

# cities northwest

Produced by  
Northwest Regional Development Agency and Centre for Cities at ippr

July 2006



### GVA & Population: RES Sub-Regions

	GVA Total (£ bn)	GVA Share (of Northwest)	Population (2004)
Cumbria	5.984	6.2%	494,800
Cheshire & Warrington	15.537	16.0%	873,700
Greater Manchester	38.329	39.5%	2,539,000
Lancashire	19.136	19.7%	1,434,900
Greater Merseyside	18.111	18.7%	1,484,800

Sources: Regional Accounts, December 2005, ONS and Mid Year Population Estimates, 2004, NOMIS  
 Note: Halton has been included with Merseyside based on an estimate from Pion, August 2005



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**Bryan Gray**  
*Chairman, NWDA*

*Bryan Gray is Chairman of the Northwest Regional Development Agency (NWDA) and Baxi Technologies in Lancashire. He was awarded an MBE in 2001 for services to regeneration in Preston*

# Foreword

*Bryan Gray, Chairman, NWDA*

England's Northwest is a £98 billion economy with 6.8 million people and 230,000 firms. It is home to the largest media hub outside London (Manchester), one of the world's most famous waterfronts (Merseyside), and the largest concentration of advanced manufacturing and chemicals production in the UK (Lancashire and Cheshire).

During the 1980's and 1990's our economy went through a major period of restructuring and underperformance. Since 2000 performance has improved thanks in part to favourable economic conditions, and continues to grow faster than the England average. Growth in Gross Value Added (GVA), number of firms, employees and the employment rate has all been 2% higher than the average for other English regions.

However, the region is still not contributing what it could to the UK's economy, and serious economic and social problems remain. Overall there is an output gap of £13 billion between the Northwest economy and the English average. We have 80,000 fewer people working, 120,000 more with no qualifications, and 90,000 fewer people in the knowledge economy than we should expect. Overall, economic forecasts suggest that the next few years will be tougher for the region, in part due to population change and tighter public spending.

The 2006 Regional Economic Strategy (RES) is the region's response to the challenge of maintaining sustainable, long-term economic development and growth. Developed through a wide partnership of regional and local

organisations across the public, private and voluntary sector, the 2006 RES sets a clear 20-year vision for the region's economy, underpinned by tough targets over a three and 20-year period. The region has also agreed clear priorities and tough choices to ensure we can succeed in our ambitions. The 2006 Northwest RES is the most focussed yet. The region has agreed 45 transformational actions that it must prioritise to drive growth.

Our understanding of the region's economy and its component parts is better than ever before. Our economy is based primarily on the three city-regions of Central Lancashire, Liverpool and Manchester, which we know to be the major drivers of regional economic growth. These broad areas of economic influence cover most of the region's population, its assets and opportunities as well as most of its severest challenges. They have strong relationships with adjacent rural areas and do not follow neat administrative boundaries. Between them, they account for 90% of the region's economic output and the vast majority of recent growth. Their future success is vital to the region and to the UK as a whole. The RES makes clear that maximising their ongoing contribution is a major regional priority, and the Northern Way Growth Strategy also places strong cities at the heart of our approach to strengthening the wider northern economy.

NWDA is working closely with our cities to develop jointly agreed action plans through sub-regional partnerships. We are supporting further devolution of decision-making and funding from Whitehall, stronger joint working across local authority boundaries, and a greater role for local government in economic development activity at a local level. Government and regional partners recognise that we must debate, discuss and agree how each city-region can be supported to ensure its continued sustainable growth and success.

This is why I am very pleased to be able to introduce this collection of views from across our city-regions. It is a valuable opportunity to bring different ideas and perspectives together to contribute to the debate. It is clear to me that there is no one model for all cities in the Northwest, let alone the rest of England. Government is recognising that regional and local differences require devolved and flexible policies if the economy is to succeed. Our contributors set out contrasting, challenging and sometimes radical views, not all of which are consistent with Government or NWDA policy. It is very significant, however, that we all agree that it is through flexible, devolved funding and policy, and real prioritisation by regional and local organisations that we will maximise our chances of success. I believe that this publication and the 2006 RES show how far the Northwest has already moved in the right direction. We must work together to continue to do so.





**Dermot Finch**  
*Director, Centre for Cities at ippr*

*Dermot Finch has been Director of the Centre for Cities since February 2005. Before that he was a policy adviser at HM Treasury (1994-2005). Dermot is from Clitheroe, Lancashire and graduated from Liverpool University in 1989.*



# City-Regions: Understanding the Policy Background

*Dermot Finch, Director, Centre for Cities at ippr*

For the first time in decades, the Northwest's cities have a real opportunity to take on more powers and build on their growing success. City-regions are the way forward. They make good economic sense. But they are politically difficult. Currently, they are informal partnerships. Making them formal and maximising their economic contribution is a real challenge. That's what this booklet is all about.

This chapter explains the policy background to cities and city-regions, and applies it to the Northwest. Later on, our key contributors set out their views on what should happen in the Northwest.

## **City-regions**

We all understand what a city is and we can all identify with cities like Liverpool and Manchester. But what are city-regions? The Centre for Cities argues that city-regions should be selective, focusing on the catchments of the main core cities.

So, city-regions should include a major core city, plus surrounding areas with a close economic relationship to that core city. They should cover the "economic footprint" of a major core city, based on travel-to-work, retail catchment or housing market areas.

Greater Manchester is a city-region. It's bigger than just the city of Manchester, and includes places like Salford, Stockport, Rochdale and Oldham. With almost three million people, it accounts for over 40% of the Northwest's total population.

Other areas such as Central Lancashire are called city-regions. The Centre for Cities says that Central Lancashire does not formally constitute a city-region, in the same way that Greater Manchester does. But there are still major gains to be had if Preston, Blackburn and Blackpool work more closely together on shared economic development goals.

City-regions matter because they help promote economic development, for example by encouraging different places to collaborate within a wider economic area. Political boundaries do not match up with economic realities. So it doesn't make sense for individual local authorities to do economic development on their own.

City-regions are the best fit with real economies. So, for transport projects - which straddle lots of different political boundaries - it makes more sense to operate across Greater Manchester, not just the city of Manchester. The same goes for housing and skills, which are also better done at the city-regional level.

But how do cities and city-regions fit into the regional agenda? At the moment, there is some confusion. Government says that cities, city-regions and regions are all important. And so are local government, neighbourhoods and parishes. Currently, we have a well-established set of regional and local institutions, from Regional Development Agencies to Local Strategic Partnerships, but there are no formal city-regional structures.

NWDA policy is to ensure that economic interventions should be made at the most appropriate level to be effective, with national, regional and local priorities aligned. But how do we make this happen in practice? If city-regions are the way forward, how do we formalise them without creating an additional layer of government and bureaucracy?

## **Leadership**

Ministers say that local leadership is crucial, but have not endorsed any particular model of leadership – for example, directly-elected mayors. The Local Government White Paper, due later in 2006, is expected to set out a range of proposals for neighbourhoods, local government and city-regions. It is very unlikely to impose any particular governance model on cities, but will instead allow for different models to emerge over time.

The Centre for Cities is very clear. We support directly-elected mayors for city-regions like Greater Manchester. This has been controversial, and so far no major city outside London has gone for the mayoral option. But we believe it offers Greater Manchester the best chance of getting the powers it deserves, and would be the best way to run the Northwest's biggest economic driver. If a mayor is good enough for London, why not Greater Manchester?

Our contributors set out their views in the next chapter. The rest of this chapter explains the policy background to the city-regions debate.

## **Cities are back**

Cities and city-regions are back on the policy agenda, with ministers now taking an active interest. Last year, when he was Minister of Communities and Local Government, David Miliband visited all eight Core Cities – including Manchester and Liverpool. Manchester and Liverpool have recently submitted their “business cases” to the Department for Communities and Local Government (formerly Office of the Deputy Prime Minister), with proposals for improving their economic performance.

Already this year, we've had four major national reports:

- *State of the English Cities* – a comprehensive analysis of England's 56 biggest cities and towns, including 11 in the Northwest.
- *A Framework for City-regions* – this identified Manchester and Leeds as the two main drivers of growth in the North.
- *City Leadership*, from the Centre for Cities – which called for radical financial devolution to the biggest city-regions, starting with Greater Manchester.
- *Meeting the Regional Challenge: The Importance of Cities to Regional Growth*, from the Treasury – this highlighted the economic importance of cities and city-regions.

The Northwest's new Regional Economic Strategy (RES) is also explicit about the importance of the region's cities in meeting the challenging economic targets that the region has set itself.

Coming up are three major policy milestones – all important for the Northwest's cities:

- *The Local Government White Paper* (due to be published later in 2006) will set out the Government's thinking on cities and city-regions, as well as neighbourhoods.
- *The Lyons Inquiry into Local Government* (December 2006) will report on the role, functions and financing of local government.
- *The Comprehensive Spending Review* (July 2007) will set public spending levels for 2008-11 and beyond.

All this activity shows that cities are at the forefront of government policy thinking – and that change is on its way.

## **State of the English Cities**

This report (Parkinson *et al*, 2006) is the most comprehensive study ever undertaken of England's cities and towns, looking at their recent performance and future potential. It focuses on 56 major towns and cities in England, including 11 in the Northwest - Birkenhead, Blackburn, Blackpool, Bolton, Burnley, Liverpool, Manchester, Preston, Rochdale, Warrington and Wigan.

The report shows that the Northwest's cities and towns have done better over the last decade. But most of the Northwest still lags behind the south and east of England. This is a major challenge for the region. The Centre for Cities says that the Northwest would do even better if its biggest city-regions had greater financial autonomy and stronger leadership.

The Parkinson report shows how, after decades of decline, England's cities and towns have recovered – mainly due to a combination of sustained economic growth and relatively high public investment. Going forward, these two positive factors will recede somewhat. This will present all our cities and towns with some real challenges.

### *Economic performance*

The economic performance of England's cities is uneven. In general, cities in the south and east tend to perform above the national average, with cities in the north and west lagging behind. Manchester is a notable exception – it is the only Northern city with a growth rate of more than 10% above the national average (1995-2002).

The performance of the other cities and towns in the Northwest has picked up over the last 10 years. Employment has increased – even in places like Wigan, which had one of the lowest employment rates a decade ago. Blackburn and Blackpool have seen some of the highest rates of earnings

growth over the last decade. But overall, their performance still lags behind the south and east of England.

Economic performance also varies widely within the region's cities and towns. Levels of deprivation are still higher and more widespread in urban areas, with high concentrations of unemployment and worklessness.

### *City people*

City demographics are a good reflection of overall economic performance. *State of the English Cities* shows that most of us now live in cities – 58% of the English population in 2003. There has also been a reversal in the decline of city populations over the last decade. Cities accounted for 42% of England's total population growth between 1997 and 2003. London provided most of that growth (34%), but its growth rate has dropped in the last five years.

