

National News

Northern star

19 October 2014 – The Sunday Times

Source: <http://www.thesundaytimes.co.uk/sto/business/Economy/article1472509.ece>

This week new powers will be sought to revive England's struggling northern cities

Last Sunday afternoon a train pulled out of Leeds station with a jerk and trundled eastwards towards Hull. It was standing room only — passengers wedged into the aisles, grimacing at the thought of the uncomfortable journey ahead.

Sandwiched into one of the carriages was Lord Haskins of Skidby, the Labour peer who built Northern Foods into a biscuits and ready-meals empire.

He endured the journey with weary familiarity. Even on a Sunday it is crammed on the Leeds-Hull train. “The infrastructure is appalling,” said Haskins. “A lot of these non-London train franchises have been neglected and not taken seriously. You can't get a seat.”

Journeys between other northern cities are similarly arduous. Manchester to Leeds is 52 minutes on trains that travel at 48mph. Liverpool to Hull can take more than three hours. A similar rail journey in the south — London to Bristol, say — takes 1 hour, 45 minutes.

Those who commute by rail do so on some of the country's oldest trains. Northern Rail's fleet of Pacer trains is more than 25 years old. A 2012 survey by Passenger Focus, which polls satisfaction levels, called its trains “at best uncomfortable but at worst dangerous”.

So it is no surprise that few people commute between the north's big cities. Fewer than 1% of workers in Leeds and Manchester travel between the cities, said Tom Riordan, chief executive of Leeds city council.

Meanwhile, investment pours into London and the southeast. The £15bn Crossrail tunnel will slash journey times across the capital and increase its rail capacity by 10%. Plans for Crossrail 2, another £12bn line through the capital, are gaining traction. According to the think tank Institute for Public Policy Research, public transport spending in the London is £2,596 a head; in the northeast it is just £5 a head.

This disparity is starting to grate. Employment, productivity, skills and income in Yorkshire, the northeast and the northwest remain stubbornly below the levels in London and the southeast.

In Haskins's home city of Hull, 12.6% of the workforce is unemployed, more than twice the national average and the highest rate after Middlesbrough and Liverpool. Big employers such as BAE Systems, Birds Eye and his old company Northern Foods have axed thousands of jobs in recent years. Years of decline, which hollowed out industries from steel and coal to chemicals and textiles, have left a bitter legacy across the north.

With last month's rejection of Scottish independence — and the promise of further devolution — came the realisation among councils in the north of England that they too can seek a bigger share of power from Whitehall. Areas from transport to tax are fair game.

“We've had all the conversations about rebalancing the economy and reducing the north-south divide,” said Joe Anderson, mayor of Liverpool. “There's a real window of opportunity to get all the parties to understand that if we are serious about this you have to decentralise and devolve powers and resources.”

His ambition is shared by city leaders across northern England. In Leeds, less than 5% of money raised locally is kept locally, compared with up to 40% in other big European cities, said Riordan. “Having the ability to shape your own destiny, particularly with the economy and transport, is something a lot of us think we could do better than Whitehall.”

This week the northern cities will unite under the banner of the City Growth Commission, the latest attempt to boost the prospects of big urban areas outside London. Headed by the former Gold–man Sachs chief economist Jim O’Neill, the commission will publish its final report, the result of a year’s research, demanding a new high-speed trans-Pennine train line, greater power to make transport decisions, and more devolved control of spending. The big cities of the north are beginning to find their voices.

LATE next year, all being well, the first of a new class of super container ships will begin its voyage through the Panama Canal. Widening of the 100-year-old maritime shortcut linking the Atlantic and Pacific oceans will allow it to take vessels capable of carrying 12,600 containers, three times more than the existing route permits.

More than 5,000 miles away in Liverpool, preparations for a surge in container traffic are well under way. Peel Ports, owner of the Port of Liverpool, will complete a 300m deep port capable of handling the bigger vessels next year.

“As much as 74% of all things consumed in the north come through ports in the south,” said Anderson. “Now we’ve got the ability to bring them directly into the north.”

The new port reflects the scale of opportunities, but also the challenges, facing the north. Unless the port is matched with an upgrade to transport infrastructure, said Anderson, the M6 will become a car park.

Five of the region’s cities have got together to form One North, a united voice on transport. They are demanding the creation of High Speed 3, a fast rail line connecting Liverpool and Hull, passing beneath the Pennines.

Some are proposing a new transport authority similar to London’s, with greater powers to commission services and decide franchises. O’Neill will call for a travel card like London’s Oyster — contactless tickets that allow rapid interchange and payment.

THERE are signs the government is starting to listen. In June George Osborne called for the creation of a northern powerhouse. About 200 miles of track in northwest England is being electrified by Network Rail. Sir David Higgins, who chairs the High Speed 2 project linking London and the north, will report soon on how to integrate HS2 with the northern network.

However, O’Neill said: “Super-improved connection time between northern cities is way more important than HS2.” He has given the combined metropolitan areas of Manchester, Liverpool, Leeds and Sheffield — home to more than 8m — the less than snappy moniker ManSheffLeeds Pool.

“In London you can travel from Richmond [in the west] to Stratford [east] and not think too much about it. If you can get that into the mentality of all the people in Manchester, Sheffield, Liverpool and Leeds and create the ease for people to be moved around, the macro-economies you can create could be huge.”

Jim O’Neill wants England’s northern cities to work together (Bloomberg) Political stability helps. In Manchester — seen as the model for devolved regional power — 10 councils comprise the Greater Manchester Combined Authority. Sir Howard Bernstein has been chief executive of Manchester council since 1998; Sir Richard Leese has been its leader since 1996.

In 2012, Manchester agreed with Whitehall a pioneering “earnback” scheme, where it can keep and invest up to £30m a year of tax from a £1.2bn investment in infrastructure.

Manchester is now in talks about an upgrade to its devolved powers, dubbed “devo-Manc” by Leese.

The city wants to take over the skills budget, the welfare- to-work programme, business support and powers to integrate health and social care.

In time it wants fiscal powers too, allowing it to set certain taxes. “Our ambition is for public sector expenditure to be controlled in Greater Manchester,” said Leese. Fiscal devolution is “where we need to get to, ultimately, but that’s far more complicated”.

O’Neill reckons councils should be given power to raise funds by issuing bonds, similar to the way cities in America do. Riordan wants control over business rates and reforms to property taxes.

“We could do a much better job and make sure there are more houses built in our region,” said Riordan.

IN NEWCASTLE they joke that they have better access to Dubai than to the rest of England. The northeast, Humber and Tees Valley areas are used to being out on a limb. Northeast England is the only part of the country not connected by a continuous motorway. This isolation means rivalries between the northern cities remain entrenched.

One Newcastle business leader insists that the northeast wants to work with the other northern cities, while pointedly referring to Leeds as being in Manchester’s shadow. In Hull, the 2017 UK City of Culture, deputy council leader Darren Hale is smarting at its exclusion from the Core Cities Group, a lobby organisation. “It’s a private members’ club and they don’t want us,” he said. “Yet we are pushing our case because we are a big part of the industrial base of Yorkshire and the Humber.”

Hale is equally frustrated by the neighbouring Conservative-run council of East Yorkshire, which he says will not work with Hull to promote prosperity for the region. There is also a danger that louder voices in Manchester and Liverpool will drown out those in the northeast.

However, the economy of the northeast, where 2.1m people live, is changing. Employment and economic output are at a high. Labour productivity is at record levels and recent public investment, in the form of the £290m North East Growth Deal, suggests ministers see its potential.

The northeast is the only part of England to have a positive balance of trade; 75% of what is made there is exported.

“Nobody is really thinking strategically about the way we structure industry in the UK,” said James Ramsbotham, chief executive of the North East Chamber of Commerce. “If we in the north work together and think strategically we could do much better.”

Sandy Anderson, chairman of the Tees Valley Unlimited local enterprise partnership and formerly at ICI, said: “We welcome any initiative that brings investment in manufacturing and infrastructure to the north, but would remind government that . . . there is rather more to the north than the five major cities.”

It is not just the big ticket high-speed projects that are required. The region urgently needs rail electrification, and business leaders want to see disused lines opened up again to relieve overcrowding on the East Coast main line.

Relieving bottlenecks around Darlington would also speed east-west passenger journeys and make more room for rail freight. Teesport — where Tesco, Asda and Argos have distribution centres — is particularly keen to see rail improvements, to attract more container traffic to its docks.

Nick Forbes, leader of Newcastle council, said: “Do you allocate resources to deal with an overheating economy in the southeast, or do you spend it outside that area?”

“Policy making has been so centralised. Cities have felt for a while that we have been choked. Just set us free from the shackles and let us get on with creating much-needed jobs.”

