

better together – the way ahead for liverpool and manchester

Alan Chape and Ian Wray ask how Liverpool and Manchester could set aside their traditional rivalry and work towards a new model for 'rebalancing England'



Left

Liverpool's Pier Head, with 'The Three Graces' and, to the right, the new Museum of Liverpool

You have to attend a Manchester United versus Liverpool football match to feel the depth of enmity between these clubs. It is unnerving and unwarranted. 'Get a job, get a job, get a job,' sang the Manchester United supporters in 2007 – when unemployment was 8.6% in Liverpool and 8.2% in Manchester. These are antagonisms at their rawest and most visceral.

Yet Liverpool and Manchester are only 30 miles apart: less than the distance from east to west across Greater London. They are linked by two straight and flat railway lines, two motorways and a heavily urbanised belt with powerful assets like Manchester Airport. History divides them. Can they go on like this? In a globalised economy does it make sense?

Common threat

Both cities are at risk from the politics of austerity and public sector retrenchment. Liverpool is more dependent on public sector employment (39% of

total employment compared with 29% in Manchester).¹ Yet both can expect to see large public sector job losses in the next five years. Liverpool could lose 7,523 out of 89,000 jobs and Manchester 7,628 out of 90,000. The cuts proposed by the Coalition Government will see Liverpool the most affected major city, losing the equivalent of £192 per resident. Manchester is little better off, with a loss of £167 per resident. In Leeds, the least affected major city, the figure is £125.¹

Austerity measures will bear down on local authorities alongside other parts of the public sector. Recent research¹ puts Liverpool and Birkenhead (both parts of the Merseyside conurbation) among the five most vulnerable cities in the UK. Leeds, Edinburgh and Bristol would be the least affected of the big cities. Manchester is not among the most vulnerable, and is more secure than Liverpool. It has a smaller public sector proportionately and a stronger economy, promoting itself successfully as the 'second city' of the UK.

What faces both cities equally, however, is the gravitational force of Greater London and its financial centre. Williams *et al.*² argue that the financial crisis and the ensuing politics of austerity will traumatically terminate a redistributive social settlement. They argue that the post-2008 break represents a major shift in economic and political power, consolidating the position of London as a kind of 'city state' within the national economy. The shift had its roots in the 1980s, when de-industrialisation undermined non-metropolitan power, while the deregulation of finance allowed the growth of London as an international financial centre.

The Office for Budget Responsibility's job forecasts prepared for the Chancellor's 2011 Autumn Statement foresees 720,000 jobs lost in the public sector, and private sector jobs increasing by 1.7 million. The question is where those jobs will be lost and created. Past experience provides some uncomfortable clues.

London is the only part of the UK economy which, at the aggregate level, has not experienced job losses in the first phase of the age of austerity (2007-2010). The modest increase in London employment illustrates the continuing vigour of many parts of its economy. The contrast with other regions is marked. In the worst economic downturn since the Second World War, between 2007 and 2010 some 712,500 jobs were lost nationally; but more than 85% of that total, or some 621,200, were lost in the industrial regions of the West Midlands and the North. By contrast, the East, East Midlands and South East regions each suffered job losses of no more than 50,000; and the number of jobs in London actually increased by just over 5,000.²



Alan Chape

Above

Demonstration in Liverpool, during the 1980s period of confrontation with central government

So the real threat to Liverpool and Manchester is not each other, but London and the South East. They are 'hoovering up' jobs and investment and contain a critical mass of economic activity, including government, the media, airports, elite universities, most government-funded research, financial services and much else. London is poised to take

the lion's share of national transport investment, with £39 billion committed over the next decade.³

Old rivals

The adversarial relationship between Liverpool and Manchester has its origins in the late 18th century. Liverpool's elite looked contemptuously at Manchester – a city that grew prosperous on dirty, blue collar industry. Liverpool was the city of commerce, shipping, and culture. It was one of the great places in the world for moving things around, and never became known for anything it made. It never acquired the outlook of a manufacturing city, which is central to the culture of Manchester.

