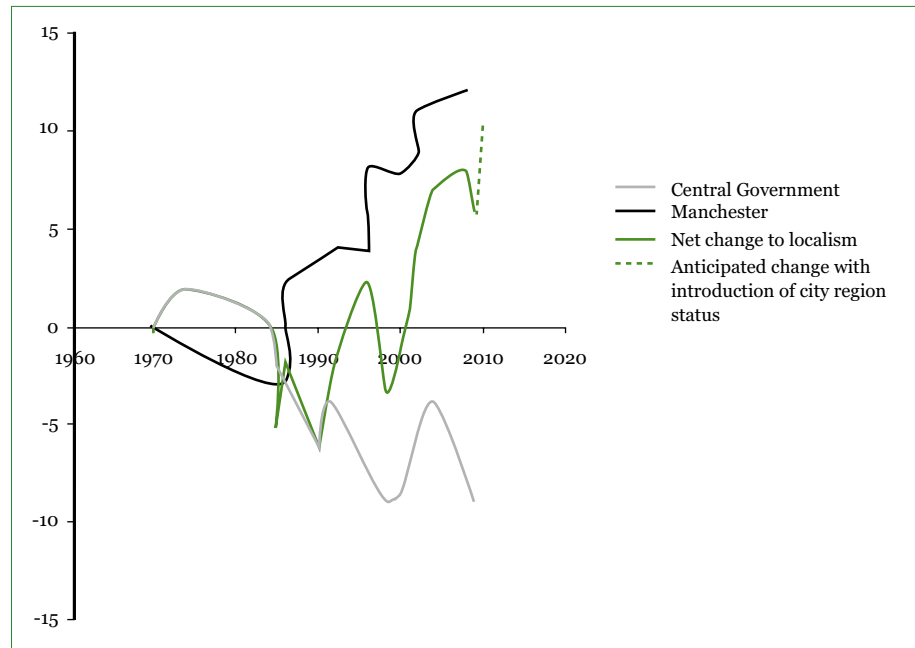
*Graph: Net change in localism since 1970 based on localist principle scores (see appendices) +1 = positive net change, -1 = negative net change, 0=no change*

**What actually is a city region** – We originally defined a city region in terms of its potential to deliver on localist principles. We have found throughout this document that there is the potential for a city region to deliver on these principles, and to build on the localist experience of Greater Manchester. It is useful to revisit the extent to which the real city region will deliver on such principles by exploring the tensions which have arisen throughout the publication. Key among these tensions are:

- **Earned local autonomy vs presumed local autonomy** – We found that the city region could be viewed as a construct for central government to pick and choose which councils they would like to devolve power to. We therefore take the position that all councils should have access to greatly extended powers.

- **Equalisation vs local autonomy** – We find that there is a tension between central/regional government and local government about the extent to which resources should be redistributed away from local government. We suggest that by focussing activity at a meaningful spatial level it provides rewards for growth, which are in turn naturally spread to the surrounding areas. The city region should therefore provide greater mechanisms for capturing the rewards from growth.

- **Structures vs outcomes** – There is a fallacy in modern public sector problem solving, that you can create institutions to solve problems. The truth is that problems are highly interralated and complex, and only by designing the system around the problem can solutions be found. We therefore find that greater pooled budgets and information sharing would get around the current government's obsession with structures.

- **Statutory vs non statutory powers** – We find that Greater Manchester has already delivered to a large extent on a localist agenda without the need for statutory powers. However, we find that statutory powers for economic development, transport and skills would more closely align the real local geography with policy formation. Statutory powers in other regards may be superfluous.

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We have argued throughout this document that there are a number of powers and freedoms from central and regional government which would truly enable Greater Manchester to achieve their aims. We have also found that Greater Manchester is in a particularly strong position to take these powers immediately.