Despite all the vested interests involved, O’Neill believes the momentum is now with the north. “For all these northern cities to work together is quite an achievement. But if it is all about petty fiefdoms, forget it — it will be a waste of time.”

Supercity of north to rival London wins more backing

21 October 2014 – *Financial Times*, Andrew Bounds

Source: <http://www.ft.com/cms/s/0/31fb112e-586e-11e4-942f-00144feab7de.html?siteedition=uk#axzz3Gskl9WwD>

The man who coined the term “Brics” has called for the creation of a northern supercity he tagged “ManSheffLeedsPool” as a way to close the economic gap with London.

Jim O’Neill, the former Goldman Sachs economist who chairs the [city growth commission](#), said [devolving power](#) from Whitehall to Britain’s 15 biggest urban areas was vital to curbing the budget deficit and national debt.

[Manchester](#), Sheffield, Leeds and Liverpool should be [given powers](#) in parallel with Scotland, with draft legislation by January, matching a pledge given to Holyrood after Scots rejected independence in last month’s referendum.

In a report entitled “Unleashing Metro Growth”, the commission also recommended [heavy investment in transport](#), with a high speed “Tube” system for the [north](#) and an equivalent of London’s Oyster smart card to allow seamless travel in the north and the Midlands.

City devolution could boost the national economy by £79bn a year by 2030, adding 5 per cent to its size and almost £1,700 into each city resident’s pocket, according to the report. This would come from bringing the average growth rate for northern metropolitan areas in line with the national average. The northern metropolitan rate was 3.87 per cent compared with 4.13 per cent for the whole of Britain in 1997-2012.

Mr O’Neill said “greater connectivity between ‘ManSheffLeedsPool’ and this 7m person region could start to see the level of scale we need for change”. The 15 biggest metropolitan areas “should be able to take on different packages of devolved powers over time”, with areas such as the northeast and Greater Birmingham joining when they are ready.

The commission concluded that Britain’s centralised political economy was “not fit for purpose” and attempts to cut the deficit and national debt from London were futile. The capital, with 8.4m people, is more than eight times as big and rich as Birmingham, the second-largest city. Cities only raise about 5 per cent of the revenue they spend.

[Chancellor George Osborne](#) has backed the creation of a “Northern powerhouse” by linking cities together and pooling their workforce, universities and cultural attractions to provide a counterpoint to London. He has promised to use his Autumn Statement in December to fund northern projects.

Bigger metropolitan areas could do for their regions “what London does for the southeast – driving investment, productivity and growth,” the report said.

Ministers have been slowly handing over power. They have signed one-off “city deals” allowing cities more control over areas such as transport and training. The government has also promised to hand over £2bn annually in spending. But the commission said it needed to go faster and further, with business rates and council tax receipts retained along with greater borrowing powers.

“The scale of the challenge is huge,” the report said, pointing to Greater Manchester’s annual fiscal deficit to the Treasury of £4-5bn.

The national approach to training and immigration was failing cities that struggle to find highly skilled talent, it said. Cities should be allowed to recruit beyond the cap on tier 2 skilled immigrants and train workers for specific industries in their area. Employers should also collaborate to pay off the student loans of graduates who stay on in the north after university for at least three years in a “golden handcuffs” scheme.

Mr O’Neill dismissed calls from other areas, such as [shire counties and smaller cities, for devolution](#). The Treasury had to concentrate on a few leaders, he said. “Forget it, it is not realistic,” he told an audience at Manchester Business School.

Transport deemed more important than devolution

21 October 2014 – *Financial Times*, John Murray Brown and Andrew Bounds

Source: <http://www.ft.com/cms/s/0/923f10b8-5624-11e4-bbd6-00144feab7de.html#axzz3Gskl9WwD>

The city growth commission wants the north and Midlands to have their own version of London’s Oyster card

[The north and Midlands](#) should have their own smart card modelled on London’s Oyster to allow workers to move between cities more quickly, the [city growth commission](#) says.

Jim O’Neill, chairman of the commission, said [transport was more important than devolution](#) in improving economic fortunes of provincial cities.

“The whole idea of connecting cities through much more sophisticated and affordable and better infrastructure in my judgment will probably do more for those cities than anything to do with devolution per se.”

Councils in the regions have long pressed for more control over local rail services, so they can be better integrated with buses and trams and commuter flows.

“In the past it’s felt like people in London playing with their train sets,” said Geoff Inskip, chief executive of Centro, the transport authority for [Birmingham](#) and its six neighbouring councils.

Birmingham and 13 nearby authorities filed a bid this month to manage jointly with Whitehall the renewal of the London Midland franchise in 2017. Franchise negotiations are handled by the Department for Transport.

West Midlands Rail would ensure better local services by tight specification in the franchise and then hope to take over the entire process.

“We’ve got good connections into Newcastle and Leeds, and also Manchester, but we need to ensure that the local rail network is connected into that,” Mr Inskip said.

Research suggests that good local connectivity could double the impact of the [High Speed 2](#) line in the West Midlands, with £4bn added to the local economy from £2bn of local rail improvements.

“We want to align the rail economy to get the biggest bang for our buck from HS2, he said. “Connectivity is the key issue.”

A planned HS2 station at Curzon Street in Birmingham and an interchange near the city’s airport will free capacity on a network that is one of the most overcrowded in the country.

You shouldn’t have to apply for money and then have that application second and third guessed in Westminster

- Jon Collins, Nottingham city council chief

Patrick Twist, partner at Pinsent Masons solicitors and a Midlands transport expert, said: “We’ve had a lot of problems with the franchise here. The train service has been very poor. Nobody has really got to grips with it. But if you are a local politician and you have someone complaining you’re going to react to it much more quickly than a civil servant in Whitehall.”

In January, the government cut a similar deal with 33 northern councils, establishing Rail North. It is consulting on the timetable and specification for the [TransPennine and northern franchises](#), which will be renewed next year.

Whitehall had forecast a passenger decline but numbers have jumped 47 per cent in a decade. Despite Rail North’s involvement, the franchise specification suggests reduced services and higher fares to cut the annual £172m subsidy.

Merseytravel in Liverpool has introduced a Walrus card, while Greater Manchester is piloting its own system. Buses in West Yorkshire have begun installing [smart card technology](#) for the region’s new smart card.

Jon Collins, chief executive of Nottingham city council, said: “You shouldn’t have to apply for money and then have that application second and third guessed in Westminster. Nottingham’s first tramline was approved 10 years after we made the case for it and even now that we’ve shown we can successfully execute the line we are still trying to get the second and third lines approved.”

'Devo met' could boost productivity

22 October 2014 – Press Association

Source: <http://www.thecourier.co.uk/news/politics/devo-met-could-boost-productivity-1.640895>

The report said cities in the north of England, including Sheffield, should see greater connectivity to create 'One North'

Allowing cities to set their own tax, immigration and planning policies alongside "devo max" for Scotland could boost UK productivity by 5%, according to a think tank.

The UK needs "devo met" - devolution of power to metropolitan areas - to accompany maximum devolution north of the border, the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) City Growth Commission said.

The north of England should also see greater connectivity to create "One North", particularly the North West region it has dubbed "ManSheffLeedsPool" which has a combined population greater than Scotland.

This could include an "Oyster card for the north", similar to London's integrated transport card, a high-speed tube system and superfast broadband, it said.

The UK's centralised political economy is "not fit for purpose" and centralised attempts to manage down the deficit and national debt "will be futile and unsustainable in the long term".

Businesses "struggle to meet their recruitment needs through immigration because the system is costly and complex".

If the UK persists in restricting immigration to meet its "growth-inhibiting" net migration target, there is "a risk that households in all metros will suffer in the long term as GDP and GDP per person falls and average incomes are squeezed", it added.

The Commission recommended reforming national immigration policies in favour of taking a metro-led approach, including lifting the cap on skilled immigration.

Cities should also be allowed to align their housing and transport planning across their travel to work areas, with the power to reclassify "poor quality Green Belt" areas for development, it added.

The final report from the RSA City Growth Commission concluded that devolution has the potential to boost economic output in the UK's 15 largest metros by £79 billion per year - worth approximately 5% of current GDP - by 2030.

But the scale of the challenge "is huge", according to RSA, with Greater Manchester, the UK's second largest metro area, in an annual £4-5 billion fiscal deficit to the Treasury.

Jim O Neill, chair of the RSA City Growth Commission, said: "Bolder efforts to improve our infrastructure, both digitally but especially physically, are crucial for creating agglomeration.

"As I have become fond of saying, greater connectivity between 'ManSheffLeedsPool' and this seven million person region could start to see the level of scale we need for change.