Cities like Manchester and Liverpool are now seeing positive population growth rates following their high losses of the early 1990s. The Centre for Cities reported on this in January. Our *City People* report (Nathan and Urwin, 2006) highlighted the enormous recent growth in the city-centre populations of Manchester and Liverpool. Most of this has been made up of young, single people, mostly students. This has helped push overall population growth back into positive territory – but only just, and only recently.

### **A Framework for City-Regions**

This report (Harding *et al*, 2006) provides a useful definition of city-regions, and explains why they are so important:

*“The city-regional scale reflects the 'geography of everyday life' rather than administrative boundaries. City-regions are the enlarged territories from which core urban areas draw people for work and services such as shopping, education, health, leisure and entertainment. The city-region is a functional entity within which business and services operate. City-regional economies play a strong role in driving forward the economies of their regions.”*

But the report also recognises that city-regions are a difficult concept: “the geometry of city-regions is both fuzzy and partial”. In other words, the coverage of a city-region changes depending on whether it is based on the housing market or the labour market. And significant areas of rural and semi-rural England do not fit into any city-region.

Harding *et al* set out three key principles for developing the city-region agenda:

- City-regions should be selective, focusing on the catchments of the principal core cities such as Greater Manchester, rather than covering the whole country.
- City-regions should be based on locally-determined informal and flexible governance partnerships rather than a formal statutory reorganisation of local government.
- Central government should support city-regions.

### **City Leadership**

The Centre for Cities has taken the economic case for city-regions one step further, with *City Leadership* (Marshall and Finch, 2006). This report argues that greater financial autonomy would improve city-regions’ economic performance and leadership.

*City Leadership* proposes different solutions for different places in the Northwest:

- For Greater Manchester, radical financial devolution as soon as possible – overseen by a directly-elected mayor;



- For Liverpool, closer collaboration with its neighbouring local authorities – leading to full financial devolution for Merseyside (and a directly-elected mayor) in due course;
- For Preston, Blackpool and all other cities and towns outside Greater Manchester and Merseyside, more modest but still significant financial powers.

### **Greater Manchester**

For Greater Manchester, the Centre says that economic development – including transport, skills and regeneration – is best delivered at the city-regional level. The Northwest region is too big and each of Greater Manchester’s local authority districts is too small.

*City Leadership* suggests that the Manchester city-region should include the 11 local authority districts of Manchester, Salford, Trafford, Stockport, Tameside, Oldham, Rochdale, Bury, Bolton, Wigan and Macclesfield. This contains a total population of 2.9 million (2003 census estimates) – over 40% of the total Northwest population of 6.8 million.

These 11 local authorities should work much more closely together, with pooled revenues and a unified governance structure. This would enable them to make better investment decisions across Greater Manchester.

Central government should devolve substantial spending and revenue-raising powers to this Greater Manchester city-region through a contract arrangement. A Greater Manchester Contract would devolve economic development spending, including budgets for regeneration, transport and skills. For Greater Manchester, this is around £600 million per year.

Modest revenue-raising powers would include a 5% levy on business rates, to be spent on transport improvements – such as extending the Metrolink. This proposal has already been controversial with businesses in the Northwest who, not surprisingly, do not want to pay any more tax. But there is a strong case for modest increases in local business taxation if the additional revenues can be retained locally and used to trigger accelerated investment in key transport projects.

A directly-elected Greater Manchester mayor would be best placed to take on this level of financial devolution. S/he would have a direct mandate, be highly visible, and able to take strategic and tough decisions. S/he would also be scrutinised by a board of existing local authority leaders, plus business and community representatives. Greater Manchester and Greater Birmingham should go first with this new form of city-regional government, as England's largest conurbations. Other city-regions could follow later.

The Centre for Cities believes that an executive board of existing local authority leaders – as currently proposed by Greater Manchester – would be a good step in the right direction, but ultimately not enough. We doubt whether a committee of different local leaders could take difficult strategic decisions over transport investment priorities, for example.

Richard Leese and the other leaders in Greater Manchester clearly disagree. They believe that an executive board would be sufficient, and have used that as the basis for their “business case” to central government. However, many stakeholders would like to see Greater Manchester consider more radical models of city-regional governance.

## **Liverpool**

*City Leadership* does not recommend early radical financial devolution to the Liverpool city-region. Liverpool and its surrounding local authorities do not currently have the same degree of cross-boundary working as Greater Manchester and their business base is not as well developed. Liverpool's own leadership agreed that they are not yet ready for the radical financial devolution that we are proposing.

Over time, the Liverpool city-region could take on greater devolved spending and revenue-raising powers once greater consensus is developed across both public and private sectors. Yet our research found a clear need for greater financial flexibility in Liverpool. It was clear that the fragmented nature of regeneration funding is a clear barrier to the take-up of existing powers and to leveraging private investment. So we recommend increased flexibility, within the existing system, as a prelude to wider devolution.

Liverpool and its surrounding authorities will all have Local Area Agreements (LAAs) by Spring 2007. We recommend that the economic development and enterprise block of LAAs (the Fourth Block) be upscaled into a wider Economic Development Contract, to relax regional and central oversight over key regeneration funding streams. This would allow Liverpool to rationalise and prioritise the current maze of regeneration funding, and ensure better take-up of existing powers such as prudential borrowing. This could be used to drive forward Strategic Investment Areas outside the city centre, such as Edge Lane/Hall Lane, Speke-Garston, the North Docks, etc.

## **Blackburn, Blackpool and Preston**

Whitehall departments need to complement their big-city policies with a closer focus on the economic needs of smaller cities and large towns. Particular attention should be paid to changes in the existing local government finance system to help small cities and towns develop new and innovative roles within wider regional economies.

We propose that smaller cities and towns outside major city-regions should get more increased financial flexibilities. Our proposal for Economic Development Contracts within Local Area Agreements would give local authorities such as Blackburn greater discretion over regeneration spending.

Blackpool, for example, should press Government Office North West, the NWDA and other agencies to bring together the various sources of regeneration funding in the town, pressing for greater local control over spending and delivery.

An Economic Development Contract for Preston, for example, would help to promote more creative and effective use of existing resources. It would also incentivise risk-taking, improve accountability and responsibility, and enable greater take-up of existing local authority powers. Businesses and citizens would also be able to hold the local authority to account for the delivery of the key regeneration priorities at the heart of the Contract.

## **2006 Budget**

This year's Budget included an important paper on cities and city-regions, *Meeting the Regional Challenge: The Importance of Cities to Regional Growth* (HMT *et al*, 2006).

The paper underlines the growing importance of the economic development of cities in government policy-making. In particular, it explores the economic opportunities and challenges facing English cities, and the increasingly important role of city-regions.

The paper makes several key points:

- City-regions reflect the distinctive strengths of individual towns and cities, and their interdependence. They are the most useful way to understand the drivers of economic performance in cities and to design economic development policies for complex urban areas.

- City-regions matter because of the productivity benefits they provide to knowledge intensive businesses. They have a critical role to play in reducing regional disparities, as well as in tackling the concentrations of deprivation within cities.
- English cities have made significant economic progress in recent years but their economic performance is still mixed and lags behind key competitors. All cities must lift their economic performance through enhanced employment and productivity growth.
- Effective partnership and leadership at the regional and local level, with enhanced freedoms and flexibilities to address local problems, will be important. As many economic challenges cut across administrative boundaries, greater collaboration between local authorities, and with regional agencies, will reap economic rewards.
- It is vital to realise the benefits of economic cooperation between cities and regional agencies, notably Regional Development Agencies (RDAs). The Regional Economic Strategies are a vital, two-way link between regions and cities.

This Budget paper sets out a clear rationale for targeting economic development around city-regions. The Centre for Cities would encourage the Northwest to think along those lines.

## **Next steps**

### *So what happens next?*

The Centre for Cities' proposals for the Northwest are very radical. We do not expect them to happen overnight. But we do believe they set the right direction of travel for the region's cities – maximum powers for Greater Manchester first, then for Merseyside, and more modest powers for smaller cities and towns like Blackburn, Blackpool and Preston.

Whitehall, the NWDA and local Learning & Skills Councils (LSCs) will need to respond flexibly to the evolution of city-regions in the Northwest. For example, for Greater Manchester:

- NWDA could contract with Greater Manchester, devolving significant amounts of regional funding to a new city-regional entity to run Greater Manchester's regeneration programmes.
- The Passenger Transport Authority for Manchester could reconfigure itself as "Transport for Manchester", along the lines of Transport for London, with significant funding devolved from the Department of Transport and the DCLG.
- The local LSCs in and around Manchester could take more direction from the city-region and focus more on its local labour market needs rather than on central Whitehall targets.

### *Local Government White Paper*

The Local Government White Paper is due later in 2006. It will include a range of proposals to devolve to neighbourhoods, local government and city-regions, plus substantial new powers for the Mayor of London. For cities and city-regions, the White Paper will set out a range of possible arrangements to deal with transport, skills, economic development, housing and planning. It is also likely to focus on Manchester and Birmingham as the two biggest city-regions outside London. However, the White Paper will inevitably be constrained by the ongoing Lyons Inquiry and Comprehensive Spending Review.

### *Lyons Inquiry into Local Government*

In December 2006, Sir Michael Lyons will report on his extensive review of the future role and function of local government. We have been encouraging him to be bold on financial devolution and to embrace the city-regional agenda and not just to focus on local authorities in isolation. So we are looking forward to some proposals that empower local authorities, provide a new range of revenue-raising powers and encourage cross-boundary working.

Sir Michael published his latest thinking – *National prosperity, local choice and civic engagement* – in May 2006. He called for a new balance between central and local government, with far greater local discretion over the mix and scale of services. In particular:

- Local government should have greater freedom to “place-shape”.
- Central government should reduce its supervision of local government, with fewer and better-focused targets.
- Local government should raise its game through stronger leadership and more effective partnership working with the business community.
- Stronger local government will help deliver stronger national economic performance.

The final Lyons report in December 2006 will set out recommendations on local government finance. We do not expect the proposals to be implemented immediately. There are likely to be further rounds of consultation from 2007 onwards. And, of course, the revaluation of council tax has effectively been delayed until 2010.

### *Comprehensive Spending Review 2007*

The Comprehensive Spending Review (CSR), due in Summer 2007, will be the final piece of the current policy jigsaw - and the most significant Treasury announcement for years.

The CSR includes a sub-national review of economic development. This is looking at how to rationalise and improve the effectiveness of existing sub-national arrangements for economic development and regeneration. The CSR also includes a root-and-branch review of business support, which is currently too complex and fragmented, as well as taking a close look at the role of Regional Development Agencies.

So, we should expect some fundamental changes next year, including a stronger focus on cities and city-regions. But the regional agenda will remain, as will the Government's commitment to the RDAs and to reducing regional disparities. In short, the Government will want to devolve to cities and city-regions, but without undermining the existing regional institutions.