'The real threat to Liverpool and Manchester is not each other, but London and the South East, which are 'hoovering up' jobs and investment'

Manchester rose swiftly – from a mere village in 1770⁴ to a population of 100,000 by 1812 – to become the world's first industrial city, its wealth based on raw cotton imported from the slave estates of America, via the port of Liverpool. Liverpool retaliated against this upstart city by imposing a tax on its cotton imports. Manchester retaliated in turn in audacious style – a sign of things to come – by building the Manchester Ship Canal to circumvent the Liverpool port dues. The canal opened in 1894, despite opposition from Liverpool. For the next 100 years, Manchester made a thriving port out of a landlocked city.

The modern equivalent of this tussle was Liverpool's opposition to the expansion of Manchester Airport in the 1990s. It was a fruitless policy, and irritated Manchester. Manchester got its second runway and was thus reinforced as the North's international hub airport.

During the late 20th century both cities suffered economic decline. There was little civic interaction between them. What set them apart was Manchester's enduring political stability and a stronger and bigger economy. Manchester had a labour aristocracy of skilled workers and a more mainstream liberal and social democratic tradition. Liverpool was defined by a casualised labour force of dock workers with some new manufacturing implants, higher unemployment, and much more turbulent politics.

Manchester's rapprochement with Margaret Thatcher's Government in the 1980s helped its progress towards regional capital status. Liverpool embarked on a perverse confrontation with Thatcher, with disastrous consequences.

False dawn

Yet in 2001 peace broke out. Labour in Manchester and the Liberal Democrats in Liverpool agreed to bury the hatchet. A civic concordat was duly signed between the two cities at an international conference.

There was to be an annual forum between the two cities – although no such gathering ever took place. There was to be joint working on a number of demonstration projects. With both councils, the Northwest Development Agency sponsored a vision study to put flesh on these bones. The bones continued to rattle; until, in 2003, Liverpool won its designation as European Capital of Culture, 2008. A gigantic 'Valentine card' headed 'Manchester loves Liverpool' was sent on a lorry down the M62, and was received, bizarrely, by the Leader of Liverpool Council and the cast of the two Merseyside-based TV soaps.

Togetherness did not last. It was undermined by the emergence in 2005 of a new city-region agenda, promoted by the then Labour Government, and zealously taken up by Manchester and the Association of Greater Manchester Authorities (AGMA). Manchester saw itself as the dominant force, politically, economically, and culturally. It had never bought into the wider regional agenda.

AGMA is a body that has always punched its weight in the regional political ring – outwardly unified, and more cohesive than other area groupings. In recent years it has only come apart over the Manchester congestion charge. That proposal led to a divisive local referendum and was defeated by a number of vocal opponents. Despite the fall-out, AGMA hung together and reinforced its position by being awarded, along with Leeds, statutory city-region status by the previous Government. Government promised wider powers and financial freedoms, and Manchester saw its opportunity to move ahead, undiluted by a regional agenda.

Manchester now boasts a Greater Manchester Combined Authority (GMCA), but it would appear that little of substance has changed. GMCA amounts to a repackaged Passenger Transport Executive with some economic responsibilities exercised 'concurrently' by GMCA and the district-level councils.

One man's plan

Local politicians are obsessed with local boundaries. They mean little to the private sector, which is more often organised on a regional, national, and international scale. That is certainly true for Peel Holdings, one of the biggest and most influential companies in the North West, based in Manchester.

Peel is the creation of one man, John Whittaker, his motto expressed in three words: determination, perseverance, patience. It is a privately owned company with assets in the order of £7 billion, mostly in North West England.⁵ In 1987 Peel



Above

Manchester City Council – a powerhouse in Manchester's rise to regional primacy

acquired the Manchester Ship Canal and became the owner of a port, a canal and enormous swathes of land. Subsequently Peel bought Liverpool Airport (turning it into one of the fastest growing airports in the UK), and the Port of Liverpool (including vast areas of unused dock estate), as well as port and airport assets beyond the North West.