"We argue all 15 metro areas should be able to take on different packages of devolved powers over time, and there's no reason why other places could not come together to take on policy and budget flexibilities too.

"The current five metro areas that have combined authorities seem to be the best placed, along with London for warranting earlier steps towards full 'devolved status'."

Ben Lucas, chair of public services, RSA and city growth commissioner, said: "With Devo Max being negotiated for Scotland, we need to see Devo Met for our British cities on a similar timescale.

"In a world in which cities are the new drivers of growth, decentralising our political economy will boost GDP and enable our major metros to achieve their social and economic potential."

Charlotte Alldritt, secretary to the RSA City Growth Commission, said: "During the 19th century, metropolitan industrial growth drove our national economic success and established a strong industrial heritage, of which many of our city-regions can be proud.

"The challenge is now to ensure these places have the capacity to fulfil their economic potential in the 21st century - whether through better connectivity, leveraging the power of data in public service reform, or by fostering their creative, innovative economies."

David Sparks, chair of the Local Government Association, said: "The Cities Growth Commission report confirms that the benefits of devolving powers to local areas in England are simply too big to ignore.

"Our current over-centralised system, which has Whitehall holding the public purse strings, is no longer fit for purpose in the 21st century. This report highlights the extent to which some of our great cities are being held back by being denied the same sort of autonomy enjoyed by equivalent European cities.

"The huge economic benefits of devolution identified by the Cities Growth Commission are likely to be just the tip of the iceberg. Devolution to cities should be the start of a much bigger and wider process of devolution for the whole of England.

"People from across the country should benefit from more of the important decisions affecting their lives being made close to where they live, whether home is a big city or a rural area. Across a wide range of issues, there is compelling evidence that taking decisions closer to communities, through councils, achieves better results and saves money.

"The LGA has appointed a commission on Economic Growth and the Future of Public Services in Non-Metropolitan England, which will publish an interim report next month on what more could be done to promote growth and improve services in non-metropolitan areas."

Chancellor George Osborne said: "I've been talking with Jim about many of these ideas for some time and warmly welcome the overall report. It makes a strong contribution to delivering the northern powerhouse I am determined to build.

"The Commission recognises that, for cities to be successful, they need directly-elected mayors combined with real power and to be better connected both physically and digitally.

"This is what the Northern Powerhouse is all about - giving northern cities the local power and control that a powerhouse economy needs - and I am determined to turn this vision into a reality."

Local Government Minister Kris Hopkins said : "This Government has delivered significant devolution of power and finance to local communities and there is real scope to go further in England and do more. We need to join up different public services to deliver a better deal for local taxpayers and do more for less.

"Localism in England should be about devolving power to the lowest appropriate level - down to councils, down to neighbourhoods and down to individuals. Creating new taxes, more politicians and new tiers of local administration isn't the answer - the starting point should be increasing local democracy and local accountability.

"However, many of these proposals in this report are poorly thought out - such as local immigration policies, which would clearly not work given councils don't have their own border patrols. We have no plans to undermine national Green Belt protection which continues to play an important role in protecting against urban sprawl."

Deputy Prime Minister Nick Clegg said: "We're ending the era where governments in Whitehall think they know best.

"Rebalancing and strengthening the economy right across Britain has been something the Liberal Democrats have been fighting for in government ever since we entered the coalition. We need to give our cities the space and the power to grow.

"Growth deals and city deals that I have agreed with every area of the country have freed up billions which can be spent at a local level, and for the first time councils have control over how they spend business rates raised in their area. But we must go further.

"This report is a welcome and timely addition to the conversation and I look forward to debating all these issues at my Northern Futures summit in November.

"We need to get this right, and the only way to do it is to work together to turn ideas into action."

Fifteen Boris-style mayors needed

22 October 2014 – *The Times*, Jill Sherman Whitehall Editor

Source: <http://www.thetimes.co.uk/tto/news/politics/article4243677.ece>

Jim O'Neill wants cities like Manchester and Leeds and their leaders to boost investment in their regions in the same way that London - and Boris Johnson - does for the southeast

Fifteen Boris-style metro mayors should be elected to head up “super city-regions” with a raft of new powers over local taxes, skills and transport, says a new report published today.

The document, from the City Growth Commission, also calls for an Oyster Card for the North as part of a push to improve transport links across big metropolitan areas such as Leeds, Manchester and Newcastle. The card could be used in any and all the cities for buses, metros and some trains.

The ‘Devo Met’ recommendations, after a 12-month study, follow a growing clamour from local authorities and regional organisations for more devolved powers from Whitehall in the wake of the Scottish referendum. The city regions or metros should also have powers over business rates, council tax levels and higher education to match skills to local requirements, says the report.

Its authors believe that devolving power to the 15 city regions could boost the UK economy by £79 billion.

“With Devo Max being negotiated for Scotland, we need to see Devo Met for our British cities on a similar timescale,” said Ben Lucas, one of the commissioners.

It supports lifting the current national cap on skilled migration to address local skills and issuing two year visas to candidates with firm job offers from small businesses that have shown they cannot recruit locally.

“A national approach to immigration is failing cities across the UK in need of highly-skilled talent,” says the report. “SMEs struggle to meet their recruitment needs through immigration because the system is costly and complex.”

George Osborne has recently called for a Northern powerhouse with much better road and rail access linked to new autonomy. The Commission proposes devolution on a much wider scale though starting first in northern cities.

Headed by Jim O’Neill, a leading economist and friend of the Chancellor’s, the commission builds on work underway in Manchester, Leeds, Newcastle, Sheffield and Liverpool to combine the budgets and know-how of a group of local councils into one super-authority.

Mr Osborne, MP for Tatton has been building up alliances with many of these council leaders and is keen to attract more Tory voters in the North. Mr O’Neill, the retiring chairman of Goldman Sachs Asset, believes that these and other emerging city regions, many with hefty fiscal deficits, should drive economic growth. He wants cities like Manchester and Leeds and their leaders to boost investment in their regions in the same way that London - and Boris Johnson - does for the southeast. The other city areas which could follow suit are: Bristol, Leicester, Birmingham, Southampton, Nottingham. Outside England he backs Glasgow, Edinburgh, Cardiff and Belfast to get greater powers.

Today (wed) the commission, will set out the case for reviving Boris-style directly elected mayors in these new city regions to give these areas greater clout. The report argues that in return for devolved powers there would have to be a new governing structure in each city in the form of a “metro mayor” so that someone was accountable.

Two years ago the Government tried to introduce elected mayors in local English councils. However the plan failed in all but two cities - Liverpool and Bristol - because the posts did not command enough power and were little different to council leaders. Under the new plan the mayors would have a much wider power base - across groups of up to ten councils - and have greater spending clout.

“Metro mayors” would be different because there would be new types of office, with new powers, across a whole combined authority area,” says the report,.

Mr O’Neill, who admits there risks to reviving the idea, told the Times that no decision had been made on whether there should be a referendum so that local communities could decide on whether they should have a mayor. He also suggested that the metro mayors should be phased in with Manchester and Leeds going first as they were better prepared although some of his colleagues disagreed. “It seems to a majority, but not all, that London, Manchester and West Yorkshire may be ready to manage risk and therefore to apply for devolved status,” he said.

The report, ‘Unleashing Metro Growth’ recommends that an independent devolution committee should be set up by January 2015 to evaluate all the metro applications. Bids would then be received following the general election on a rolling basis starting in May 2015. The committee would recommend to the Government which cities would get going first and they would then negotiate budgets and powers with the Treasury. Mr O’Neill said the new city regions would need to have greater flexibility to borrow more capital from the open market - a move the Government has blocked so far - and be allocated financial settlements of between five and ten years.

Devo max and giving power to cities will boost UK productivity – thinktank

22 October 2014 – The Guardian

Source: <http://www.theguardian.com/politics/2014/oct/22/devolving-power-to-cities-will-boost-uk-productivity-says-thinktank>

Devolving tax and immigration decisions to metropolitan areas and fuller powers for Scotland could lift economy ‘by 5%’

Going to Manchester? An integrated transport system, similar to London’s Oyster scheme, could be created across Britain’s northern cities. Photograph: Getty Images

Allowing cities to set their own tax, immigration and planning policies alongside “devo max” for Scotland could boost UK productivity by 5%, according to a thinktank’s report. The UK needs “devo met” – devolution of power to metropolitan areas – as well as north of the border, the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA) City Growth Commission said.

The north of England should also see greater connectivity to create “one north”, particularly the north-west region dubbed “ManSheffLeedsPool”, which has a combined population greater than Scotland. This could include an “Oyster card for the north”, similar to London’s integrated transport card, a high-speed tube system and superfast broadband. The UK’s centralised political economy is “not fit for purpose” and attempts to manage down the deficit and national debt “will be futile and unsustainable in the long term”.

