

Chartered Institute of Public Finance and Accountancy

Question 1: What are the key benefits – for the economy, investment, innovation, productivity and public finances – of shifting to a multi-polar growth model, in which our major cities are key players in the nation's economy?: Our cities are a key driver for economic growth and a move to a modal model can be key to unlocking their potential and supporting growth through vital investment in infrastructure and housing that supports the both the core city and its hinterland.

The modal model allows for the costs and benefits of investment to be shared between the local authorities within coherent economic areas without requiring complicated arrangements for identifying and allocating costs and benefits whose incidence may be different.

The real opportunity for the multi-polar growth model comes when central government plays its role in devolving resources and freedoms.

Question 2: What does the international evidence show about the role of cities in driving growth and catalysing innovation? What are the key success factors that we can learn from?:

Question 3: What is the relationship between public service reform and economic growth at city level? How can more effective demand management – through public service reconfiguration and integration for instance – help to drive social and economic productivity? Can this enable our cities to become more financially sustainable?: Within local government, local authorities have considerable flexibility to enable them to work together in joint ventures, service delivery and local investment projects. The latest public service reforms around local authority funding provide additional flexibility for example through pooling arrangements for non-domestic rates.

Against the background of flexibility it should be recognized that some public service reform can be counterproductive to joint working, for example changes to the structure of Health have required new relationships to be built between organisations and boundaries are not co-terminus between local authorities and the new clinical commissioning groups.

Financial sustainability of cities can be helped by joint working and improved productivity but the real benefits come when this can bring about sources of additional income, for example the congestion charge provides additional resources for the GLA.

Question 4: How can decision making and responsibility for public policy and public services be better aligned with the reality of local labour markets? How can policies around employment support, childcare, skills policy, welfare strategy and economic development better reflect the needs of local people and businesses?: At present much of the decision making around labour markets through employment support, childcare and welfare strategy are made nationally. Local authorities have made considerable progress in working with employers to develop appropriate skill bases, for example work in the Midlands around the automotive industry, but cannot have influence over welfare budgets to support these policies.

Without access to welfare budgets there also exists a mismatch between the investment in job creation funded by local authorities and the associated savings to repay this investment which are made in welfare budgets.

Question 5: How can growth in other English cities complement London's economic success? What should be the interrelationship between devolution, growth and reform strategies in London and in our other major cities?: It is vital that other major cities are given the same flexibilities and opportunities as London if the impact of economic growth is to be enjoyed across the country. Without a strategy for growth nationally, there will be increasing and potentially unsustainable divergence between the regions with the south east overheating and the rest of the country falling further behind.

Whilst cities undoubtedly have a key role to play in generating economic growth, it is important to ensure that a modal model is sufficiently flexible to cope with more rural areas and those areas that may sit on the boundaries between different city regions.

Question 6: What needs to change between Whitehall and our cities to multi-polar growth a reality? What does the Centre need to do to enable this and what economic and revenue levers do cities require?: Whitehall needs to engage thoroughly with the agenda and ensure that greater freedoms and flexibilities are available for all and that processes for agreeing City Deals can be streamlined and speeded up.

To maximise the potential for investment, the Government needs to share those savings in welfare budgets arising from that investment and make available additional sources of revenue.

Question 7: What other practical, organisational, cultural and systemic barriers stand in the way of a fundamental shift in economic power to our cities and how can these be overcome?: Where city regions are taking on an increasing number of functions, local areas need to have the flexibility to align underlying authority arrangements to avoid creating an additional level of administration. Local areas may wish to review the number of individual authorities within the region and whether any two tier structures remain viable.