### *Contributors*

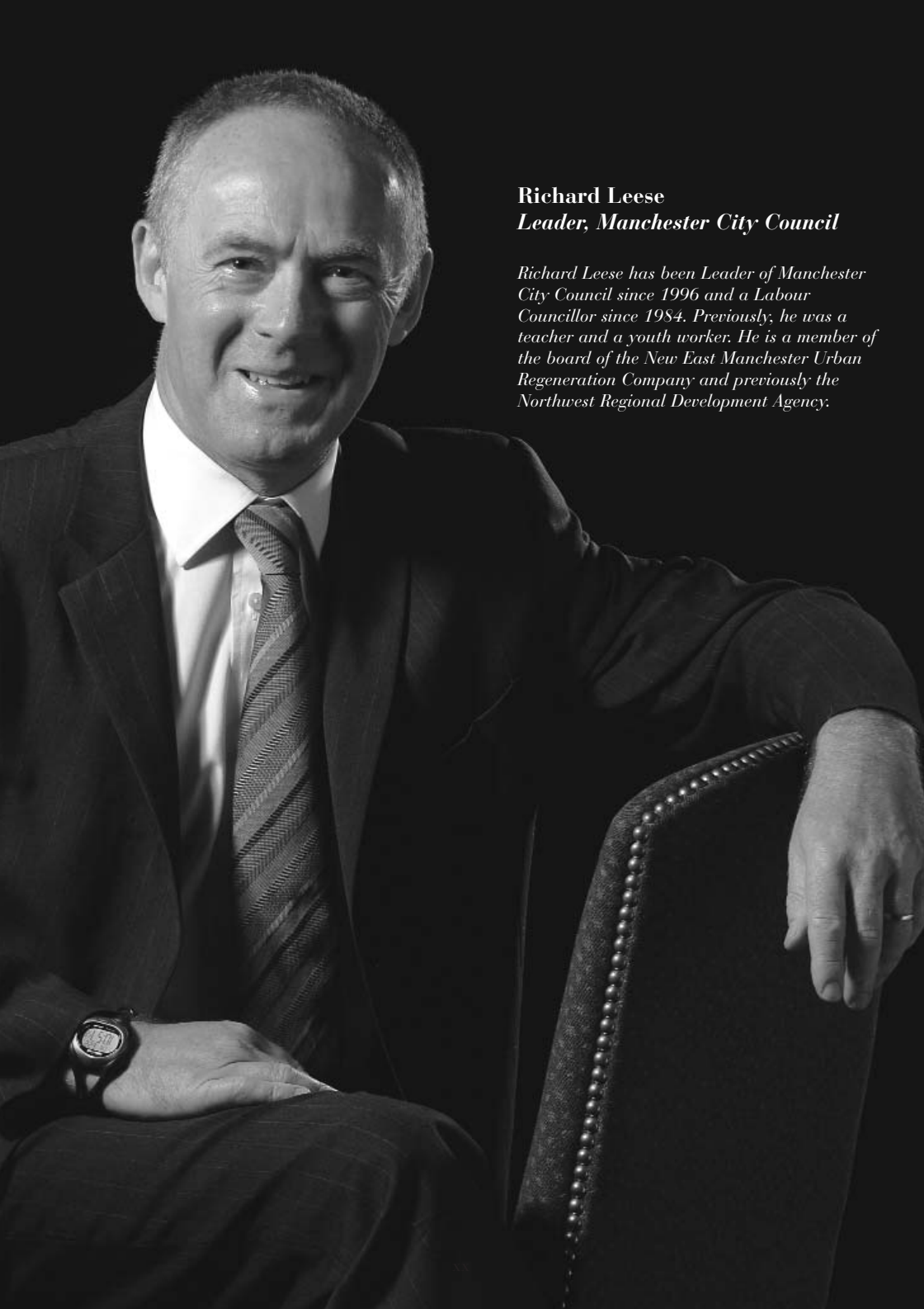
This booklet comes at just the right time for the Northwest. In the next section, our contributors discuss the challenges facing Greater Manchester, Merseyside and small towns and cities such as Blackburn, Blackpool and Preston. They focus on four key priority issues: improving connectivity, sustaining public investment, overcoming fragmentation and developing different roles for different places.



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**Richard Leese**  
*Leader, Manchester City Council*

*Richard Leese has been Leader of Manchester City Council since 1996 and a Labour Councillor since 1984. Previously, he was a teacher and a youth worker. He is a member of the board of the New East Manchester Urban Regeneration Company and previously the Northwest Regional Development Agency.*

# Governing the Manchester City-Region

*Richard Leese, Leader, Manchester City Council*

Manchester sits at the heart of a wider city-region that plays a fundamental role as the economic driver of the Northwest. With a population of just over three million, it is the economic centre of the Northwest, generating a GVA of £47bn per annum, 48% of the output for the region.

The Manchester city-region is home to the largest regional concentration of activity in a wide range of key sectors including finance and professional services, broadcasting and new media, cultural and creative industries, life sciences and health research.

At the core of the Manchester city-region is the strongest regional centre in the UK, providing 350,000 jobs, a concentration of high growth sector businesses, world-class sport and cultural facilities, and the most important international airport outside the South East. It also has 90,000 students in the highest performing universities in the region and is a recognised centre for knowledge-based activity.

Manchester has established itself as one of the most attractive business destinations in Europe, and is increasingly identified globally, attracting organisations such as the Bank of New York to locate in the heart of the city.

Based on recent trends and the opportunities realised by these world-class economic assets, the city-region's strong economic growth of 2.9% (annual average) is expected to continue over the next decade, ahead of both the Northwest and UK rates. As such, the city-region is expected to make an increasing contribution to regional economic performance.

We also recognise the requirement for stronger links with other city-regions, particularly across the M62 corridor to Liverpool and Leeds.

Political leadership of the city-region is provided by the Association of Greater Manchester Authorities (AGMA), and their collaboration has enabled the development of a series of key strategic frameworks to help drive and protect the growth of the city-region. Initiatives, such as the integrated transport strategy for Greater Manchester, the Regional Spatial Strategy and a unified economic development plan ensure that the region has an overall vision of growth and development. This dynamic political leadership has also invested heavily in the capacity to deliver, creating organisational structures that place the Manchester city-region ahead of any other English city-region in terms of capacity for action.

To maintain this growth level, the Manchester city-region proposes a structure around the concepts of commissioning, delivery and scrutiny. This should be headed by an Executive Board, comprising the Leaders of the 10 Manchester local authorities. The Executive Board would act as the primary commissioning agent for those key services and activities best managed for the conurbation as a whole.

This direct link to the local authorities will ensure the legitimacy of democratic accountability between the Executive Board and the constituent parts of Greater Manchester, and will facilitate scrutiny by local elected members.

We propose a Business Leadership Council to support and advise the Executive Board, to ensure the effective engagement of the business community in the development of strategic plans for the conurbation as a whole. The combination of the Executive Board and Business Leadership Council will ensure both political accountability and active support from the business community.

By linking to a Business Leadership Council, the Executive Board will provide the clarity and confidence that the business sector needs. It will also be able to demonstrate that strategic political authority is being exercised consistently across the city-region, providing a framework for the

development of sound long-term strategic business planning. The Executive Board would also provide the leadership to deliver improved efficiency through collaboration between local authorities and other public sector agencies.

We see the changes that we want to bring about to improve governance within the city-region as sequential. We can make some progress on many areas without primary legislation. But progress that depends entirely on voluntary sign-up can be easily undermined. An enhanced statutory framework will be needed sooner rather than later, although the changes required should not be legislatively demanding. The principal requirements are:

- The creation of a legal framework empowering the Executive Board as a body-corporate to accept delegated responsibility for decisions on strategic planning, economic development and transport functions appropriate for city-region-wide intervention.
- Power should be devolved to existing local authorities, with a statutory requirement to work together. Local authorities and other partners within city-regions should have a duty to collaborate and agree targets on key policy priorities, jointly owned and linked to national and regional outcomes.
- No additional tier of government.

We want Government to endorse our city-region approach to governance and accept and support city-regional working by government agencies and other bodies.

Finally, the increasing co-ordination of key services at the regional level is creating both a challenge and an opportunity. Regional strategies should include action plans that are defined and developed at a spatial level that relates to the real economic and demographic entities of city-regions, rather than subsumed within the generality of pan-regional visions. The 2006 RES has made significant progress in this regard. We now need to turn it into action.





**Tom Bloxham**  
*Chairman, Urban Splash Ltd*

*Tom Bloxham is Chairman and joint founder of Urban Splash, which he set up in 1993. He chairs the Arts Council England (North West) and is a Director of Liverpool's Capital of Culture team. In 1998 he was awarded an MBE for services to architecture and urban regeneration.*

## The Manchester City-Region: Building on Success

*Tom Bloxham, Chairman, Urban Splash Ltd*

I first came to Greater Manchester 20 years ago as a student. My first impression was of an unhappy place, truly full of ‘dark, satanic mills’. The city had a huge stock of under-valued buildings, a centre that seemed to shut down at 5.30pm and a shaky local economy struggling to figure out where to go next.

But those impressions quickly gave way to excitement. I was astounded by the vibrancy of the youth culture in the city, which was embraced and promoted by the city council. Entrepreneurship was valued – as was the creation of a dynamic city centre and a 24-hour economy.

In the years since, I’ve worked to re-use and redevelop buildings in the city centre, and more recently across Greater Manchester. The city centre has become a vibrant and viable place again, with people once again choosing to live and locate businesses there to take advantage of its huge potential. Decision-makers in big companies like the Bank of New York have seen Manchester’s new image, feel and confidence, and are investing as a result. Whereas ‘urban’ was a dirty word ten years ago, it’s now a mark of distinction.

This change did not happen overnight. Manchester’s transformation depended on an ambitious city council working with the private sector. The council viewed the changes happening in the city centre as a driver for the city as a whole. And they worked hard to build up co-operation with surrounding boroughs, which saw that a strong Manchester was good news for them as well. Local leaders in Wigan, Trafford, Salford and elsewhere supported regeneration in Manchester, as they knew that they would also reap the benefits.

But the city centre’s success hasn’t yet reached many neighbouring areas or some of the smaller towns in the wider city-region. The challenge now is to spread this dynamism across Greater Manchester so that the entire city-region can reach its full potential.

Increasing prosperity across Greater Manchester will enable the city-region to achieve its role as the Northwest's most important economic driver. There's a symbiotic relationship here: when Manchester becomes a truly great European city, the whole of the Northwest will benefit from its success. But to develop a world-class economy that attracts talent and investment from all over the world, the city-region still needs to raise its game.