**Why Manchester and other cities should be given more powers** – Manchester's size and potential makes it pre-eminent amongst the cities of the north and a natural complement to the south eastern power house of the UK economy[41]. Manchester has essential economic assets such as scale, connectivity and the University of Manchester that is an international seat of learning at the highest level[42].

According to the MIER review the effective collaboration between its component units gives the Manchester city region a tremendous advantage in addressing policy challenges. Uniquely the 10 local authorities have the power to determine policy with majority voting and have a set of strategic commissions to which they will begin to delegate strategic authority. Half the members of the board come from the private sector. This reflects the priority of effective governance that will allow the city region according to the review to fulfil its potential.

Greater Manchester has demonstrated that it has the leadership and maturity of approach to take on significantly more powers from central and regional government.

Greater Manchester has demonstrated that it has the leadership and maturity of approach to take on significantly more powers from central and regional government. Aside from the unique history of the city of Manchester, there are a number of idiosyncratic approaches to governance which have helped it to embrace a localist agenda more extensively. These include a good relationship with the private sector; vision; and a very close relationship between the districts with a strong track record in delivering on projects of mutual interest. The concept of a city region is designed to build upon the successes of AGMA, MAAs and other localist initiatives in Greater Manchester, and will allow them to:

1. Focus on a meaningful economic geography to drive efficiency and improvement – Government works best when acting at the most meaningful spatial level.
2. Force through decisions in the interest of the city as a whole – Ability to force through decisions on economic development, transport and skills.
3. Provide a platform to devolve significant powers and funding– For example: Pooled funding for public services aimed at specific outcomes; devolved RDA powers; re-localised business rates.
4. Create coherent branding to lever in international investment and European funding.

However, in many regards Greater Manchester is not unique, and a number of other cities have demonstrated a similarly mature relationship to warrant such powers. These include:

41  MIER (2008), p.5
42  MIER (2008), p.6

## Case study: Other potential city regions

- **Leeds** - The city region has a resident workforce of 1.5m, is home to over 100,000 businesses and has a GVA of £46bn per year - approximately 5 per cent of national output[47]. The Leeds City Region is based around a leaders' board constituted as a local authority joint committee that operates on a one leader/one vote basis, supported by four panels which have the remit of advising the board in the important areas of housing, transport, skills and innovation. Becoming a city region is seen as a way to improve services and keep down costs.

- **Birmingham** – Along with Coventry and the Black Country has set up a partnership comprised by seven urban local authorities that seek to work on a co-ordinated and cross-border basis to increase their prosperity and competitiveness. These seven authorities are seen as drivers of the West Midlands' economy (55% of its GVA) as well as being home to half its population. They have shown their willingness to work together by pushing for an accelerated development zone in Eastside which could bring more than £1 billion of upfront investment in transport and regeneration and create thousands of additional jobs[43].

- **Merseyside** - Has the potential to become a city region[44]. The development plan for the city region has been assembled under the overview of the Merseyside Partnership (Liverpool City Council, Wirral, St-Helens, Knowsley, Sefton and Halton, MerseyTravel, GM Learning and Skills Council, the Merseyside Policy unit). Its economy has been described as one of the fastest growing in the UK, it was European culture capital in 2008, but also has major issues of unemployment and poverty in the region, that means that they must sustain and accelerate economic growth[45].

- **Tees Valley** – City region proposed by the five districts of Middlesbrough, Hartlepool, Redcar and Cleveland, Darlington and Stockton-on-Tees[46]. Although it was originally studied to become a pilot city-region alongside Manchester it wasn't selected in the Pre-Budget report. However, it has shown to have the potential to one day become a statutory city region that would also mean having a city region in the east coast of England.

- **Greater Bristol** - Consisting of Bristol, Bath, North East Somerset, South Gloucestershire and Weston-super-Mare[48]. The former Avon area coincides with the travel to work patterns and is the ninth largest conurbation in England and Wales. In 2006, they presented a joint Transport Plan to the DfT, defining their forward looking plans that are seen to be common for all the districts.