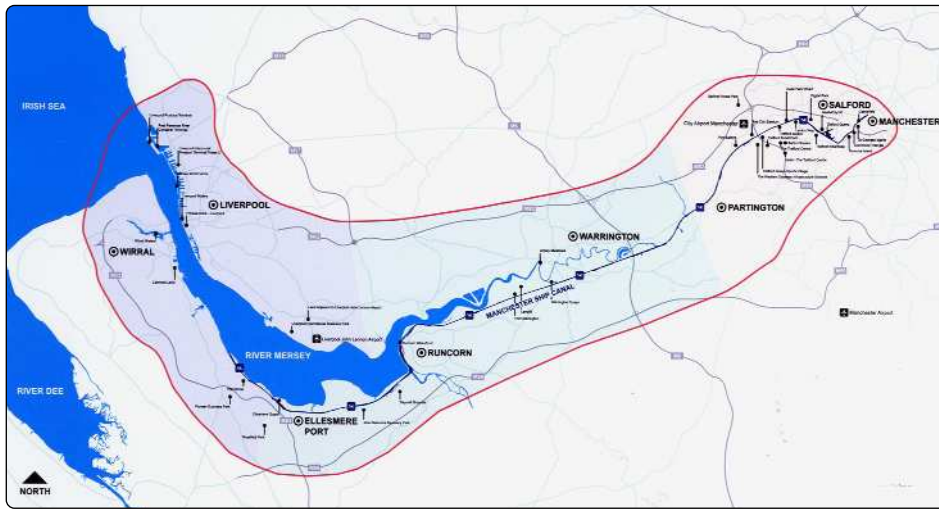
In September 2008 Whittaker unveiled 'Ocean Gateway', Peel's visionary plan for the development of its estates in Manchester, Salford, Warrington, Wirral, Ellesmere Port, Liverpool and Sefton, and along the Manchester Ship Canal between Ellesmere Port and Salford: 'The idea of linking the two great cities of Liverpool and Manchester is not a new one but has never been successfully achieved. The separate brands of Manchester and Liverpool are recognised worldwide, so why not bring them together as a super brand?'⁵

Peel's ambition, and the scale of its land-holdings, is extraordinary, and probably without parallel in the UK. The company has compared its initiative with the Thames Gateway, a long-term development package designed to extend London's dockland redevelopment eastwards into Kent. The parallel is relevant – but with provisos. Realising the ambitions for Thames Gateway involves lining up the efforts and plans of many different landowners and developers. Across much of Ocean Gateway there is one significant owner, one significant developer, and, in certain respects, one significant infrastructure provider.

The Ocean Gateway portfolio includes more than 40 separate development projects, from modest to colossal. The recently completed MediaCity UK at Salford Quays is a media-focused development which houses the activities that the BBC has relocated to Salford, including children's

and Birkenhead Docks as, respectively, Liverpool Waters and Wirral Waters – both recently designated as Enterprise Zones. Peel has consent for the Wirral scheme and is applying for consent for a Liverpool counterpart, bringing long-term investment in the order of £10 billion to 320 hectares of land.

The former Northwest Development Agency gave its full support to Peel's agenda, rebranding the concept as 'Atlantic Gateway'. The connected economic geography, said the Agency, 'provides a unique opportunity for Atlantic Gateway to become one of Europe's leading low carbon, economic growth areas – second only to London on the UK context'.⁶ There is no question that Peel will continue to advance its own proposals. But how much political support and infrastructure investment will there be for the wider vision, now that the Regional Development Agency has gone? Although some



broadcasting, sport and Radio Five, as well as Granada TV, in an 80 hectare development. At Port Salford, on land adjacent to the Ship Canal, there are proposals for an inter-modal freight terminal served by rail, road, and sea shipping, with a new freight railway connection to the Liverpool-Manchester line.