### **How do we make this happen?**

First, we need to consolidate the gains that Manchester has made in recent years. This means investing in the 'doughnut' areas that ring the city centre, like Ancoats, where our New Islington development is creating a vibrant new community. Regeneration in areas like this is not just about new apartment blocks. Schools, for example, are critical in order to strengthen neighbourhoods and make them more family friendly. Regeneration also means investing in public infrastructure – parks, roads, and transport links – on a wider scale. The future dynamism of the whole city-region depends on encouraging the expansion of Manchester's city centre, tackling pockets of deprivation, and creating areas where people want to be. Failure to achieve these goals will threaten Greater Manchester's continued success.

Second, we need to improve accessibility and connectivity. Strong public ownership of Manchester Airport has brought about substantial benefit to the entire city-region, which is better linked to Europe and the world than ever before. As a city-region we need to support its continued success. But within Greater Manchester, success hasn't yet spread from the city centre to many of the smaller towns, such as Bolton. Better local transport links would allow more people to take advantage of the city-region's key assets and to promote economic growth. The extension of the Metrolink tram system – which has democratised public transport – is critical to the area's future economic success.

Third, we need to recognise that sustained investment in Manchester's economy will have a powerful impact on the rest of the Northwest. Other parts of the region, such as Cumbria, are fantastic places – but they will never be Manchester's economic equals. Greater Manchester, and to a lesser extent Liverpool, will always lead the Northwest's economic growth. So there's a strong argument to increase the level of public investment coming into the

city-regions, because that investment will have clear positive benefits on the region as a whole.

Finally, we need gradual, but ongoing, devolution of power to the right level. Some things are best run nationally, like defence. RDAs have been surprisingly effective at bringing together the public and private sectors to make economic development work at a regional level. But there are a number of functions – like transport and planning – that need to be done on a city-regional basis across Greater Manchester. Shifting these functions downward from central and regional control would be an important and positive step, and will help Greater Manchester to play an even stronger role in the Northwest economy.

Going forward, Greater Manchester needs the kind of leadership that projects the city's vibrant, confident image to the world. While a mayor might be one way forward, I am far more concerned about the strength rather than the structures of leadership – and ensuring that leaders have the power they need to drive growth.

We have been fortunate to have good city leadership, coupled with consensus between councils on the importance of a unified image for the whole Manchester conurbation. 'Manchester' is the brand – but the benefits of that brand are felt far and wide. The Commonwealth Games, the Bridgewater Hall and the Lowry are testaments to its success. Future events, like the Manchester International Festival, will further raise our profile on the European and world stage.

This city has grown tremendously in recent years but it needs to continue to innovate in order to consolidate its position. The re-birth of the city centre needs to be nurtured and sustained, and the lessons of its success spread more widely.

Greater Manchester is the Northwest's biggest asset and is well on its way to becoming a truly world-class city-region. Now, it needs the power and confidence to continue to grow.





**Felicity Goodey**  
*Chair, Central Salford Urban  
Regeneration Company*

*Felicity Goodey left her role as a regular presenter of BBC political programmes to accept an appointment as a Board Member of the Northwest Regional Development Agency between 1998 and 2002. She now chairs the Central Salford Urban Regeneration Company (URC), as well as the Northwest Regional Cultural Consortium and the Northwest Tourism Forum.*



## ‘Spreading the Benefits’ of Growth

*Felicity Goodey, Chair, Central Salford URC*

In 1825, Sir Thomas Potter, the first Mayor of Manchester engaged Sir Charles Barry, one of the most celebrated architects of his day, to build him a new home in Salford. Sir Charles Barry who went on to create the Houses of Parliament, constructed a fine little mansion standing in its own park high on a hill overlooking the docks which brought in the raw materials and exported the finished goods on which the fabulous wealth of industrial Manchester was based. It’s called Buile Hill and there it stands, boarded up now, its elegant interior wrecked to create a long-closed municipal mining museum. It stands forlorn, still surrounded by its park, still overlooking the docks, known as Manchester Docks in their heyday, but called Salford Docks once they declined and were closed.

Those docks today are Salford Quays, a major cultural, office and residential waterside development where the number of jobs is five times the number ever employed in what was once Britain’s third busiest port. Salford Quays developed despite Manchester, which saw it as unwanted competition. Ironically, the rivalry between the two neighbouring local authorities separated by the River Irwell may in some ways have stimulated the leap of faith that created Salford Quays and its international arts and entertainment complex, The Lowry.

Strenuous efforts are now being made on both sides of the River Irwell to work together. It is important to ensure that this is more than skin deep. When a juicy project is in the offing it is tempting for ancient rivalries to rise to the surface. Does that matter? Well yes, it does if Manchester, the undisputed brand leader of the region and the driving force of the Northwest economy is to realise its full potential.

Much has been written about the doughnut of poverty and deprivation surrounding our major cities. Salford is a case in point. Despite some heroic

achievements like Salford Quays, much of the area continues to suffer from deep rooted poverty and deprivation. Yet here is land, here are rivers, here are parks all within a few minutes walk of the heart of densely-developed commercial Manchester. Here are the very assets which a successful European city takes for granted, assets which if Manchester is going to continue to expand and prosper it should be relishing the thought of helping to bring back to productive life. And Salford, of course, is not alone in having assets to complement the regional centre. All around are other local authorities with development opportunities. And the same is true of most other major northern cities in relation to their neighbours.

Manchester has been conspicuously successful in recent years in redeveloping the commercial heart of the city but is striving to achieve the critical mass to put it on a par with the great European cities. Manchester's immediate neighbours have the land and the potential assets to make that difference. But they do not want hand-outs or to become overspill areas for their neighbour. Successful partnerships, like successful marriages, depend on mutual support and respect. The challenge for Manchester, and other major cities, is to lead without dominating; to be first among equals; to see the benefit of helping to develop prestige developments outside their city boundaries and to recognise that the most appropriate location for quality investment may sometimes be elsewhere in the Greater Manchester city-region.

The Association of Greater Manchester Authorities has been making a big effort to turn the city-region concept into a reality. The truth is though, that the governance of this city-region, like many others, is complicated by the plethora of local and neighbourhood schemes developed by governments to respond to local specific needs. All are worthy, all conceived with the best of intentions, but how many bodies do we need to oversee housing, planning, health, education etc? There are NDCs and URCs and LSCs and SRBs and PCTs and Lifts and Pathfinders, quite apart from all the local government departments and a host of regional and national agencies. Much time and effort is expended by these different bodies trying hard to work together, but if we are going to have a fast and effective system to get us on the front foot

in a globally competitive world, we have to rationalise this explosion of well-meaning enthusiasm. It is no wonder successful cities like Manchester have taken to cutting through the niceties and become determinedly focused on their immediate interests. But despite the many good things that have resulted from Manchester's focus, it is now time to widen the horizons and find a way of pooling resources and effort.

What the city-region does not need is another 'body', 'partnership' or initiative. What it requires is civic leadership from talented, entrepreneurial and courageous men and women. Personally, I do not favour elected mayors. Civic leaders must be accountable but what a pity if we restrict the talent pool to those willing to become politicians. The partnership of a good council leader and a strong chief executive can deliver for the people they serve, provided of course government and all its many tentacles allow them to get on with the job. Is it any wonder they find it hard to attract talent when for years local government has been stripped of its authority and denigrated on a regular basis?

Political parties have a responsibility to persuade quality people to stand for local elections; councils need to learn to value good staff and sort out the poor ones; the audit commission should set a standard test: what have you done to tear down the barriers between your organisation and your neighbours and how many tangible benefits and efficiencies can you demonstrate from working together?

People are rightly proud of their local identities but it is time that arbitrary local government boundaries stopped getting in the way of modern development. Big cities like Manchester, Liverpool, Leeds and Newcastle can drive the economic development of their wider regions, but to do so successfully they have a responsibility to foster constructive partnerships with those outside their formal boundaries. Equally, we need strong and confident leadership from those neighbouring authorities if such partnerships are to be based on mutual respect and therefore to thrive. It's a change of attitude and, in some cases, people we need, not a change of structure.





**Warren Bradley**  
*Leader, Liverpool City Council*

*Warren Bradley is the Liberal Democrat Leader of Liverpool City Council. He has been a Councillor since 2000, and is a full-time firefighter. He serves on several Boards including for the Liverpool Culture Company, Arts Council North West and the National Museums Board.*

# The Liverpool City-Region: Harnessing Cultural Capital

*Warren Bradley, Leader, Liverpool City Council*

For me, Liverpool is one of the best cities in the world. I have been lucky enough to visit some of the world's greatest cities, but this is the place I like to be the most.

It is instantly recognisable to people across the globe who know its unrivalled musical, sporting and industrial heritage.

You can't beat the buzz and excitement of the city centre. The top-flight football. The breadth of music. The excellent theatres. The world class museums, quality architecture and rapidly improving parks.

But there are also things that I recognise we can improve, and places we can learn from. For example, the quality of the street performances in Barcelona or the efficient public transport of Tokyo.

We now have an amazing opportunity to use the 2008 Capital of Culture title as a magnet for work, investment, learning and innovation.

A chance to make a real difference to the lives of every single citizen in Liverpool – both young and old.

We can build on our important role as a city which already generates a third of the Northwest's economic output.

A city whose airport provides links with 57 international destinations for a catchment area of 9 million people.

A place with a huge knowledge base in assets such as the Liverpool School of Tropical Medicine, car manufacturing at Jaguar, the new science park and the bio-manufacturing centre in Speke.

We are already taking advantage of many of the opportunities that are coming our way as a result.

Work is well underway on Europe's biggest retail and leisure development – the £920 million Liverpool One project.

Cranes are constructing a new 9,000 seat arena and conference centre at the Kings Waterfront, which will bring huge pop acts and major events to the city.

We are working to build new sustainable communities in areas such as Anfield and Kensington.

But this massive change brings a number of challenges.

There's the disruption caused by the £2 billion of investment flooding into the city. The upheaval caused to residents while we rebuild areas where the property market has collapsed.

There is also the tricky problem of managing the issues of creating wealth in a city which has several of the poorest wards in the country.

A place where apartments costing over half a million pounds are located less than a mile away from communities living in poverty.

We should not forget that major strides have been made over the last couple of decades. The European Objective One programme, the Mersey Waterfront, New Heartlands, the Mersey-Dee Alliance and The Mersey Partnership are just a few examples where local authorities working together have made a real difference to the city-region. This co-operation between us all will see 50,000 jobs created in the region over the next five years.

We also work closely with our regional colleagues. The days of Liverpool being in constant competition with Manchester are over. We no longer look enviously up the East Lancashire Road, because we are grown up enough to realise that our economies complement each other. For example, Liverpool works with Manchester and Chester on cross-promotion in marketing what we have to offer. It isn't a question of us or them – it's us and them.

And our economic and cultural relationships extend far beyond Merseyside and the Northwest. Dublin, Belfast, Edinburgh, Glasgow, Cardiff and even New York and Shanghai are just some of the places the city-region has close links with. As well as our worldwide trade, the city also looks out and attracts university students from across the globe, many of whom chose to stay after they have completed their studies. The universities are working on a Northern Way project and have developed the Liverpool Research Alliance, working with Daresbury and reaching out to Georgia in the USA.