- **South Hampshire/Solent City** - Includes the districts of Southampton and Portsmouth conurbations. These two have been competitive areas but have seen that collaboration can bring with it economic benefits for the greater city region area.

- **South Yorkshire** - Would cover the entire metropolitan area of South Yorkshire, parts of Derbyshire and Nottinghamshire. Comprising the

43 The MJ Focus Whitehall, Super sized cities must get real powers, 7th May 2009.
44 LGC, 5th of June 2008.
45 http://www.merseyside.org.uk/dbimgs/PMD%20227%20-%20Main%20Document.pdf.
46 Conrad, M, The MJ 16th April 2009.
47 http://www.publicservice.co.uk/feature_story.asp?id=12467.
48 http://www.bristolpartnership.org/resources/documents/BP%20Key%20Documents/Business_Case_Bristol.pdf.

districts of Sheffield, Rotherham, Doncaster, Barnsley, Chesterfield, North East Derbyshire, Bolsover, Derbyshire Dales and Bassetlaw.  In September 2006, they launched the Sheffield City Region Development Programme that demonstrated their belief that working together could improve the economic performance of the area. The governance structures are the City Region Forum (made up of leaders of the districts along with observers from RDAs and government offices of the region). They have four thematic Joint Issue Boards that cover transport, housing, tourism and inward investment and finally knowledge economy and innovation. The region began to work properly in 2008 with a development forum created.

Chapter 4:
# Lessons for National Policy

Throughout this document we have discussed the extent to which a city region will build upon the mature collaborative relationship in Greater Manchester. We have tested this against the six principles of localism as defined in the introduction. As the document has progressed, a number of clear lessons for national policy have emerged.

**Extend financial freedoms at the local level** – We do not find that a statutory city region will, by definition, help Manchester to deliver on its key strategic priorities. However, we find that extra financial incentives and financial freedoms for local government would make a significant contribution to reform. Such financial freedoms could include:

- Re-localising business rates
- Allowing councils to keep the savings from the Operational Efficiency Programme
- Extending the definition of Prudential borrowing powers beyond capital investments

**Extend statutory powers and financial freedoms to other cities and councils** – City region status or changes to the governance of cities through the creation of directly elected mayors and the devolution of more powers to local government should not be limited to Greater Manchester. Our survey results show that there is a significant appetite for the idea elsewhere, and we find that although Greater Manchester has demonstrated real maturity in their approach, there are many other areas which could benefit from the same potential powers. These cities include Leeds, Liverpool, Milton Keynes, Sheffield, Birmingham, Bristol, Preston, Nottingham, Oxford and Reading.
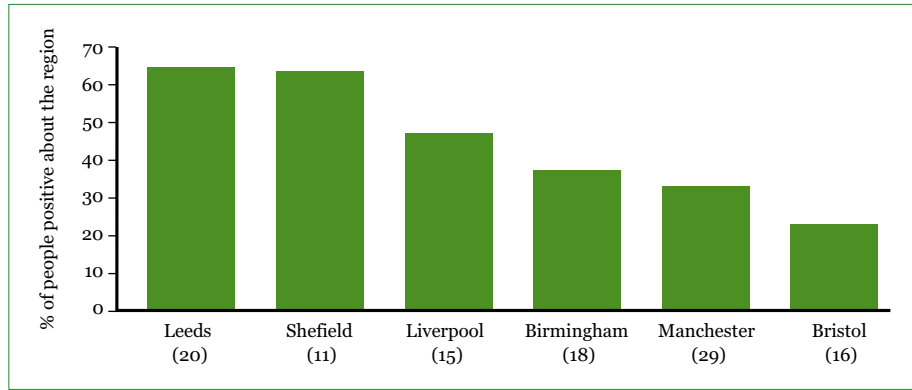
*Graph: The percentage (and number) of total respondents in favour of city regions based on population size*
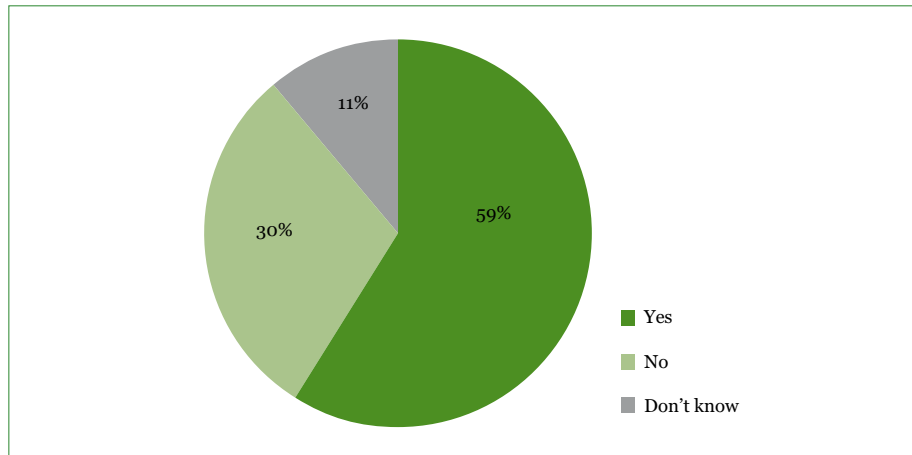