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But the scale of the challenge “is huge”, according to RSA, with Greater Manchester, the UK’s second largest metro area, in an annual £4-5bn fiscal deficit to the Treasury.

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George Osborne eyes business rates reform for 'northern powerhouse' cities

22 October – *The Telegraph*, Andrew Critchlow

Source: <http://www.telegraph.co.uk/finance/economics/11178284/George-Osborne-eyes-business-rates-reform-for-northern-powerhouse-cities.html>

Giving local councils a bigger share of the revenue from business rates is one of the options being discussed ahead of the Autumn Statement

Cities like Manchester could soon be getting a bigger share of business rates Photo: ALAMY

The Chancellor is looking at allowing local authorities in the North to keep a greater proportion of the revenues raised from business rates in their area, it can be revealed.

It is understood that the move to devolve more economic powers to cities including Manchester, Leeds and Liverpool could form part of George Osborne’s [Autumn Statement](#) in December.

The move would form part of a major drive by Mr Osborne, heading into the General Election next year, to rebalance Britain’s economy away from an overbearing focus on London. It is aimed at creating a so-called “Northern Powerhouse” across the Pennines.

The current system of how business rates are retained have been a particular focus of discussions with the Treasury, business leaders and the other parties involved. Mr Osborne is apparently looking closely at business rates as a way to devolve more powers to the regions.

Business rates were last reformed in 2013 when councils were allowed to keep more of the revenue raised from any increased income in an effort to encourage local initiatives to boost high streets and business activity. However, Local Government Secretary Eric Pickles has since called for councils to be allowed to keep up to 90pc of the revenue raised from business rates.

“The Northern Powerhouse is all about creating successful global cities with strong political leadership combined with real power,” a Treasury spokesman told The Telegraph. “We have already started the conversation about serious devolution of powers and will continue to work with our great northern cities in developing proposals in order to deliver a true Northern Powerhouse.”

The Treasury had previously indicated that Mr Osborne would unveil plans for new “money, infrastructure and science”, including up to £15bn in investment in the North, which will form the “centrepiece” of his Autumn Statement later this year.

The discussions surrounding business rates come as the RSA Cities Growth Commission headed by former Goldman Sachs banker Jim O’Neill publishes the findings of its study on how to boost growth in Britain’s biggest cities. The commission claims that devolution of more powers outside Westminster has the potential to boost economic output in the UK’s 15 largest metropolitan areas by £79bn per year, or 5pc of current gross domestic product.

“We argue all 15 metro areas should be able to take on different packages of devolved powers over time, and there’s no reason why other places could not come together to take on policy and budget flexibilities too,” said Mr O’Neill. “The current five metro areas that have Combined Authorities seem to be the best placed, along with London for warranting earlier steps towards full ‘Devolved Status’.”

However, sources within Treasury have also suggested that the exact nature of any devolved economic powers that could be handed to cities and regions in the Autumn Statement in December have not been finalised and could still be subject to change.

“It’s still not certain there will be a package,” said a source with knowledge of the options being presented to Mr Osborne. “There is a long list of things that have been presented and some are going to be unrealistic.”

Federation of Small Businesses

22 Oct 2014

See pdf document here <http://www.fsb.org.uk/pressroom/assets/131-rsa.pdf>

Regional growth depends on better broadband and transport connectivity

FSB reacts to RSA City Growth Commission which calls for improved broadband and transport infrastructure

PM Praises 'Northern Powerhouse' Vision

22 October 2014 - LBC

Source: <http://www.lbc.co.uk/pm-praises-northern-powerhouse-vision-99120>

A blueprint to boost the economic might of cities in northern England has won support from David Cameron.

The Royal Society's City Growth Commission report says cities such as Manchester, Liverpool, Leeds and Sheffield should set their own tax, immigration and infrastructure policies in line with Scotland getting greater powers.

The report says the plan could boost UK productivity by 5% annually and increase economic growth by £79bn a year by 2030.

The commission's chair, former Goldman Sachs economist Jim O'Neill, told Sky News that while devolving powers from Westminster was long overdue, the critical issue was solving a "hopeless" infrastructure.

Among the proposals was an Oyster Card for the north, similar to London's integrated transport card, a high-speed tube system and super-fast broadband.

"It's not just about devolving power. More boldness from other authorities including central government is needed," he said.

"Ask anybody that ever contemplates going from Hull to Liverpool or Leeds to Manchester or the other way, our modern infrastructure is just hopeless here compared with many other parts of the world.

"Controversially, as we concluded pretty early on, doing something to give a state-of-the-art infrastructure between those close geographic northern cities is probably way more important for them than HS2 in terms of the economic connectivity of the people in those cities."

The devolution aspect - dubbed "devo met" by the commission - could see new powers overseen by a directly elected mayor.

Mr Cameron welcomed what he called the think tank's "northern powerhouse" proposals at Prime Minister's Questions, in the wake of the referendum on Scottish independence and his pledge to devolve more powers to Edinburgh.

"I think Jim O'Neill has done an absolutely first-class job," Mr Cameron said.

"I think there's a real opportunity here... to create a northern powerhouse by looking at how we can use high-speed rail and other infrastructure to link up our great northern cities so that we really have a proper rebalancing of our economy."

The Tories are currently pushing to exclude Scottish MPs from voting in the Commons on English only laws but have no concrete proposals on devolution.

Devolve to make us richer?

22 October 2014 – BBC, Robert Peston

Source: <http://www.bbc.co.uk/news/business-29725160>

More power means more economic growth for cities such as Manchester, the Commission says

It may not have escaped your notice on Tuesday that HM Treasury is not finding it altogether easy to close the UK's huge and unsustainable fiscal deficit, the gap between what the government spends and what it raises from taxes.

Of the yawning gap, which looks set to significantly overshoot this year's official forecast of £86.6bn, around £4bn to £5bn relates to spending in Greater Manchester alone.

Now the vast bulk of spending there - more than 90% - is determined in Westminster, not by municipal and regional bodies.

Which is just one reason why the [City Growth Commission](#) would argue that centralised government has failed to generate the prosperity we desperately need.

It points out that if the growth rate of our largest urban areas, what it calls metros, could be increased to the UK average, national income would increase by £60bn in today's money by 2030 - equivalent to almost £1,700 per urban dweller.

Which is tantalisingly alluring, but is much easier said than done - as shown, for example, by the yawning 100% difference between gross value added (or output) per head in London and in the North West, a gap that has widened over many years.

Local taxes

The Growth Commission's prescription to improve the economic performance of Greater Manchester and 14 other large metro areas - from South Hampshire to Cardiff to Glasgow - is a mixture of devolution and significant investment in infrastructure.

The idea is to improve communication within and between metros, both physical (integrated modern train networks, with simple electronic payment systems, like London's Oystercard) and digital (superfast broadband).

It also favours more local control of how money is raised - through property taxes and borrowing - and how it is spent.

The arguments in favour of this kind of financial and fiscal devolution are simple and persuasive - and, put simply, are that local people know better than the man from the ministry what are the needs of the local economy.

So, as the former deputy prime minister Lord Michael Heseltine has banged on about, decentralisation of the determination of what skills are needed in an area, and how they are provided, seems anything but bonkers.

Big bill

That said, the Commission's suggestion that a town like Manchester should wrest from Whitehall the power to decide quotas for skilled immigrants is not uncontroversial (except with many larger businesses, which would prefer to hire local talent, but cannot always find what they are looking for in the indigenous population).

But the case for devolution has been powerful forever. Historically, what has terrified chancellors (and Margaret Thatcher) is that a Manchester mayor or council chief executive would go mad with the credit card, and land us all with a big bill.

To which proponents of transferring serious power to City councils and mayors would say:

First, that it is mad to trust the Scots with more taxing and spending powers, and not trust the North West - whose economy is actually bigger than that of Scotland; and

Second, that Whitehall has not exactly done a bang-up job of maintaining the integrity of the UK's balance sheet, and it is hard to see how local officials could do much worse.

PM Praises 'Northern Powerhouse' Vision

22 October 2014 - SkyNews

Source: <https://uk.finance.yahoo.com/news/pm-praises-northern-powerhouse-vision-134210509.html>

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Leaders told: Get out of your comfort zone

22 October 2014 – *Local Government Chronicle*

Source: <http://www.lgcplus.com/news/leaders-told-get-out-of-your-comfort-zone/5075980.article?blocktitle=Latest-Local-Government-News&contentID=2249>

Local government leaders must "move out of their comfort zone" and put together a "persuasive agenda" for devolution, the leading economist Jim O'Neill has said.

In an interview with LGC to mark the launch of the RSA City Growth Commission's final report, Mr O'Neill, who led the commission, voiced frustration with the approach taken by some.