We are making strides to engage with the private sector, for example, through the City Growth Initiative to deliver what 1000 businesses have told the council they want from us. We are working with the market while at the same time ensuring we protect and enhance the unique character of our 800 year history which has earned us World Heritage status. It is vital that today's



generation can benefit from our forefathers' glory, for example by bringing alive the Pier Head and the waterfront. Liverpool is a growing, changing city that understands its past but looks to the future.

Capital of Culture presents a great opportunity to change forever the perceptions of Liverpool. We can shout about the low crime rates (you are more likely to be burgled in Oxford than Liverpool, according to a recent survey). The relatively low cost of housing. The excellent schools with exam results now close to the national average. The beaches, countryside and areas of outstanding natural beauty that are on the doorstep.

And most of all, we have the biggest asset of all – the people of Liverpool. It was they who the Capital of Culture judges said clinched the title for the city. A friendly, talented, creative and witty population.

Across the country, Britain's cities are undergoing a huge renaissance.

Liverpool has been waiting a long time for an opportunity like this.

It is essential we restore confidence and pride, raising ambition for the people of the city. This will ensure we achieve our ambition of becoming a premier European city with an internationally competitive and sustainable economy and cultural offer, and an outstanding quality of life.

But we need government to support us to take on some of the challenges that we still face. This means working in a more radical way to achieve our goals more quickly to benefit local people.

At the moment, the pace of change is not powerful, radical or focused enough.

We don't have enough private investment to deal with our above average unemployment rate, the £600 million needed to bring houses up to a decent standard or the entrenched poverty highlighted by the 41,000 people on incapacity benefit. We need assistance to deal with the low start-up and survival rates for business and to improve the skills of the workforce.

Currently, there are far too many initiatives. Too many agencies. Too many of them are unaccountable and driven by grants which have a 'one size fits all' national and regional approach. There are cumbersome appraisal and approval procedures which can crowd out the private sector.

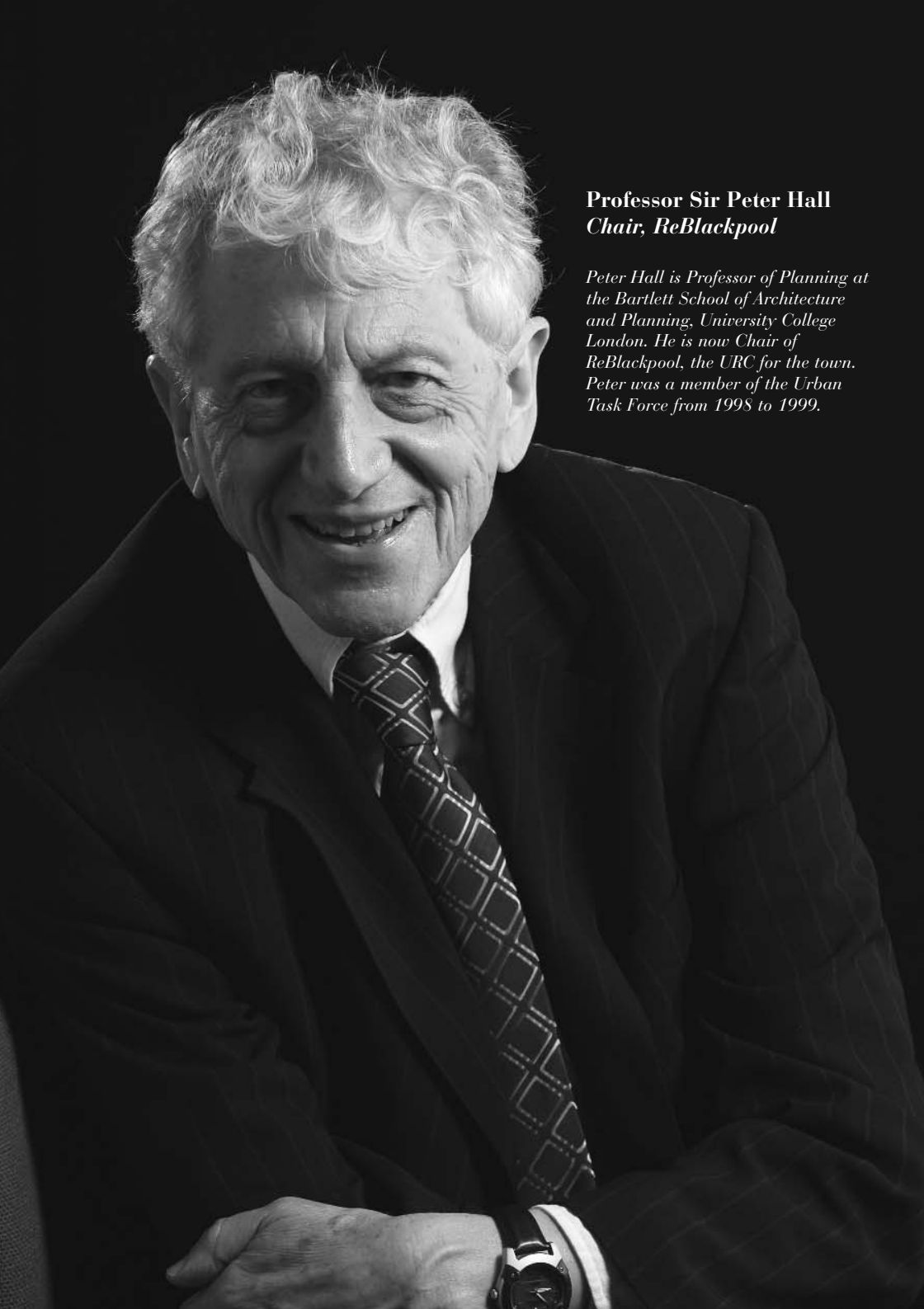
But we don't need an overemphasis on new delivery structures. We do need to address how we can co-operate better across local authority boundaries with the private sector, to more actively deal with matters in hand such as the new Mersey Crossing, abandoned housing, improving the quality of the environment, getting people to work on first class public transport, etc.

What is missing at the moment is an effective way of supporting business and driving up skills. We are looking for a new partnership with central government to ensure that our city-region economy has flexible local solutions to close the gap between Merseyside and the South East.

In short, we need to work with the government to restore the credibility of elected officials to be powerful, responsible and accountable on behalf of all local people.

We have no illusions about the mountain that we have to climb. But by working together, and using the wit, teamwork, passion and community spirit we are renowned for, victory is ours for the taking.





**Professor Sir Peter Hall**  
***Chair, ReBlackpool***

*Peter Hall is Professor of Planning at the Bartlett School of Architecture and Planning, University College London. He is now Chair of ReBlackpool, the URC for the town. Peter was a member of the Urban Task Force from 1998 to 1999.*

# Central Lancashire: The Necessary Mythical Beast?

*Professor Sir Peter Hall, Chair, ReBlackpool*

Perhaps the city-region is rather like James Thurber's *Unicorn in the Garden*: a mythical beast. And in that respect, Central Lancashire represents a particular challenge. But paradoxically, if such a region did not exist, it might be necessary to invent it.

It is easiest to say what a city-region is not. It is not a physical unit, a continuously built-up area; it may include greenfield territory. It is not an administrative unit – though there is an issue as to whether, if it does exist, it should become one. Rather, it is a *functional* unit, defined in terms of relationships linking its parts. Often, studies define city-regions on the basis of commuting between a central city (or cities) and the surrounding area. But evidently, the Northern Way city-regions do not conform to this model. Indeed, in their original formulation - in the famous Purple Haze map - it was difficult even to identify their boundaries. Recent work has found that even for commuting, professional and managerial workers have far wider spans than unskilled workers. And other relationships, such as theatre visits, will generate far wider spheres of influence (Harding and Robson, 2006).

This discussion might appear pedantic. But it lies at the heart of strategy. What exactly are the qualities, or quantities, that tie together the disparate parts of a city-region? What gives them shared identity? Such qualities must be definable and measurable; otherwise, the city-region is indeed a mythical beast.

That is true even for those city-regions, six out of eight in the Northern Way, that are unambiguously based on one central city (or dual city, such as Manchester-Salford). Even there, constituent units prove to be important

independent employment centres with their own commuter fields. Older work, not yet completely outdated (Hall *et al*, 1973), suggests that the six Northern Way regions between Liverpool and Hull might map into no less than 28 commuter-based city-regions. But for Central Lancashire – as for another anomaly, Tees Valley – no central city exists. Four distinct cities or towns, along a 40-mile west-east corridor, have separate commuter fields: Preston (336,000), Blackpool (323,000), Blackburn (276,000) and Burnley-Nelson-Colne (245,000). The functional relationships between them are unclear and probably limited; the most visible connection between Blackpool at one end and Colne at the other, is an hourly train service on which few ride the whole way.

So a common identity must be sought elsewhere. Topographically, this region is the Fylde plain, the Ribble Valley and the Pennine foothills bordering it above Preston. Along it runs a strong transport spine, the M55/M6/M65, a potential cross-Pennine connector which peters out at Colne as if reluctant to relate to neighbouring Yorkshire. So, to a far greater degree than the Manchester or Merseyside city-regions, this is quintessentially polycentric: four medium-sized urban places, and many smaller ones, are separated and bordered by extensive - and highly attractive - rural areas. This gives it a character different in kind from the Northwest's other two city-regions.

All this might suggest that Central Lancashire defines itself negatively or residually: not Manchester, not Merseyside. In a sense, that must logically be true. Yet the region has a considerable collective presence; it cannot be ignored. It is a significant extension of the Northwest megalopolis, the UK's second biggest urban mass after London. Its GVA output exceeds £15bn: equal to the entire sub-regional output of Merseyside and 20% of the Northwest total. It has economic characteristics and strengths that are distinctive and different from the other two city-regions: the largest concentration of advanced manufacturing and aerospace outside the South East, increasing levels of knowledge-based employment in and around Preston and the UK's biggest tourist draw - a potential world-class resort

destination - in Blackpool. Logically, these strengths receive backing both in the *Northern Way Growth Strategy* and in the wider Regional Economic Strategy.

So this difference, *not Manchester, not Merseyside*, is precisely what gives the region its special character and strength. The fact that it lacks a dominant centre, that it consists of four staunchly independent places, that they sit against a background of attractive open country, offers tremendous potential for living and working, and thus for developing a set of independent counter-magnets to Liverpool and Manchester.

That said, like most of the region it is dominated by places – one city, three towns – that have lost their historic economic mission and are working in different ways to define a new one. Three were based on the region's great basic industry, cotton, and – especially in Preston – associated engineering. One, Blackpool, built itself as their complement: the place where their people would enjoy their leisure time and perhaps their retirement. Cotton's long slow death grievously affected three of the towns. But Preston showed the way, building a vigorous alternative manufacturing economy on electrical engineering and aerospace, and then a strong public service economy as county town and then university town. Still Proud Preston, it draws strength from its halfway house position between London and Glasgow on the M6/M74 and West Coast Main Line Corridor - two and a half hours from London by non-stop Pendolino now, two and a quarter hours in 2008 – and equally from its capacity to act as sub-regional retail and service centre for the east-west M55-M65 corridor.