*Graph: Response from leaders and chief executives to the question: "Would your council benefit from city region status under the name of the largest city in your catchment area?"*

**Dismantle RDAs and other quangos** – Where groupings of councils can demonstrate the ability to think strategically at a meaningful spatial level, they should be handed the powers and funding from central government, RDAs and other interfering quangos[40]. RDAs have proven to be both costly and to have had only, at best, a marginal impact on improving economic productivity. Only by passing on their powers to more meaningful organic geographies can this be improved. Economic development and transport should be prioritised.

**Shift thinking away from a focus on structures to one of achieving outcomes** – No one size fits all. You can't drive desired outcomes by imposing structures and modus operandi from the centre. National policy should facilitate organic, bottom up, fluid, entrepreneurial cooperation across authorities and between authorities and the private and voluntary sectors. Allowing greater financial flexibility with funding based on outcomes rather than institutions is one possibility, through pooled funding for example. Removing restrictions on data sharing is another important component of this.

City region status offers the potential to deliver on the shared priorities of all ten districts more effectively on issues which are common to all districts. Around some of the more intractable problems – such as poverty and deprivation – we find that one of the reasons for policy failure has been that many government schemes have failed to take into account the needs and requirements of

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particular localities. However, we find a great deal of utility in the idea that shared budgets and greater fluidity between organisations can lead to better outcomes, and there is the potential to join these schemes at the level of the city region. However, this should not be prescribed by central government. One of the dangers is that city regions could become just another regional mechanism of central control with all the increased bureaucracy and duplication of roles and responsibilities that implies. This could also lead to confused accountability.

**National policy must give up its obsession with equalisation** – The practical reality is that equalisation leads to an investment strategy which takes no account of particular economic circumstances, or the wider impact that localities can have on the surrounding areas. Equalisation has the potential to damage the strength of the national economy, and can focus funding on schemes which have little or no beneficial outcomes.

**There should be a presumption towards localism** – As it is currently configured, city region status is primarily a negotiating platform for local government to bid for more powers from central government. Therefore, central government can decide who 'deserves' powers, and who doesn't. This is the key debate about the utility of city regions – should devolution relate to 'earned local autonomy' or 'presumed local autonomy'? Top-down or bottom-up? Earned autonomy could lead to a centralised, hesitant system of devolution, which distrusts the local in favour of the central (see chapter 2, proposition 1). We therefore believe that presumed autonomy is the most localist approach, and believe that these powers should not be limited to Greater Manchester and should be given to all major cities in the UK, extended even further to other forms of local government. There should be no centralised measure of 'performance' as this is inherently related to central government's understanding of value or importance not that which emerges from a bottom up understanding of the local.