At Ince Resource Recovery Park, near Chester, Peel proposes a 50 hectare industrial park for reprocessing and remanufacturing waste materials. Not far away it has carried out studies to examine the scope for tidal power production on the Mersey Estuary. Next to Liverpool Airport, Peel has a 100 hectare site which has attracted high-level inward investment. At the Port of Liverpool it has consent for a new 'in-river terminal' capable of taking the largest new 'post-Panamax' container ships. Peel is also part owner of the rejuvenated Cammell Laird shipbuilders in Birkenhead.

Perhaps the most ambitious proposals are the redevelopment of Liverpool's derelict North Docks

informal arrangements are in hand (and the Chancellor gave his support to working *with Merseyside* to realise Atlantic Gateway in his 2011 Autumn Statement), there is, as yet, little substance.

Planning reinvented

The question of political support and infrastructure investment has added relevance in the light of the recently published independent report on Liverpool by Lord Heseltine and Sir Terry Leahy, former Chief Executive of Tesco.⁷ Lord Heseltine knows Liverpool well, having maintained an interest in the city since his time as Minister for Merseyside (1981-83). The report is remarkable, not just for its specific recommendations, but for its central political recommendation.⁸

Heseltine and Leahy want to create a metropolitan Mayor for Merseyside covering the entire city-region and thus including the districts of Liverpool, Knowsley, St Helens, Wirral, Sefton, and Halton (comprising Widnes and Runcorn), with a

population of 1.5 million (the report also contains recommendations which relate to Chester and West Cheshire, a unitary district council outside the conventional definition of Merseyside).

The Mayor would have sweeping powers and resources to match. Bidding for decentralised and devolved powers and budgets he or she would be responsible for action on inward investment, regeneration and renewal, transport, culture, tourism, business support, and growth, training and skills – and for the overall strategic planning required to make the city-region work. The metropolitan Mayor would fill the leadership gap and represent the area with central government, big business and internationally, having the profile and importance to open doors that are often closed to the leaders of district councils.

All this is nothing less than the reinvention of planning – of strategic planning and strategic local

Manchester extended to Liverpool (a proposal advanced earlier by Hall and Wray, who argued for a high-speed rail through route to Scotland via Manchester Airport, and a high-speed spur to Liverpool, effectively bringing together the two city labour markets – they also asked who was now in a position to plan and implement on the scale required⁹).

Heseltine and Leahy recommend merging the Mersey Partnership and Liverpool Vision into a single city-regional body responsible for tourism, inward investment, and strategic economic planning and development. They want the impasse that stops cruise liners beginning and ending their journeys at Liverpool resolved. They want Liverpool to match the inward investment spend of comparable city-regions and UKTI (UK Trade & Investment) to make the Atlantic Gateway a national priority.



Courtesy of Rust Design/Peel Holdings

Above

Aerial visualisation of Peel Holdings' Liverpool Waters waterfront

government – when the ink is hardly dry on the localism agenda which has emerged from the Coalition Government's first 18 months in office. It is a return to metropolitan government, too – not unlike the former Merseyside County Council. But this would be a more powerful and wide-ranging instrument than the abolished County Council.

Heseltine and Leahy set out a detailed and well informed agenda for action. For infrastructure they want to see Liverpool's renaissance as a European post-Panamax port. They want the scope of Network Rail's proposed Northern Hub project expanded to better connect Liverpool, Manchester and Leeds. They want an integrated transport strategy for the city-region. And they want the proposed high-speed rail connections to

Four options

With the regional agenda now abandoned, how should the two cities move ahead? We see four broad options:

- **First, accept the status quo** – simply carry on with present arrangements. Greater Manchester has a more sophisticated sub-regional collaboration than Merseyside, and a stronger economic base. Both are heavily dependent on the success or failure of the Local Economic Partnerships (LEPs). The Heseltine/Leahy report⁷ notes for Merseyside that: 'A constructive (albeit voluntary) arrangement has evolved to bring together the six leaders who are thus able to coordinate the power and responsibilities of their respective authority but there is no statutory framework to support this

endeavour. Astride this is the LEP, a hybrid body consisting of representatives of the private sector and other important local bodies. The local authority leaders are themselves members. Certainly there is a clear development remit but LEPs have virtually no money, no planning powers, no land assembly powers and are dependent for their administrative capability on staff from the local authority'.¹⁰