But its very strength highlights the challenge for the other three. Geography, as ever, is both a constraint and an opportunity. The eastern end of the region, huddled within the Pennine slopes, has potential as a commuter destination for Manchester office workers, attracting them from North Cheshire where so many now migrate. As imaginative developers like Urban Splash demonstrate the potential for redeveloping worn-out terraces into

attractive family starter homes, there is scope for Burnley and Blackburn to turn their housing surpluses into marketing advantages.

At the other end, the challenge for Blackpool is acknowledged in the town's masterplan: to reinvent itself as a unique, world-class resort destination by first attracting the UK's first and only regional mega-casino and later developing a casino cluster to make it a European Las Vegas or Macao. This is backed both by the Regional Economic Strategy, which includes Blackpool as one of four key priority regeneration areas and identifies it as the location for casino development in the Northwest, and by national government, which awarded an Urban Regeneration Company, ReBlackpool, with the specific mission to deliver the town's casino-led masterplan.

But Blackpool's strategy is based on far more than gambling. It is to use casinos, as in Las Vegas and elsewhere, to create a kind of tourist experience so far unknown in this country: a unique blend of entertainment and cultural attractions that will act as magnet for visitors from all over the country and eventually the world. Crucial in this will be the rapid expansion of Blackpool Airport, Europe's fastest growing, as a Central Lancashire airport offering a range of direct low-cost services to European and eventually world destinations. And this will change Blackpool's relationship to the region: the masterplan is expected to deliver 3,000 new job opportunities in Preston, thousands of additional jobs elsewhere in the city-region. And Blackpool will progressively rebuild its natural role as the sub-regional centre for the wider Fylde Coast and peninsula.

But the impacts will go wider. Over the last two decades, Manchester's remarkable economic renaissance has impacted negatively on Central Lancashire: new tourism developments have helped draw custom from Blackpool. But the key for the future must be that Blackpool's renaissance will forge a positive, complementary relationship with both Liverpool and Manchester, as part of an exciting and diverse Northwest offer. Similarly, exploiting the commuter potential of the Ribble Valley and the Pennine

foothills must enhance Manchester's capacity to attract inward investment in advanced producer services and cultural industries. Such positive synergies must play a key strategic role at sub-regional and at regional level.

Coming back to that starting question, whether or not Central Lancashire is a natural city-region, it was indeed necessary to invent it. For experience has shown that city-region status has helped produce an evidence base, enabling partners to understand for the first time how their regional economy works and can be made to work better. And, just because the region lacks a single dominant city, the difficult process of generating a development plan has goaded partners to prioritise effectively - an outcome few could have predicted. For the future, the key lies in strengthening and deepening this process through some form of written contract – an idea already being explored.

But, however the city-region debate is framed elsewhere, whether or not there is a case somewhere for city-region-wide governance in the form of a mayor and executive, such a concept makes no geographical sense here. If there is scope for reorganisation, it must recognise the reality: that each of the four major urban places has a natural hinterland, going outside its boundaries to encompass a wider local sub-region. Central Lancashire's enduring characteristic is that it is and will remain polycentric.



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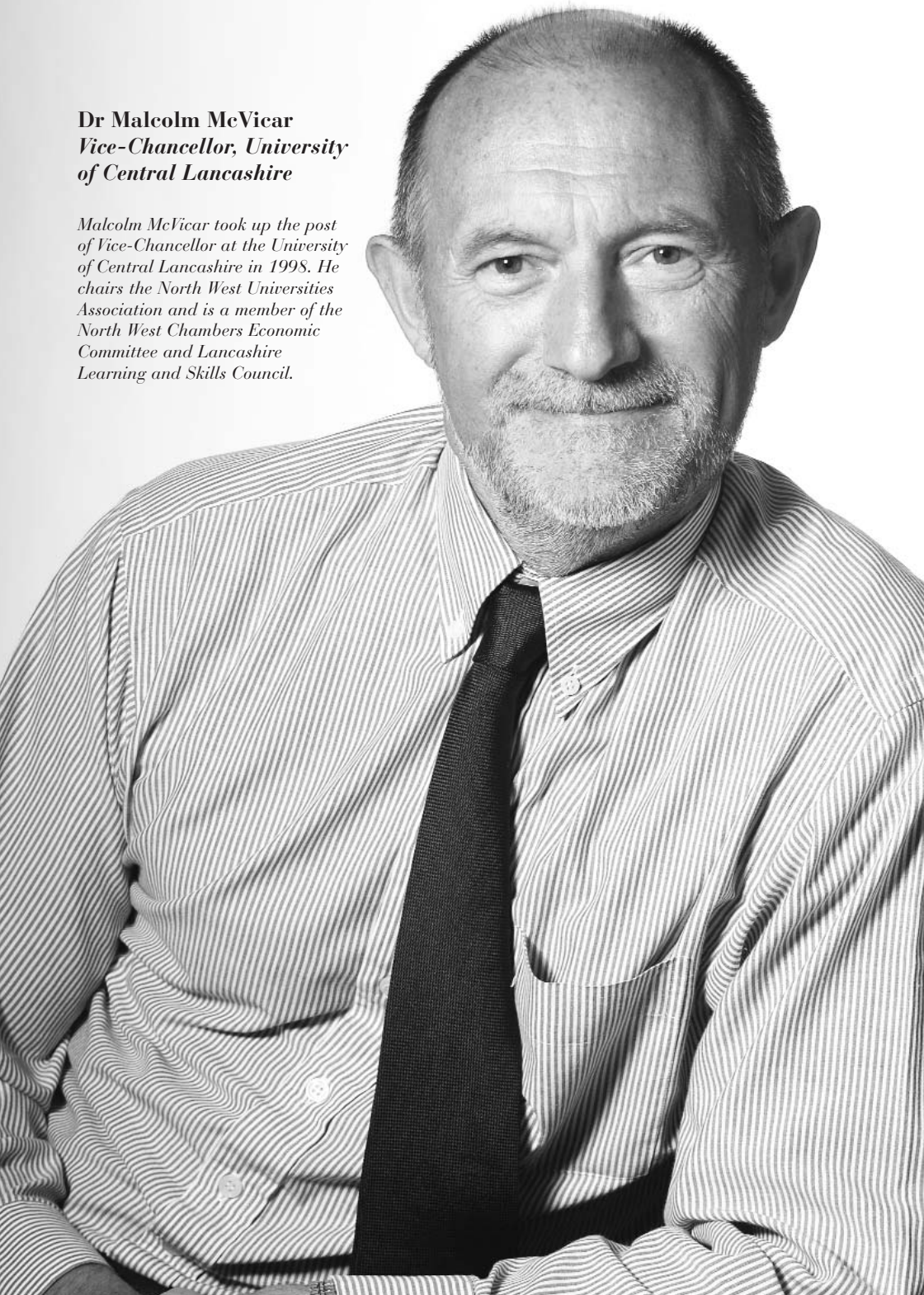
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**Dr Malcolm McVicar**  
*Vice-Chancellor, University  
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*Malcolm McVicar took up the post of Vice-Chancellor at the University of Central Lancashire in 1998. He chairs the North West Universities Association and is a member of the North West Chambers Economic Committee and Lancashire Learning and Skills Council.*



# Developing the Economic Potential of Smaller Cities

*Dr Malcolm McVicar, Vice-Chancellor,  
University of Central Lancashire*

At last the crucial importance of cities as drivers of our economy and major determinants of our society is being recognised again. For years, the importance of "big cities" such as London and Paris has been recognised and there has been growing attention given to the megalopolises of Europe, North America and Asia. Until recently, much of this attention has adopted two themes. The first was a continuation of a "golden age" mythology, that urban life is an aberration from the norm of rural life and that the only cities which mattered were the big ones.

The "urban-bad versus rural-good" value framework has been around implicitly for several hundred years. It is based upon a romantic view of the quality of rural life, pre-industrialisation, arguing that, as mainly poor working-class people moved from rural areas to urban areas, the quality of their lives deteriorated. This analysis, which was made in Victorian Britain, is currently made of China and India where, when people talk about urban drift, it is usually from a value framework which is somehow regretting that movement.

The reality is that most people in the past move and now migrate from rural areas to urban areas in an attempt to alleviate their poverty and to improve their life chances. The main drivers are economic survival. This is not to criticise rural life, nor to underplay the importance of primary production.

But rural poverty exists alongside urban poverty, and many poor people simply vote with their feet. We must be very careful when we look at rural life through rose-coloured spectacles that we are not doing it from a middle-class position, where more affluent people are able to combine the best bits of both.

The second theme was an almost exclusive attention to scale. The concentration on big cities has consistently undervalued the importance of smaller cities in the UK. Most people live in urban environments, either within areas labelled as "cities", or in suburbs relating to those cities. With the over-concentration on the biggest cities, such as London and Manchester, there almost seems to be an assumption that the economic importance of the others and the quality of life within them is inferior. However, this is not the case. Given that the majority of people who live in urban areas actually live outside the big cities, we need to recognise the importance of the smaller cities, adapt our public policies to facilitate their growth and development and ensure we are working to improve the quality of life for the people who live in those urban areas.

In the Northwest, there is a danger that we will implicitly adopt a Reaganomics "trickle-down" view of the importance of Manchester. Manchester is a very important city. It is the largest urban area in the Northwest and has a strong economy with a significant impact on the region. However, policies which concentrate economic investment in Manchester in the belief that this will somehow trickle down into the rest of the Northwest are fundamentally flawed. Investments by bodies such as the government and Regional Development Agencies are actually investments which intervene in the market. Markets are, by definition, self-regulating. Interventions may either assist markets to work more effectively or may

distort the operation of the market. Interventions can also have unintended consequences. Our social and economic history is littered with examples of well-intentioned government interventions which failed.

That is why the Northern Way is such an important statement of principles for the North of England. It recognises the importance of the big cities, but also recognises the importance of other urban concentrations. Central Lancashire is one of the key urban concentrations whose importance was recognised by the Northern Way and whose development now needs to be supported by a range of public interventions designed to enable market forces to operate more effectively. In the end, it will be market forces which determine whether cities are successful or not. I would argue that market forces, if supported, will enable the urban areas within the Central Lancashire conurbation to become even more successful in the future than they are now.

We also have to recognise that, although we have successful, vibrant and strong cities in the Northwest, each of those cities has significant and unacceptable variations in life chances. Within each of the cities in the Northwest, there are large areas of multiple deprivation where unemployment, low-pay, low skill levels, poor housing, poor transport, poor health facilities and inadequate educational services all interact and lead to a situation in which the benefits of a strengthening economy do not necessarily reach into all parts of the community. This is one of the major challenges for public policy in the 21st century.