**Foster an environment for meaningful partnership**s – Partnership is not about partners merely ticking the appropriate boxes as has been the case in many partnering arrangements under the Local Strategic Partnerships umbrella. Partnerships are about delivering tangible, concrete improvements for a local area such as the mutual ownership of Manchester airport, or delivering a more sustainable waste strategy.

# Appendices

## Appendix 1: The survey

We surveyed 694 people between the 31st July and 28th August. We invited all councillors and executive officers to fill in the survey from all councils in the 50 most populated towns and cities and their neighbouring councils. In total, we invited approximately 10,000 to complete the survey, resulting in a completion rate of approximately 7%. The survey questions and format were as follows:

**Localis - city region survey**

*1. Personal Details*

* 1. What is your name?

* 2. Which Council do you work for?

* 3. What is your job title?

**Localis - city region survey**

*2. Questions for all Councils*

* 1. How well do the existing political structures reflect the real economic patterns of activity in your area?
- Very Well
- Quite Well
- Quite badly
- Very badly
- Don't know/unsure

2. How could the political structures be improved?

* 3. How strongly do you rate the level of accountability to residents in your current political system?
- Very Strong
- Quite Strong
- Quite Weak
- Very Weak
- Don't Know/Unsure

4. How could accountability be improved?

* 5. How well do you think the current political structures have performed on delivering the key strategic priorities for your area?
- Very Well
- Quite Well
- Quite Badly
- Very Badly
- Don't Know/Unsure

6. What changes would enable your area to deliver the strategic aims more effectively?

* 7. How sufficient are your Council's existing powers and resources in order to achieve the main strategic priorities for the area?
- Very Good
- Quite Good
- Quite Bad
- Very Bad
- Don't Know/Unsure

8. What other arrangements would allow you to pull in more financial resources and control?

*9. How high is the duplication or confusion between various public bodies operating in your area?
- Very High
- Quite High
- Quite Low
- Very Low
- Don't Know/Unsure

10. How might duplication and confusion be reduced?

*11. How do rate the level of innovation in your area and the speed at which it is spread to neighbouring areas?
- Very Highly
- Quite Highly
- Quite Badly
- Very Badly
- Don't Know/Unsure

12. How might the spread of innovation be improved?

## Localis - city region survey

### 3. Questions on city regions

*1. What is the largest city within your Council's economic catchment area?

*2. Would your Council benefit from statutory city-region status under the above city name?
- Yes
- No
- Don't Know/Unsure

Other (please specify)

3. If yes to Q2, which other Councils should be involved in the statutory city-region?

4. If yes to Q2, do you perceive that city region status would make you more competitive with other European cities?
- Definitely would
- Maybe would
- Maybe wouldn't
- Definitely wouldn't
- Don't Know/Unsure

Please comment

## Appendix 2: Scoring Greater Manchester's localist credentials

### External (central government) Factors:

| Date | Key event | Principle score | | | | | | Total score | Cumulative score |
|------|-----------|---|---|---|---|---|---|---|---|
| | | **1** | **2** | **3** | **4** | **5** | **6** | | |
| 1970 | Start | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1974 | Creation of GMCC | 0 | 1 | 1 | 0 | 0 | 0 | 2 | 2 |
| 1984 | Rates Act | -1 | 0 | -1 | 0 | 0 | 0 | -2 | 0 |
| 1985 | GMCC broken up | 0 | -1 | -1 | 0 | 0 | 0 | -2 | -2 |
| 1990 | Poll tax and Council tax and removal of business rates | -1 | 0 | -1 | -1 | -1 | 0 | -4 | -6 |
| 1991 | City Challenge Fund | 1 | 0 | 1 | 0 | 0 | 0 | 2 | -4 |
| 1992 | Local Government Act | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -4 |
| 1998 | Introduction of RDAs | -1 | -1 | -1 | -1 | -1 | 0 | -5 | -9 |
| 2001 | Prudential borrowing powers | 1 | 0 | 1 | 0 | 0 | 0 | 2 | -7 |
| 2004 | Introduction of MAAs | 0 | 1 | 1 | 1 | 0 | 0 | 3 | -4 |
| 2009 | Failure of TIF bid | -1 | 0 | -1 | 0 | 0 | 0 | -2 | -9 |