The danger is that, as spending cuts bite, the individual district councils (the cornerstones of the present sub-regional arrangements) will become progressively more enfeebled, with their capacity and resources depleted. This would produce an inward-looking focus, and the substantial opportunity cost of investing in shared specialist services and back office functions. The councils risk the loss of key personnel and the ability to

with a redefined geography which addresses the question of Cheshire and Warrington. With the demise of the Cheshire County Council, and the creation of unitary authorities for Cheshire East and West, both areas could be brought into a new sub-regional arrangement – Warrington and East Cheshire going to a Greater-Manchester-based grouping and Chester and its environs into a Merseyside-based grouping.

Two powerful metropolitan areas would emerge, with strong leadership and the ability to forge an effective partnership, realising the potential of the Atlantic Gateway between the two major cities. The option gives critical mass, lobbying power, and the potential for economies of scale – as well as synergy, marshalling the resources (public and private) of the two city-regions. It breaks away from



Above

Manchester Metrolink (left) and the new Liverpool Lime Street station (right) – 'The Atlantic Gateway could underpin the connections between the two cities without the risk of alienating either'

think and act strategically. The austerity agenda means that they will be under pressure to revert to the provision of basic regulatory and social services, and to their statutory obligations. For the immediate future they face the debilitating process of taking very large sums of money out of their budgets. For example, Liverpool Vision, the City Council's strategic regeneration agency, was listed as a potential saving in the lead-in to 2012.

- **Second, create a metropolitan Mayor just for the Liverpool sub-region.** Except as a starting point for wider reform, this option seems unstable. Manchester could respond aggressively to a perceived threat to its regional primacy, raising the spectre of unhealthy competition between the two areas as the Liverpool Mayor seeks to put down a marker and attract major investment. That competition is potentially unhealthy; as argued above, the real competitor is the South East and the magnetic force of Greater London.
- **Third, create metropolitan Mayors for both city-regions,** confronting and rebalancing their governance and geography. This would require a working partnership between the two Mayors,

the 'zero-sum game' thinking that has pervaded the competitive relationship between the two cities.

- **Fourth, open the Atlantic Gateway.** The Atlantic Gateway concept could provide a powerful unifying focus for collaboration between the two cities, reducing the risk of inward-looking perspectives as the two metropolitan Mayors set their agendas. It could help to integrate transport infrastructure, operations and lobbying; advance the greening, waste disposal and eco-friendly development agenda; attract inward investment; help development of the Port of Liverpool and the two airports; secure development of the university and business interface; give synergy from jointly planning and marketing tourism and cultural facilities; and help to involve private sector partners with financial muscle and political influence.

Atlantic Gateway could underpin the connections between the two cities without the risk of alienating either. It could add value to both. In Peel Holdings it benefits from a dynamic private sector developer and landowner which is already promoting the concept, with developments at both ends of the Gateway.

By focusing on Liverpool's city-region, the Heseltine/Leahy report inevitably lays less emphasis on the strategic relationship with Manchester, and the potential of linking up the two cities. They want Liverpool to match the inward-investment spend of comparable city-regions and ask UKTI to make Atlantic Gateway a national priority for attracting investment. That would be helpful. But the potential of the Gateway would be hugely enhanced by connecting its future to both cities. It could be the key to turning adversaries into allies; to developing the critical mass needed to compete with the South East and London; to bringing in a wider range of future developers; and thus to attracting large-scale inward investment.

Making this happen would require a mechanism with clear accountability, an executive structure, and substantial investment powers and resources, perhaps akin to an Urban Development Corporation (UDC), with a private sector leader of international stature, the direct involvement of the two metropolitan Mayors, and a heavyweight board. An Atlantic Gateway UDC might give the best of both worlds: it could have the flexibility to identify contiguous development areas and outliers, alongside a 'honeycomb' geography focusing on specific sites with the greatest potential in the area between the two cities.