Public intervention essentially needs to be of two types. The first is to remove negative barriers which interfere with the beneficial operation of market forces in cities. For example, our current planning process is a major barrier

to positive economic development. Nobody would argue for the removal of planning controls. They are essential in terms of maintaining a good urban and rural environment, protecting the greenbelt and improving the quality of life. Nobody would want the appalling environmental degradation that goes with an unregulated economy. However, our current planning system can act as a deterrent to investment in urban areas, making it more difficult for cities to develop their economies and adversely impacting on the overall quality of life.

There are numerous examples where planning permission has been refused for a major development in one area only to be granted in an adjacent area or where developers and business people have been frustrated at the planning regulations in one part of the Northwest and have consciously moved the activity, and the jobs involved, to another part of the Northwest or – much worse – outside the region altogether.

Another negative barrier is the current structure of local government. Local authority boundaries no longer correspond to the socio-economic reality of urban areas. This is generally recognised. However, there is a lack of political will to tackle this issue. For example, if we use the term “Greater Preston” to describe the social and economic “city” of Preston then this would encompass the current local authorities designated as a City of Preston, most of South Ribble Borough Council and most of Chorley Borough Council. The overall urban area is one largely continuous, integrated urban landscape but the responsibility for its governance is divided between three second-tier authorities and one top-tier authority, Lancashire County Council. The scale of the local government challenge requires local government boundaries that correspond to economic reality now and not to what it was twenty or more years ago.

The need for local government reorganisation was recognised in the late 1960s with the landmark Redcliffe-Maude Report, but the issue was fudged for political reasons in the 1970s and has never been revisited in a comprehensive approach. The current approach to the review of local government structures and boundaries is hopeless. It cannot be done on a permissive or voluntary basis but actually does need the force of central government behind it.

This discussion needs to address the question of unitary verses fragmented local authority. In Lancashire, everyone holds up Blackburn and Blackpool, unitary authorities as clear examples of the benefits to be gained from an integrated single-tier of local government. Yet the Greater Preston area has an equal claim to Blackburn and Blackpool to be treated as a unitary authority. These issues need to be addressed quickly and comprehensively in an initiative led by central government.

Until this issue is resolved we will not secure the level of leadership at elected level which is necessary to drive the transformational agenda forward. A new system of local government is needed to attract a new generation of visionary and entrepreneurial leaders who deliver.

This is not to undervalue the importance of partnership in civic life or urban regeneration. Partnership engagement is crucial, particularly between the private and public sectors. But private sector leaders will not engage in the process unless they feel that they can make a difference and that the expenditure of their limited time resources is worthwhile.

The second type of public intervention is to provide investment funds which would not otherwise be forthcoming and without which key, strategic developments will not take place. Not all large-scale regeneration projects require significant public sector investment. For example, the plan to create a third regional retail centre in Preston is led by the private sector and, although there is some public sector investment, the majority of the funding is not dependent on that source. The public sector funding which is needed may be crucial to moving one or two key blockages, but if the scheme is to work it must stand on its own two feet financially. By contrast, the ambitious RiverWorks Project in the Greater Preston area will require significant public sector investment.

The RiverWorks Project aims to unlock the fantastic development opportunities in the Ribble and Preston Docklands. In order to get this series of linked projects, total value of which will be around £1 billion, to a position where they can be self-sustaining on a private sector basis, there needs to be large-scale public investment. Part of the project is for a barrage across the Ribble to maintain water levels as a basis for environmental and recreational improvement. The cost of the barrage, estimated between £20 and £50 million, simply will not come from the private sector and if it does not come from the public sector, the scheme will not happen. However, once the barrage is in place, the development potential of the locations adjacent to the improved waterway can be realised without significant further public investment. This public investment will bring significant dividends to both public and private sectors and over a period of time will certainly more than repay the initial costs.

Preston Vision's masterplan for the Greater Preston area consists of three key projects: The Tithebarn Retail Development; the RiverWorks Project and the Transformation of the Central Business District. The Central Business District Project aims to provide a significant improvement in the volume and quality of office accommodation available in Preston city centre. Again, once passed the initial stage it will be self-sustaining on a market basis, but it will require more limited public investment in order to kick-start the project.

Given the right approach to public investment and the overdue changes to local government structures, the future for Central Lancashire is very bright. At the heart of this city-region is Greater Preston. If we get it right, within two decades we could have transformed this city-region and the quality of life of the people who live within it.





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# The Central Lancashire City-Region: Blackburn, East Lancashire and the Transformational Agenda

*David Taylor, Chairman, Elevate East Lancashire*

Central Lancashire city-region doesn't conform to the model of one core city operating within a wider economic sphere. In terms of its geography it has more similarity with some of the European city-regions, such as the *Lille Métropole Communauté Urbaine* in France or the *Randstad* in the Netherlands. Nonetheless, it has no less legitimacy for being different, as its vitally important economic contribution to the Northwest is not in doubt.

The Central Lancashire city-region has all of the attributes of a core city apart from its geography, with a total population of 1.2 million. It is polycentric, with three core areas based on Blackpool and the Fylde coast: Preston, South Ribble and Chorley; and Blackburn and East Lancashire, each with different but complementary functional specialisms. It doesn't operate as a single economic entity; there are a number of labour markets operating within its boundaries. Blackburn, Blackpool and Preston act as growth poles for the economy. The reason for its existence is the same as other city-regions: to grow its contribution to the regional economy and to narrow the output gap between the North of England and the rest of the country. There are similarities with the other city-regions – all of them include areas of stronger growth and areas that require more support to realise future potential.

So what benefits have been gained from having the emerging city-region in Central Lancashire? The first must relate to increased levels of partnership working: a constructive and supportive dialogue now exists that would have been inconceivable even a few years ago. This has resulted in mature decisions being taken on the priorities for the city-region, based not on parochial interests, but in the best interests of the economy.

A considerable amount of work has gone into understanding the strategic issues that impact on the city-region and on developing answers and solutions to previously unanswered questions. Not all of the answers are yet identified; some problems are not soluble by quick fixes. Further synergies are needed, not just within the city-region, but also between national, regional and city-region policy. For example, imposing national targets can be counter-productive when they are misaligned with sub-regional needs. If the city-region debate leads to a more flexible approach from national and regional bodies to city-regional issues then a great deal will have been achieved.

As a consequence of city-region working, new forms of governance are developing that will achieve further improvements in partnership and delivery. Blackburn and East Lancashire are at the forefront of this movement with the establishment of the East Lancashire Chief Executives Group (ELCHEX), the influential leaders from the area, to drive forward the delivery of the Pennine Lancashire Transformational Agenda, an integral part of the Central Lancashire City-Region Development Programme.

A key challenge for Blackburn and East Lancashire is to maintain and grow its share of the sub-region's economy, which at 34%, is currently higher than other areas in the city-region. East Lancashire's economic heritage lies in manufacturing, whilst more traditional mass manufacturing businesses are in decline, a transformation is being fashioned based on an innovative manufacturing strategy that will not only safeguard the future of manufacturing in the area but will embrace new technologies and growth sectors. But the Pennine Lancashire Transformational Agenda goes much further than this - transforming one sector of the economy in isolation is futile without also tackling the housing market and image of the area. Elevate, the East Lancashire Housing Market Renewal Pathfinder, is fundamental to achieving change in the area. Some other aspects of the Transformational Agenda include the development of a number of "destinations and settings" related to tourism and inward investment and improvements to the public realm of the urban centres.

The knowledge economy is considerably easier to develop with the presence of a knowledge institution and one thing that East Lancashire does not have is a university, nor indeed any other major institution that can make a significant impact on the economy. To remedy this, the Pennine Lancashire Transformational Agenda includes a raft of innovative ideas to establish a number of knowledge institutions. This has been achieved already in a number of places, including Tampere in Finland:

*“The City of Tampere has indeed been in many ways influential in building and changing its institutional set-up for knowledge production and education; hence it has been instrumental for decades in creating (an) institutional foundation for future clusters and innovations.”*

Connectivity is an issue that has been identified as critical to the success of the city-region in Central Lancashire and this is nowhere more relevant than in East Lancashire. The Northwest Regional Economic Strategy identifies the need to improve accessibility from East Lancashire to Preston and Greater Manchester and if East Lancashire is to maximise the benefits of being part of the city-region then consideration needs to be given to how connectivity can be improved. The core areas of the city-region, the Fylde coast, Preston and East Lancashire, will develop greater labour market interaction if transport and accessibility are improved.

Central Lancashire, as a city-region, has different potential and different issues to those city-regions based on one core city, but the main ethos of the city-region is the same: “Doing things differently and adding value to deliver sustainable economic growth”. It provides an alternative model for development across different spatial areas in the UK, where small to medium-sized towns predominate and can share comparative advantage. Everyone in the city-region is working hard to make sure it fulfils its potential and boosts the North’s GVA; it is vital that key regional and national players acknowledge this and give their support to the Central Lancashire city-region.



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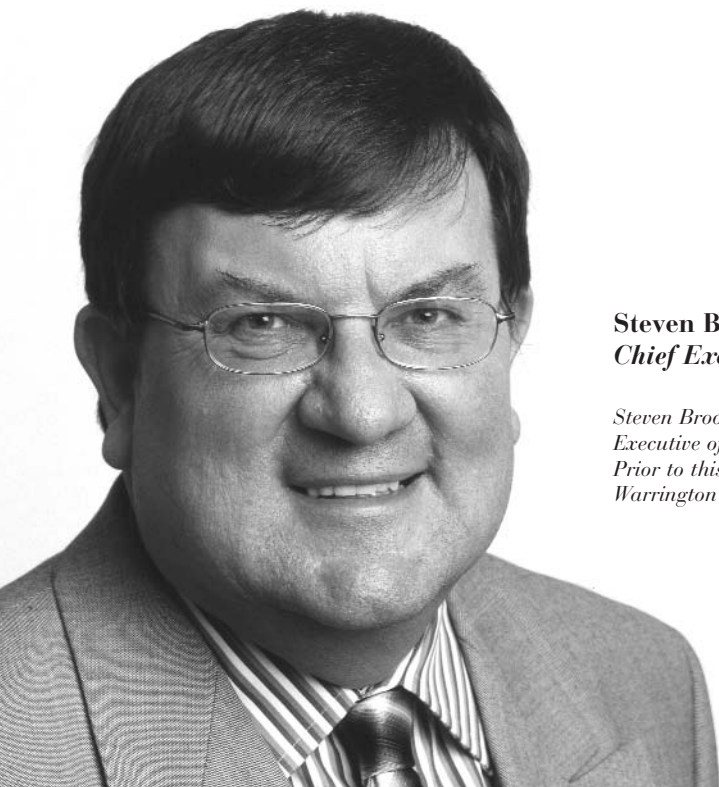
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# Bringing it Together: Conclusions and Next Steps

*Adam Marshall, Centre for Cities and  
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## **Introduction**

Our contributors – from Greater Manchester, Merseyside, Preston, Blackburn and Blackpool – have outlined the progress, economic importance and potential of the Northwest’s cities and towns.