### Internal (Manchester) Factors:

| Date | Key event | Principle score | | | | | | Total score | Cumulative score |
|------|-----------|---|---|---|---|---|---|---|---|
| | | **1** | **2** | **3** | **4** | **5** | **6** | | |
| 1970 | Start | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1985 | City Council close to bankruptcy | -1 | 0 | -1 | -1 | 0 | 0 | -3 | -3 |
| 1986 | Creation of AGMA | 0 | 1 | 1 | 1 | 0 | 0 | 3 | 0 |
| 1986 | Creation of MIDAS | 1 | 0 | 1 | 0 | 0 | 0 | 2 | 2 |
| 1992 | Regeneration of Hulme | 1 | 0 | 1 | 0 | 0 | 0 | 2 | 4 |
| 1996 | Olympics bid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| 1996 | Regeneration of the city centre | 1 | 0 | 1 | 0 | 0 | 0 | 2 | 6 |
| 1996 | Marketing Manchester | 1 | 0 | 1 | 0 | 0 | 0 | 2 | 8 |
| 2000 | Olympics bid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 |
| 2002 | Commonwealth Games | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 9 |
| 2002 | East Manchester Development | 1 | 0 | 1 | 0 | 0 | 0 | 2 | 11 |
| 2008 | Binding AGMA constitution | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 12 |

## Appendix 3: Examples of the most popular other potential city regions

| City region | Number of people who want city region under given name | Number of people who don't want city region under given name | Proportion of total who are positive | Number of people unsure |
|---|---|---|---|---|
| Sheffield (11) | 7 | 3 | 63.6 | 1 |
| Liverpool (15) | 7 | 6 | 46.6 | 2 |
| Birmingham (18) | 7 | 5 | 38.8 | 6 |
| Bristol (16) | 4 | 8 | 25 | 4 |

| City region | Councils for city region | Councils against city region | Who those who are positive think the other Councils should be | Notes |
|---|---|---|---|---|
| Sheffield (11) | Sheffield, Rotherham | Doncaster, Rotherham, Sheffield | Rotherham, Chesterfield, North East Derbyshire, Barnsley, Doncaster, North Notts, Derbyshire, NE Lincs | |
| Liverpool (15) | Liverpool, West Lancashire, Wirral, Knowsley | Sefton, Wirral, St Helens | Sefton, Knowsley, St Helens, Wirral, Halton, Cheshire West and Chester, Flintshire, Warrington, West Lancashire, South Ribble, Preston | All Merseyside |
| Birmingham (18) | Birmingham Dudley | Dudley, Solihull | Dudley, Sandwell, Walsall, Wolverhampton, Solihull, Coventry | All West Midlands conurbation |
| Bristol (16) | North Somerset, Bristol | Bath and North East Somerset, North Somerset, Stroud | South Gloucestershire, Bath and North East Somerset, North Somerset | |

Britain is potentially on course for a much greater localist future. Despite differences between the main political parties there is a degree of consensus that reform of the governance of major cities is needed. How that reform develops is critical to the country's economic health.

In this report 'Can Localism Deliver? : Lessons from Manchester', we assess the role of the city region in Greater Manchester, and whether or not this approach can succeed in delivering the localist agenda which we now so desperately need. The report offers 10 lessons which can be learnt from Manchester and makes concluding points on how the example of Manchester should influence national policy-making.

With a foreword from Lord Heseltine, who has been a visionary on cities for years and most recently led the Conservative Cities Taskforce, this report offers a vision of how city governance can succeed in the future.

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