Conclusion

Option four – two metropolitan Mayors and an overarching honeycomb UDC – would be daring and difficult to swallow. It is not without risk. There is no guarantee that the UDC would work effectively with the two city-regions. But it looks like the best way ahead, and perhaps the only one capable of turning a rebalanced England from slogan to reality – if the ball starts rolling in Manchester and Liverpool, other cities could follow suit.

And the timing may be right. Recent history suggests that Manchester is only likely to forge an alliance if it perceives that Liverpool has something to offer – as it did in 2003, when Liverpool secured Capital of Culture status. That might happen again, for Liverpool's current position seems relatively positive, thanks to leadership from Manchester entrepreneurs, in the form of Peel Holdings, alongside its startling reshaping as a retail, tourism and conference city. For all its recent success, it is difficult to see what Manchester's next big idea will be (although one should never underestimate its resourcefulness).

In any event, austerity presents its own challenge: to rise above the politics of localism and the dead hand of process, where progress is measured by the number of working groups and inhibited by the politics of envy. Government has already encouraged LEPs to join together to create critical mass for operating infrastructure funds. A new geography

and resource base of expertise and funding now needs to be implanted, addressing the fact that the LEPs 'have virtually no money, no planning powers, no land assembly powers and are dependent for their administrative capability on staff from the local authority'. In a globalised world you need a global reach. But you also need an equivalent grasp.

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Notes

- 1 *Cities Outlook*. Centre for Cities, 2011. http://centreforcities.cdn.meteoric.net/CITIES_OUTLOOK_2012.pdf
- 2 I. Ertürk, J. Froud, S. Johal, A. Leaver, M. Moran and K. Williams: *City State against National Settlement: UK Economic Policy and Politics after the Financial Crisis*. CRESC Working Paper 101. Centre for Research on Socio-Cultural Change, University of Manchester, Jun. 2011. www.cresc.ac.uk/sites/default/files/City%20State%20and%20National%20Settlement%20CRESC%20WP101.pdf
- 3 M. Simmons: 'The new London Plan – advantage within, hiatus outside'. *Town & Country Planning*, 2011, Vol. 80, Sept., 374-7 – compare this figure with transport investment for the North West announced as part of the 2011 Autumn Statement, led by electrification of the Leeds-Manchester railway, at just £290 million
- 4 D. Defoe: *A Tour Through the Whole Island of Great Britain*. 1724
- 5 *Ocean Gateway*. Peel Holdings, Sept. 2008 – this limited edition book is the main source of information in this section. Online information is available in *Ocean Gateway: Prospectus*. Version 3. Peel Holdings, Oct. 2009, at www.peel.co.uk/media/OceanGatewayProspectus.pdf
- 6 *Atlantic Gateway: Accelerating Growth Across the Manchester and Liverpool City Regions*. Northwest Development Agency, Mar. 2010. www.nwda.co.uk/pdf/AG_online.pdf
- 7 Lord Heseltine and T. Leahy: *Rebalancing Britain: Policy or Slogan? Liverpool City Region – Building on its Strengths: An Independent Report*. Department for Business, Innovation and Skills, Oct. 2011. www.bis.gov.uk/assets/biscore/economic-development/docs/r/11-1338-rebalancing-britain-liverpool-city-region
- 8 Prime Minister David Cameron warmly welcomed the report, without referring to the recommendation on Mayors – see 'Prime Minister welcomes independent report on growth opportunities in Liverpool'. Press Release. Department for Business, Skills and Innovation, 20 Oct. 2011. <http://nds.coi.gov.uk/content/Detail.aspx?ReleaseID=421678&NewsAreaID=2>
- 9 P. Hall and I. Wray: 'High-speed gateways?'. *Town & Country Planning*, 2011, Vol. 80, Jul./Aug., 322-7
- 10 There is some recognition of the issue: Liverpool city-region will receive £12.9 million for its LEP, and this could bring to a head issues of governance and secretariat – see *Growing Places Fund. Prospectus*. Department for Communities and Local Government, and Department for Transport. DCLG, 2011. www.communities.gov.uk/publications/regeneration/growingplacesfund