Recalling a recent meeting with council leaders, he said: “They had a bitch about having no powers but didn’t come out with a credible or persuasive agenda for getting more.”

Mr O’Neill, a former Goldman Sachs Asset Management chair, urged politicians to capitalise on the momentum building up behind greater devolution in the wake of the Scottish independence referendum.

“I would encourage local authority leaders to move out of their comfort zone,” he said.

The commission’s report argued for the metropolitan authorities with the “most robust” governance structures to be offered more powers, including the flexibility to borrow on the open market. These organisations should enjoy much longer finance settlements, stretching up to 10 years, so they could plan more effectively.

They should also be able to pool budgets at a city-region level and to raise and retain their own business rates and council tax revenue.

During the interview, to be published in full in a future edition of LGC and on

LGCplus.com, Mr O’Neill dismissed concerns that more local control over finances could result in poorer parts of England losing out.

“It’s up to people to raise their game,” he said. “You can’t argue for more devolution and when you are given it, not do something with it.”

The report recommended that the process for devolving power and responsibility from Whitehall to UK cities, which it dubbed “devo met”, should run in parallel with that for Scotland.

It recommended the establishment by January of an independent devolution commission to evaluate applications for “devolved city status”. This body would vet devolution bids from May’s general election onwards.

The RSA commission said combined authorities had “great potential” as governance structures, but suggested directly accountable “metro mayors” may offer a more “resilient” oversight mechanism.

It said Greater Manchester, London and West Yorkshire could all take on the extra powers it moots now, with the north-east not far behind.

It recommended that the new devolved authorities should take on strategic planning powers, similar to those exercised by the Greater London Authority.

Planning at the metro level would also make it easier for poor quality greenbelt land to be rezoned and swapped for better sites elsewhere across the conurbation, it concluded.

The commission estimated its proposals would boost economic output across England’s 15 largest metropolitan areas by £79bn a year, or 5% of current GDP.

Boost growth by handing tax powers to cities, says thinktank

22 October 2014 – Money Marketing, Natalie Holt

Source: <http://www.moneymarketing.co.uk/news-and-analysis/politics/boost-growth-by-handing-tax-powers-to-cities-says-thinktank/201503.article>

Economic growth could be boosted by £79bn a year if UK cities could make their own decisions on tax and spending, a study has found.

[The BBC](#) reports a year-long study carried out by the RSA City Growth Commission found that handing cities the power to decide their own tax and spending policy would boost UK productivity by the equivalent of 5 per cent.

The commission, chaired by economist Jim O'Neill, wants to see draft legislation in place by next year, to achieve the £79bn boost to annual economic growth by 2030.

The commission said: "There needs to be a radical reshaping of the UK's political economy, with our metros given sufficient decision-making powers and financial flexibilities in order to become financially sustainable."

Debate around devolving more powers to UK cities has come in the wake of the Scottish referendum, and plans to hand more powers to Scotland.

Calls for devolved tax powers

22 October 2014 - *Economia*

Source: <http://economia.icaew.com/news/october-2014/calls-for-devolved-tax-powers>

Greater power for regions will create long-term economic growth, academic tells Parliament

The debate over greater devolved regional powers has gathered steam since the Scottish referendum vote.

The comments follow the RSA City Growth Commission's report, claiming the economy could be boosted by £79bn a year by 2030 by devolving powers.

Tonight Birmingham City University vice chancellor professor Cliff Allan will tell MPs, "Birmingham and the West Midlands are proud contributors to UK plc but our region also has its own distinct economic priorities which need to be better reflected in how money investment decisions are made.

"For example, Birmingham has the youngest population of any city in Western Europe, as well as a proud manufacturing tradition, yet we cannot always say that these issues are mirrored by decisions taken in Westminster."

In recent months, there has been an [increasing number of calls for tax devolution](#), including from the Commons' communities and local authorities committee.

Think-tank ResPublica published a report, From Devo Max to Devo Manc, calling for a piloted devolution to take place in the Greater Manchester area.

Allan urges government to further explore the vision of Michael Heseltine, "who spent a lot of time here in the city developing proposals to transfer £49bn from central government to the English regions".

"Major initiatives such as HS2 are welcome in opening up our country but such infrastructure projects need to be allied to changes in the way decisions are made, whether about investment, skills, jobs or education."

How ManSheffLeedsPool, Devo Met and a northern Oyster card could empower UK cities

22 October 2014 – City Metric

Source: <http://www.citymetric.com/politics/how-mansheffleeds-pool-devon-met-and-northern-oyster-card-could-empower-uk-cities-409>

This week, the City Growth Commission, launched in 2013 to figure out how we can “enable UK cities to thrive”, published its final recommendations. Over the past year, it's investigated ways to boost the infrastructure and economies of the UK's largest 15 cities outside London; to, in effect, fight back against the economic dominance of the capital. At the moment, this report makes clear, “our centralised economic policy is not fit for purpose”.

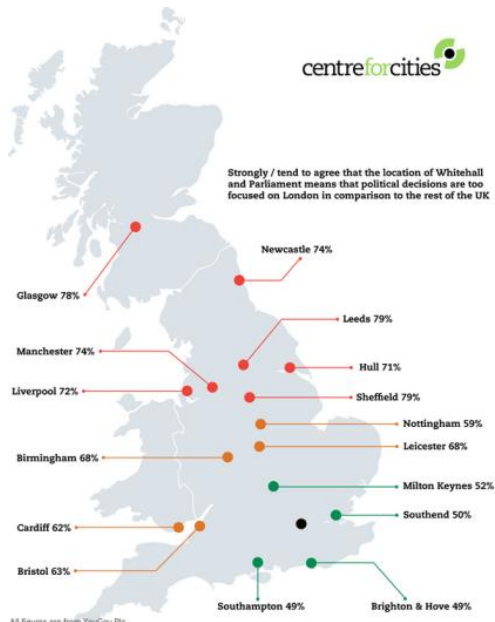
This final report sets out a shopping list of changes that, according to the commission's estimates, could increase the economic output of the UK's 15 largest cities by £79bn a year– the equivalent of 5 per cent of the UK's current GDP.

Here's a few of them.

Devo Met

As the report puts it, over the past year the “drumbeat of devolution has grown ever louder”. The issue of devolving greater powers to local and regional governments was dragged into the debate around Scottish independence as it became clear that other UK regions and cities didn't feel adequately represented by central government either.

In fact, a [recent study carried out by the Centre for Cities](#) showed that satisfaction with Whitehall's priorities gets drastically lower as you move north:



The commission is recommending that tax, planning powers and skills funding be devolved to a local level - though they advise proceeding with caution. As the commission's chair, Jim O'Neill, puts it in the report's introduction:

We should be clear that the process of devolution will require cities to have more robust governance, policy making and economic delivery functions in place. Even those who appear to be most in the vanguard will need to address these challenges to demonstrate that they are ready for substantial devolution.

The report continues that central government should be “open” to devolving powers in future, and that combined authorities (Sheffield, Liverpool, West Yorkshire, Manchester and the North East combined authority), with their more robust governing systems, will be best placed to take on new powers first.

A Tube (and Oyster) for the north

The centrepiece of the commission’s recommendations is outlined in July’s “[Connected Cities](#)” report: a “northern powerhouse”, in which the four largest northern cities would be connected by speedy new rail links and act, economically at least, like a second London.

Chair Jim O’Neill (who also, incidentally, coined the acronyms BRIC and MINT) has even given the powerhouse its own name: ManSheffLeedsPool. Mercifully, he’s also commented that a “better acronym” is needed.

In the commission’s vision, residents could zip between these northern cities on a new HS3 rail line (a “tube for the north”) using a “Northern Oyster Card”; a standardised travel payment system which could be used across transport in all four cities.

Broadband

As we’ve noted before (“[If you live in Sheffield you probably can't read this](#)”) broadband speeds are by no means excellent across the UK. We probably don’t need to tell you that slow internet speeds aren’t going to endear ManSheffLeedsPool (they really need a new acronym) to companies looking to expand. To help solve the problem, the commission’s recommending a “comprehensive review” of broadband speeds, taking Singapore’s government-led initiative to achieve 1GB/s speeds as an example.

A second freshers' week; golden handcuffs

The commission also had a few ideas on how to keep graduates local, in order to boost the skilled workforce in UK cities. These included a Refreshers week (“a concentrated campaign to help focus graduates on extending their roots in their place of study in the key weeks and months before and after graduation”) and “golden handcuff” schemes, where employers can reward employees who commit to working with them locally for a few years. Both sound a little creepy, but both could work - especially as the current price of living in London could make staying Birmingham or Cardiff even more attractive for graduates.