As Tom Bloxham says, ‘urban’ is no longer a dirty word. Instead, it’s a mark of distinction. The Northwest’s cities are back. They are engines of the regional economy. And they are already the dynamo of the regional policy agenda, thanks to ongoing dialogue between city leaders, business communities and the NWDA.

Despite three years of above average growth, the Northwest still has a £13bn output gap compared to the English average. There are 90,000 fewer people working in the knowledge economy and 38,000 fewer firms than would be expected if the region was to make its full contribution to the UK economy.

The 2006 Regional Economic Strategy (RES) is the region’s response and plan. It sets tough targets for the region and identifies clear priorities, and makes clear that maximising the performance of the Northwest’s city-regions is vital to the region’s success. At a wider level, the Northern Way Growth Strategy also explicitly reflects the importance of city-regions. Each city-region has prepared a City Regional Development Plan (CRDP); in the Northwest, these will be a key element of joint investment planning between NWDA and its sub-regions.



But as Warren Bradley notes, change brings substantial new challenges. To reach their full economic potential, the Northwest's cities will need policy innovation, strong leadership and closer cross-boundary working.

## **Urban priorities for the Northwest**

Our contributors identify a number of challenges but focus on four key priority areas. Tackling them will require a concerted effort by the Northwest's cities and towns, plus the active involvement of the NWDA and a number of Whitehall departments.

### *Priority 1: Improving connectivity*

Nearly all of our contributors agree that connectivity is the key challenge – and a critical investment priority for city-regions. For the Northwest's economy to succeed, three types of improvements are needed:

- *Connectivity within city-regions*: in Manchester, Liverpool and Central Lancashire, public and private sector contributors alike believe that more needs to be done to link local people to opportunities and jobs. Local bus networks and rail services need improvements; tram systems, both existing and proposed, require a clear commitment from Government, local partners and business communities. And local transport powers will need to be increased, with greater financial control and planning autonomy from central government in the bigger city-regions.
- *Connectivity between city-regions*: currently, road and rail links between the Northwest's city-regions are underdeveloped. Better links between Greater Manchester, Merseyside, Central Lancashire and Leeds will improve access to jobs, supply chains and markets while enabling each city-region to develop its own economy.

- *Better links to the rest of the UK, and the world:* many contributors suggest that high-speed rail links to London, alongside investment in airport capacity, will help the region as a whole to achieve its economic potential.

The Centre for Cities is about to start a new line of research on transport. This will look at the transport challenges within and between our major cities. At the same time, actors in the Northwest have agreed a set of key transport and infrastructure priorities needed to move the region forward.

### *Priority 2: Sustaining public investment*

Central government needs to continue to provide support, both political and financial, if the Northwest's cities are to fulfil their economic potential.

But financial support from central government is not a given. The 2007 Comprehensive Spending Review (CSR) will be tough and tight. As a number of contributors have noted, the Northwest needs to make a strong case for sustained Whitehall investment in the city regional priorities that matter most.

What are these priorities? The Centre for Cities has argued for a focus on economic development, with particular emphasis on transport and skills. This should be coupled with the devolution of spending decisions to city-regional level, starting with Greater Manchester. Our contributors have focused on many of the same investment needs, which are also highlighted by the RES. Through their CRDPs, each of the Northwest's city regions will demonstrate how targeted investment will contribute to local, regional and national economic objectives. These plans will help to fundamentally realign investment from NWDA, LSC, Job Centre Plus and Local Authorities around agreed priorities.

Transport links are far and away our contributors' top investment priority. Working with the NWDA, city-regions will need to continue to make a strong economic case for sustained investment – both to the CSR and the smaller reviews that precede it. However, the region recognises that it cannot simply present a long wish list to Government. In January 2006 the Northwest submitted agreed transport priorities within existing funding to Government as part of its advice on Regional Funding Allocations. The region is clear about the specific schemes required to achieve better integrated networks between city regions and improved access to international markets, particularly to strengthen the M62 corridor. It is important that central Government now takes decisions on schemes based on this advice.

A mature discussion has begun and it must continue. A short-list of clear capital investment priorities has been agreed, and it must be maintained.

Additionally, the Northwest's city-regions still have a major skills divide to tackle. Although Manchester and Liverpool city centres are now attracting graduates and professionals with a wide range of specialised skills, surrounding communities face continuing challenges. Existing national structures and targets do not allow the Northwest and its city-regions to prioritise skills investment or train local people to access newly-created jobs.

The next year is crucial, leading up to the final report of the Lyons Inquiry (December 2006) and through to the Comprehensive Spending Review (July 2007).

The growth in public spending over the last decade helped to underpin the economic revival of Manchester, Liverpool and Preston. But public spending growth is likely to slow over the next decade. The Northwest's cities will not be able to rely as much on central government or European funding to support their economic ambition and growth.

The cities and city-regions of the Northwest need to demonstrate that their investment plans are focused on growth. As Tom Bloxham notes, focused investment in the Northwest's city-regions will have positive effects on the region as a whole. The era of investment 'shopping lists' submitted to Whitehall ministers by local authorities has ended. Clear evidence of market failure, agreed priorities, and a direct contribution to economic outcomes must be used to justify major investment.

### *Priority 3: Overcoming fragmentation*

For the Northwest's city-regions to achieve their economic potential there is a clear need for greater co-operation across local authority boundaries. All our contributors agree that intensive joint working, coupled with more visible leadership at the city-regional level, is the first step toward ensuring healthier local economies.

Although 'strong leadership' is a common concern, there's little agreement on the sort of changes required to make it work. Some contributors, such as Richard Leese, favour an incremental approach, with an Executive Board of leaders working together with the local business community to tackle key investment needs. Others, including Malcolm McVicar, call for a radical overhaul of local government boundaries and structures to more closely approximate economic areas. And there are mixed views on whether a city-regional mayor is needed to take tough decisions and deliver key projects, such as Manchester's Metrolink extension or the third Mersey Crossing.

But our contributors agree that any city-regional governance structures adopted in the Northwest must rationalise the huge number of economic development initiatives and funding streams currently available in the region. As the Centre for Cities' City Leadership report showed, the ad hoc nature of central initiatives is preventing city-regions from taking a more strategic, tailored approach to regeneration and economic development. Whitehall-driven initiatives may not meet the needs of Manchester,

Liverpool, or Preston – whereas regional and city-regional leaders are better equipped to prioritise resources and target key areas.

Central government must require, and enable, urban local authorities to work together across administrative boundaries to deliver both economic development policies and public services. Sheer political will delivered the renaissance of Manchester city centre, but something greater than political co-operation is required to underpin economic success in the Northwest's city-regional economies. Incentives and encouragement for cross-boundary working are critical.

#### *Priority 4: Developing different roles for different places*

Different places have different needs. For the region and the country as a whole to succeed, it's important to recognise that each area will play a distinctive economic role. Not every city and town can have a flourishing financial and business services sector, or a major biotechnology cluster, for example.

It is clear that Greater Manchester is by far and away the region's biggest economic engine. Although Manchester city centre is the most visible symbol of this success, the 'hotspots' of economic growth also include many other parts of the conurbation, many of them discussed by Tom Bloxham, Felicity Goodey and Richard Leese.

But there are also significant concentrations of economic activity in Merseyside and Central Lancashire, as noted by other contributors. In the words of Warren Bradley, "it isn't a question of us *or* them – it's us *and* them".

The challenge for Merseyside and Central Lancashire is to develop a complementary offer to Greater Manchester. For the Northwest as a whole to succeed, its cities and towns must avoid an unhelpful 'race to the bottom' for investment.

NWDA is working on a major study with the Centre for Sustainable Urban and Regional Futures, the Centre for Urban Policy Studies and the Institute for Political and Economic Governance to further understand how the Northwest's city-regional economies function. It will also look at how they relate to each other, to the rest of the Northwest, and to adjacent regions.

### **Individual city-regions**

The four priorities above – improving connectivity, sustaining investment, cutting fragmentation and developing complementary roles – are crucial for the Northwest as a whole. But the Northwest's city-regions are at different stages of development. What are the key messages for each city-region, and what are the actions they need to take over the coming months?

In *Greater Manchester*, the top priority is to make a strong case to government for more devolved powers and financial resources ahead of the Local Government White Paper. There is widespread acceptance in Whitehall that Greater Manchester is ready to take on more responsibility, and now is the time for the city-region to detail its plans for stronger cross-boundary collaboration, clear leadership, and economic development. At the same time, city-regional leaders must develop a strategy to 'spread the benefits' of Manchester city centre's renaissance – especially to the northern half of the conurbation.

*Liverpool and Merseyside*, first and foremost, need to strengthen cross-boundary collaboration to help the city-region achieve its economic potential. The city-region has yet to develop the same levels of joint working as Greater Manchester, although it has made a number of big steps forward in recent months. Continued improvement is critical so that the city-region can make the most of the opportunities presented by Capital of Culture 2008, not to mention the recent revival of Liverpool city centre.

In *Central Lancashire*, the biggest challenge is to turn the area's complex geography from an obstacle into an opportunity. As all three contributors from the area argue, there are substantial differences between Preston, Blackpool and Blackburn – and the polycentric nature of the area means that connectivity is critical. At the same time, each town needs to develop its own economic role, using its assets and its local identity to create a distinctive offer to businesses and investors. Additionally, Central Lancashire's towns and cities need to work harder to articulate the economic role of smaller cities – and what they can offer to wider regional and national economies.

## Conclusions

The new Regional Economic Strategy (RES), published in March 2006, sets out the region's analysis of key challenges and opportunities, along with a set of agreed regional priorities to pursue in the coming years. These priorities must be delivered if the Northwest is to succeed in becoming a dynamic, sustainable, international economy which competes on the basis of knowledge, advanced technology and an excellent quality of life where Manchester and Liverpool are vibrant European cities and, with Preston, serve as key drivers of city-regional growth.

The RES identifies three major drivers to achieve this vision, and simultaneously to close the £13 billion 'output gap' with the English average:

- Improving productivity and growing the market
- Growing the size and capability of the workforce
- Maintaining the conditions for sustainable growth

As part of the development of the RES, the *Northern Way Growth Strategy* and our related investment plans, we have a better understanding than ever before about how local economies in the region operate – and what our city-regions must do in order to succeed.

*Cities Northwest* is a timely opportunity to gather together views from across the Northwest's cities. The 2007 Comprehensive Spending Review, the forthcoming Local Government White Paper and the Lyons Inquiry into Local Government present a real opportunity to strengthen the delivery of economic development in England and to maximise the contribution of our cities and city-regions. As this publication shows, the Northwest of England is certainly ready to play its part.







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