For the most part, the recommendations in the final report have been made before. The emphasis is on making sure the old ones actually happen, rather than coming up with more new ideas: the report recommends a “tight timetable” for Devo Met, while Jim O’Neill summarises the report as a whole as a “nudge towards action”.

Members of the government have so far had nice things to say: chancellor George Osborne is keen on the idea of a northern powerhouse (he’s said in response to the report that he’s “determined to turn this vision into a reality”); while Deputy Prime Minister said “we’re ending the era where Governments in Whitehall think they know best.” It remains to be seen which recommendations are taken on - personally, we’re rooting for the northern Oyster card.

Commission backs fiscal powers for cities to boost growth

22 October 2014 – Public Finance, Richard Johnstone

Source: <http://www.publicfinance.co.uk/news/2014/10/commission-backs-fiscal-powers-for-cities-to-boost-growth/>

Giving UK cities more powers and financial autonomy could boost the economy by up to £79bn a year, the independent City Growth Commission has found.

Jim O'Neill said not all areas would be given devolved powers at the same time, but areas should not have to wait until the slowest was ready.

The commission, formed by the Royal Society of Arts [to consider the local powers needed to boost growth](#), said devolution of powers to the 15 biggest metro areas should happen alongside the granting of extra powers to the Scottish Parliament.

Among the key areas for action was skills funding, which the commission recommended this be localised quickly to combined authorities. Spending on public services should then be devolved in long-term settlements once areas were ready to take on extra powers. These would be provided in either five or 10-year agreements to allow more effective pooling of resources.

The commission, chaired by leading economist Jim O'Neill, said readiness should be determined by an independent committee, formed by January 2015 to match the deadline for draft legislation on Scottish devolution. This body would determine whether combined city authorities bidding for extra powers met required accountability standards.

Achieving 'devolved status' would grant areas the same consultation rights as the devolved administrations within Whitehall, with powers and responsibilities then negotiated. This would include a suite of devolved taxes, which were likely to start with all of business rates and council tax.

Speaking to Public Finance, O'Neill said that it was unlikely that all areas would be given devolved status at the same time, particularly as there were currently only five metro areas operating combined authorities.

'Not everybody is ready, in fact far from it,' he said. 'Maybe none of them are fully ready, but we outline a process for all 15 metro areas that we've studied to be worthy of having some devolution.'

However, he said skills funding could be the first area for greater local power. 'Of all the areas that could be devolved, it seems to us quite obvious that devolving skills to a lot of places, including maybe even small cities, is a no-brainer.'

'In my opinion, that part of the Department for Business, Innovation and Skills could be closed down by the end of the year, that could be available to many.'

In other areas an independent body was needed to ensure devolution could take place, O'Neill added.

'It will have to be done at different speeds – outside of skills, it seems to me impractical to see that all different metro areas should wait until the slowest.'

Responding to the report, Alison Scott, CIPFA's assistant director for local government, said it contained some innovative proposals to encourage regional growth.

'However we firmly believe that it is important that any future solution addresses the challenge for the whole of the UK in a systematic and comprehensive way, and while cities are vital engines of growth, we also need to take account of other communities not served by large metropolitan centres.'

'For this reason CIPFA and the Local Government Association have set up and are currently supporting the Independent [Local Government Finance Commission](#) which will soon be bringing forward proposals for fundamental reform of the system of local government finance and will seek to tackle the challenges of promoting growth and building a sustainable and long-term system of local government finance.'

LGA chair David Sparks said the report showed the benefits of devolving powers to local areas in England were too big to ignore.

'Our current over-centralised system, which has Whitehall holding the public purse strings, is no longer fit for purpose in the 21st century,' he said.

'The huge economic benefits of devolution identified by the Cities Growth Commission are likely to be just the tip of the iceberg. Devolution to cities should be the start of a much bigger and wider process of devolution for the whole of England.'

Should the North East get more power?

22 October 2014 – The BBC

Source: <http://www.bbc.co.uk/news/uk-england-tyne-29714319>

Newcastle would form a "metropolitan area" along with neighbouring parts of the North East

The North East of England should have the power to run itself but is not yet ready for the responsibility, a report has found.

The [City Growth Commission](#) said the government should devolve key decision-making powers to 15 metropolitan areas, one of which would cover Newcastle and Sunderland.

But its report also said the area did not have the structure in place to deal with extra powers.

Critics argued the region was prepared.

The City Growth Commission was set up a year ago to look at ways in which economic growth could be boosted across the UK.

Its proposals would see a "metro area" created that would cover the local authorities of Newcastle, Sunderland, Gateshead, North Tyneside and South Tyneside.

The report calls for metro areas to be given the responsibility for collecting and spending their own Council Tax and business rates as well as being given control over planning major infrastructure projects, such as works on the main transport routes.

Currently Council Tax precepts are set locally but the banding of houses is done at a national level while business rates are pooled nationally before being handed back to local authorities.

Analysis

The ideas of metro areas and devolving decision making powers to the region have all been floated before.

What is more significant is the context in which these proposals are now being made.

After the Scottish Independence referendum all the main UK political parties are now debating in earnest the principle of devolving power to the English regions.

Reports such as this one genuinely now have the ability to influence that debate.

David Rhodes, Political Reporter BBC North East and Cumbria

Ben Lucas, who worked on the report, said: "We would expect to see a significant economic uplift for the North East if places like Newcastle and Sunderland were in a position to control their own economic destiny."

However, the report states "only London, Manchester and West Yorkshire may be ready to manage these risks and therefore to apply for devolved status" because they have established combined authorities which could administer the extra powers.

The commission said the North East "may soon be ready" after the formation of a North East combined authority, although it was not prepared for the extra responsibility yet.

Simon Henig, leader of the combined authority which brings together seven local councils, said: "We are ready, and indeed there needs to be a dispersal of power out of London to large parts of England and not just to Manchester."

Mr Henig also raised concerns about how the proposed metro area covered only Newcastle and Sunderland and ignored Teesside and large parts of both County Durham and Northumberland.

Mr Lucas said: "We have not ignored Teesside, in fact we would want to see the Tees Valley working closely with Tyne and Wear metro area and in the report we advocate in a number of ways how people and business on Teesside would benefit from these proposals."

Cameron hails plan to fast-track devolution for English cities

Report from City Growth Commission says 'devo met' could be achieved on same timetable as devolved powers for Scotland

22 October 2014 - The Guardian, Helen Pidd, Patrick Wintour

Source: <http://www.theguardian.com/politics/2014/oct/22/cameron-hails-fast-track-devolution-english-cities-plan>

The prime minister has welcomed an ambitious proposal to devolve power to UK city regions along the same brisk timetable as the Scottish devolution process, suggesting Greater Manchester and West Yorkshire could gain more autonomy in 2015.

The [report](#) from the City Growth Commission argues that devolution from Whitehall to city regions will boost economic output in the UK's 15 largest metropolitan areas ("metros") by £79bn per year – approaching 5% of current GDP.

It also proposes a vastly improved transport network in the north of England across the Pennines, including a northern answer to London's Oyster card – dubbed the "Noyster".

Praising the report as “absolutely first class”, David Cameron told Prime Minister’s Questions on Wednesday that there was a “real opportunity” to rebalance the economy using high speed rail and other infrastructure to “link up our great northern cities” and create a “northern powerhouse”.

The City Growth Commission says an independent committee should be established to draw up plans for what it calls “devo met”. This would run in parallel to the [“devo max” committee](#) led by former foreign secretary William Hague, which is trying to reach a constitutional settlement to give Scotland more autonomy following the referendum.

The “devo met” group should draw up draft legislation for enabling powers by January 2015, just as Hague’s will. That would allow any financial and/or fiscal settlement to be a central part of the 2015 comprehensive spending review, according to the report’s authors.

The City Growth Commission is led by Mancunian Jim O’Neill, the outgoing chairman of Goldman Sachs Asset Management and a confidant of the chancellor, George Osborne. Speaking at the report’s launch at the RSA in London on Wednesday, O’Neill cheerfully accused Osborne of “stealing” many of the commission’s ideas when setting out his vision this summer of a [“Northern powerhouse”](#) made up of interconnected cities along the M62 corridor – a region of seven million people referred to as ManSheffLeedsPool by O’Neill. Osborne has made clear that handing power and money to the most competent local authorities and universities will be at the heart of his autumn statement in December.

O’Neill’s report argues that cities, particularly those in the north of England, need to get over their rivalries and work together if they are to be entrusted with more power over spending.

While the report was welcomed by business people and political leaders in the 15 “metros” singled out in the report (London, Greater Manchester, West Midlands, West Yorkshire, Glasgow, Merseyside, Tyne and Wear, South Yorkshire, East Midlands, South Hampshire, Edinburgh, Cardiff, Bristol, Belfast and Leicester), others were less impressed.

Stephen Brady, leader of Hull city council, said: “I’m really, really disappointed that Hull once again has been overlooked in favour of the bigger cities. We’re like the forgotten city, despite being strategically so important. The population of Hull is 265,000, but if you add in East Riding it’s at least half a million. [We’ve attracted over £400m](#) of investment in the last year, including the new Siemens wind turbine plant and the Reckitt-Benckiser research and development facility. We’ve won the City of Culture 2017 bid. What else can we do to prove that we want to be given the chance to run things ourselves?”

Marco Cereste, leader of Peterborough city council, said he had been lobbying O’Neill’s team all year to argue “big isn’t always beautiful”. “I think that small cities can implement new ideas quicker, more effectively and probably more effectively than big cities. What I don’t want is for London to be hugely successful south of us, Birmingham, Manchester and Leeds successful above us, sucking the life out of Peterborough in the middle.”

Colin Glover, leader of Carlisle council, said his city faced being squeezed by an ever more powerful north-west and north-east England, with Scotland getting more powers just eight miles to the north. “There’s a general feeling that Carlisle isn’t seen as having the same status as some of the big cities, which gives me some cause for concern. We need to make a lot of noise to make sure we are not forgotten,” he said.

Richard Carter, leader of Yorkshire First, a political party which wants independence for God’s Own County, dismissed O’Neill’s proposals as “divisive, undemocratic and limited.” He said: “Yorkshire is its cities, towns and villages. We don’t see any advantage in creating islands of devolution in Yorkshire. By concentrating on a limited number of ‘metro areas’, places like Hull, the East Riding and North Yorkshire miss out.”

The new report, called [Unleashing Metro Growth](#), says that apart from London, only Greater Manchester and West Yorkshire are currently ready for substantial devolution.

Both currently have a “fiscal gap” – a discrepancy between their attributable tax revenues and their level of public expenditure. Greater Manchester – the UK’s second largest metro area, with a population of 2,894,240 according to the 2011 census – takes £4bn–5bn more from the Treasury than it contributes. But the report argues that such underperformance could be addressed by entrusting these city regions with big budget and policymaking flexibilities: to be handed more control over housebuilding, planning and transport, as well as a string of property taxes, better rail links and super-fast broadband.

Speaking at the report’s launch, Lord Heseltine, former deputy prime minister and [a longtime champion of city devolution](#), said the Scottish referendum had shown that the public are fed up with so much power being centralised in Whitehall.

“The agenda is centre stage. The time is now. There is no way in which, in my view, the House of Commons is going to pass Scottish devolution processes unless there is a fair settlement for England of a devolutionary nature,” he said, adding: “The country will gain immeasurably from a determined attempt to achieve this new way of running the country. I say ‘new way’, but we actually did run this country that way when we became the great imperial power that we are.”

This article was amended on 23 October 2014 to correct a mistake in the spelling of Marco Cereste.

Give cities more power to boost UK growth, says study

22 October 2014 - The BBC

Source: <http://www.bbc.co.uk/news/business-29707917>

Cities like Manchester should have more power over their finances, says the RSA City Growth Commission

Allowing UK cities to make their own decisions on tax and spending could boost economic growth by £79bn a year by 2030, a year-long study has concluded.

The amount equates to boosting current UK productivity by 5%, said the RSA City Growth Commission, which conducted the study.

It is pushing for draft legislation to be in place by 2015.

"Our centralised political economy is not 'fit for purpose'," it said.

The commission, chaired by economist Jim O'Neill, concluded that shifting power away from government ministers and officials to cities would drive up the UK's long-term rate of economic growth.

"There needs to be a radical reshaping of the UK's political economy, with our metros given sufficient decision-making powers and financial flexibilities in order to become financially self-sustainable," the commission said.

Better connected

The report said that transport links in the north of England should be improved, particularly in the North West in an area it calls "ManSheffLeedsPool".

It suggested a new high-speed underground system, with a single transport payment card that would work across the region, similar to London's Oyster card.

Also upgraded broadband services would "drive additional inward investment to our cities".

The commission said the current national approach to skills training and immigration was hurting businesses.

It suggested that handing funding for training over to cities would enable them to provide the right kind of training.

It also wants the current national immigration policies to be reformed.

If the UK persists in restricting immigration to meet its "growth-inhibiting" net migration target, there is "a risk that households in all metros will suffer in the long term, as GDP and GDP per person falls and average incomes are squeezed", it added.

"In a world in which cities are the new drivers of growth, decentralising our political economy will boost GDP and enable our major metros to achieve their social and economic potential," said Ben Lucas, chair of public services, RSA and city growth commissioner.

The report from the RSA, or Royal Society for the encouragement of Arts, Manufactures and Commerce, is the final report in a series commissioned to examine policies to promote growth in the UK's regional cities.

Unleash our cities with 'Devo Met', urges Commission

22 October 2014 - LocalGov

Source: <http://www.localgov.co.uk/Unleash-our-cities-with-Devo-Met-urges-Commission/37452>

The UK's major cities could become self-sufficient economic powerhouses through a 'Devo Met' deal that releases them from the suffocating grip of central government.

The claim comes in the [final report from the RSA City Growth Commission](#), which said devolution of powers and responsibilities to the 15 largest urban areas could boost the economy by £79bn a year by 2030.

Its report argues that such a settlement should run alongside Devo Max for Scotland, with draft legislation put in place by January 2015.

Set up with support from Core Cities Group, London Councils, the Greater London Authority and the Local Government Association, the Commission's report recommends a raft of new powers to major cities covering everything from tax raising to planning, transport and skills.

It argues that the UK's political economy was so over centralised it was 'not fit for purpose' and could not deal with future challenges.

'Decentralisation would empower metros with the capacity to respond more dynamically to the needs and opportunities of their economies,' it said.

'Those metros with the most robust governance structures, which have a track record of delivery and risk management, should be considered for "devolved city status".'

That status would secure the same rights as devolved administrations, it said. 'Powers and responsibilities would be agreed between the devolved city-region and central government and might vary by time and place.'

The Commission said this could include the flexibility to borrow from the open market and the right to raise and retain a range of taxes. It might also involve giving city-regions longer funding settlements of up to ten years.

Charlotte Alldritt, secretary to the RSA City Growth Commission, said: 'During the 19th century, metropolitan industrial growth drove our national economic success and established a strong industrial heritage of which many of our city-regions can be proud.

'The challenge is now to ensure these places have the capacity to fulfil their economic potential in the 21st century – whether through better connectivity, leveraging the power of data in public service reform, or by fostering their creative, innovative economies.'

The Commission said handing city-regions strategic planning authority powers would enable them to align housing and transport development – similar to model used by London boroughs and the Greater London Authority.

LGA chair Cllr David Sparks said the Commission had confirmed the benefits of devolution to local areas in England were 'simply too big to ignore'.

He added: 'Our current over-centralised system, which has Whitehall holding the public purse strings, is no longer fit for purpose in the 21st century. This report highlights the extent to which some of our great cities are being held back by being denied the same sort of autonomy enjoyed by equivalent European cities.'

'The huge economic benefits of devolution identified by the Cities Growth Commission are likely to be just the tip of the iceberg. Devolution to cities should be the start of a much bigger and wider process of devolution for the whole of England.'

'People from across the country should benefit from more of the important decisions affecting their lives being made close to where they live, whether home is a big city or a rural area. Across a wide range of issues, there is compelling evidence that taking decisions closer to communities, through councils, achieves better results and saves money.'

UK City Devolution Could Boost Economic

22 October 2014 – *International Business Times*

Source: <http://www.ibtimes.co.uk/uk-city-devolution-could-boost-economic-growth-by-79bn-by-2030-1471184>

"There needs to be a radical reshaping of the UK's political economy, with our metros given sufficient decision-making powers and financial flexibilities in order to become financially self-sustainable.

"In a world in which cities are the new drivers of growth, decentralising our political economy will boost GDP and enable our major metros to achieve their social and economic potential."

In mid-September, an IPPR North report argued decentralisation of power for major northern England regions would better help the cities control and nurture their economies through greater power over spending and tax raising.

Britain's Deputy Prime Minister, Nick Clegg, lent support to a "radical" report, calling for the devolution of central government powers to England's regions and main cities, shadowing the unfolding independence referendum in Scotland.

Clegg insists Westminster's pledge to grant Scotland more power over tax and welfare issues in the event the country chooses to stay in union with England, will mean the northern economy will require increased powers as well.

Labour: Unleashing Metro Growth, final report of RSA City Growth Commission - Response from Chuka Umunna

22 October 2014 – Politics Home

Source

http://politicshome.com/uk/article/106874/labour_unleashing_metro_growth_final_report_of_rsa_city_growth_commission_response_from_chuka_umunna.html

Chuka Umunna MP, Labour's Shadow Business Secretary, commenting on Unleashing Metro Growth, the final report of the RSA City Growth Commission, said:

"Time and time again, cities have led the way around the world as incubators for innovation. The Cities Growth Commission is absolutely right to point to the 'rise of Cities' across the globe - there are hugely important lessons here as we look to ensure growth is more fairly balanced across the UK and the creation of more high-skilled, better paid and secure jobs.

"We must push power away from the centre and empower our cities and city regions to drive local growth. As well as new powers, Labour's plans would see £30 billion of budgets devolved away from Whitehall.

"As this report highlights, we must go further and faster to ensure our cities can better compete on the global stage and be masters of their own destinies."

A modest proposal to get Britain's cities moving

22 October 2014 – Financial Times

Source: <http://www.ft.com/cms/s/0/96cd3584-59de-11e4-9787-00144feab7de.html?siteedition=uk>

The City Growth Commission's argument on devolution should be heard

Most UK politicians publicly venerate the [idea of devolution](#). What they cannot agree on is how to achieve it.

A few ideas have stuck. Scotland, Wales and Northern Ireland have all had powers devolved to them since the 1990s, and Edinburgh looks set to receive more following last month's independence referendum. In England the seeds have fallen upon stonier ground. The last time devolution was aired, a decade ago, the voters roundly rejected John Prescott's plan to set up a new tier of regional government.

True, the coalition has since brought together local authorities in so-called local enterprise partnerships. But this is mostly talking-shop devolution. Almost all the fiscal levers remain firmly in Whitehall's grasp.

The need for bolder thinking is one reason to welcome the findings of the [City Growth Commission](#), a body headed by Jim O'Neill, the City economist who coined the term "Brics".

Eschewing grand reorganisations of Britain's already complicated and much-tweaked system of local government, the commission focused on policies that might improve the economic performance of Greater Manchester and 14

other “metros” or city regions outside London. These have in recent years grown more slowly than the UK average. Simply moving them up to the same level as the rest of the country would add £79bn to gross domestic product by 2030.

To achieve this, the commission is advocating devolution and a lot of infrastructure investment. The idea is to improve connectivity by upgrading transport links and introducing “seamless” payment systems such as London’s Oyster card. Digital would be another focus, with a push to wire up metro areas with superfast broadband.

Few deny the need for better transport. Take “ManSheffLeedsPool”, the inelegantly named northern region running from Liverpool to Hull that Mr O’Neill believes could be a test bed for his ideas. The Trans-Pennine express which links the main cities is anything but. It takes two hours to trundle the 65 miles from Liverpool to Leeds.

New powers will be needed to put in place the conditions for faster growth. The commission is right to argue that cities should be cut free from Whitehall and given greater scope to plan, fund and deliver the services, housing and skills they need to thrive. This means more local control over how money is raised – through local taxes and borrowing – and how it is spent.

Such ideas trouble the Treasury, which worries that local politicians are less skilled at allocating funding than mandarins. But it is hard to argue that central government knows better than local people how money should be spent. Fiscally, the vassal relationship with Whitehall can actually act as a bar to development.

Central government’s biggest worry with devolution has always been about accountability: the risk that local authorities might abuse whatever powers they were granted. With all the main UK parties planning significant measures of fiscal devolution to Scotland, it is hard to deny similar treatment to ManSheffLeedsPool, an economic belt with a population of 9m and an economy worth £200bn a year. It is absurd that some of the UK’s most populous regions raise only about 5 per cent of the revenue they spend.

The coalition has been teetering in Mr O’Neill’s direction. Since 2011 it has signed deals giving cities more power over transport and training and doling out extra funds. The time is ripe for a more ambitious shift of power away from London to allow cities to determine their own destinies. Politicians need to stop venerating and act.

SIMON LAMBERT: Is it time for a northern supercity? Why ManSheffLeedsPool could be the answer to our skewed economy

23 October 2014 – Daily Mail, Simon Lambert

Source: <http://www.dailymail.co.uk/money/comment/article-2803772/SIMON-LAMBERT-time-ManSheffLeedsPool-northern-supercity.html>

Is it time for a northern supercity?

A fighting force combining the might of our northern powerhouses has emerged as part of the solution to Britain’s dangerously Londoncentric economy.

The idea is not entirely new, but it does have a new name ManSheffLeedsPool.

Northern powerhouse: A ManSheffLeedsPool supercity would mean more people like Wayne Rooney crossing the area to work - but would require old rivalries to be put aside.

That might sound like a joke at the expense of US commentators on Premier League football, but the amalgamation is actually the cornerstone of the City Growth Commission's plan to revitalise the UK.

It's an idea worth listening to.

Much of the difficulty that the UK economy faces can be traced back to a North South divide, an almighty skewing of growth, and London's overwhelming pull.

Despite all the efforts of past years it is still seen as where the money and opportunity is. Businesses locate there, people move there and it dominates debate, policy and decisions.

Yet we also have vibrant and entrepreneurial great cities across the country that we fail to fully capitalise on.

Perhaps the best justification for the report's plan comes in the foreword. It says: 'We wanted to pursue ideas that, if implemented, would boost the national growth trend, and not to accept that it is a zero sum game, giving more to city A would not simply be taking from city B.'

Those are the words of the commission's chairman by Jim O'Neill, economist, former Goldman Sachs Asset Management chairman, coiner of the Brics emerging markets label, and a man who knows a bit about making money.

The report is refreshingly clear in what it wants to do and why.

Ditch tinkering with regions and instead think about the cities that power those areas – then let the wealth spread out.

That means handing cities power, sorting out transport so people and business can move seamlessly, improving digital networks, and importantly allowing more control on finances and tax.

A properly joined up North West would be an impressive 7m people-strong and is deemed the area that could capitalise immediately.

The North East is judged to be a prime candidate, while city metro areas from Bristol to Edinburgh are also flagged.

Delivering the ManSheffLeedsPool concept would be the first crucial step.

Although as a famous Manchester Utd fan, O'Neill will know perhaps one of its biggest hurdles may lie in arguments over which city's name goes where in the brand.

Northern supercity named ManSheffLeedsPool

23 October 2014 – Daily Star

Source: <http://www.dailystar.co.uk/news/latest-news/406411/supercity-north-called-ManSheffLeedsPool>

ACADEMICS are calling for a new supercity to be created in the North – and it's been dubbed ManSheffLeedsPool.

They say the only way for the North to compete with London is to link major cities into a new urban sprawl.

The supercity would see Manchester, Sheffield, Leeds, Liverpool and satellite towns joined by high-speed transport links.

It would have a combined population of seven million giving it an economic strength approaching that of the South.

The City Growth Commission, which came up with the proposal, said that greater links between Manchester, Sheffield, Leeds and Liverpool could do “what London does for the South East – driving investment, productivity and growth”.

STRONG: The chancellor said collectively the cities can boost the UK economy [ALAMY]

“We need a Northern powerhouse”

Chancellor George Osborne, 43, who is MP for Tatton in Cheshire, backed the scheme.

He said: “We need a Northern power house. This is a very hard truth to address.

“The cities of the North are individually strong, but collectively not strong enough.”

It is estimated the new supercity could boost the UK economy by £79 billion by 2030 .

The commission has backed a high-speed transport network with an Oyster card system to drastically bring down the cost of travelling.

Other areas including “Greater Birmingham” and the North East have also been earmarked for supercity status.

Osborne to back ‘northern powerhouse’

23 October 2014 – Financial Times

Source: <http://www.ft.com/cms/s/0/61484078-5aa8-11e4-8625-00144feab7de.html?siteedition=uk#axzz3Gz58ULMA>

George Osborne will next month propose handing a range of powers to cities in his proposed “[northern powerhouse](#)” but he is reluctant to devolve significant tax-raising ability.

The chancellor is looking at giving the region more say over science, skills, schools and housing as well as more control over the [strategic road network](#) and possibly over the award of rail franchises.

But Mr Osborne is concerned that giving new tax powers to cities – for example allowing them to keep more of the business rates raised in their area or a share of stamp duty – might lead to unhelpful tax competition.

The chancellor also fears that if he hands more tax autonomy to the north, London mayor Boris Johnson might want to take more control of revenues in the capital – rather than allowing the Treasury to disperse them around the country.

[Mr Osborne said in August](#) that he would make his “northern powerhouse” concept the “centrepiece of the Autumn Statement”, and has a choreographed series of events leading up to the December 3 announcement.

[Sir David Higgins](#), chairman of HS2, will produce a report for the government next week confirming plans to build a “Y-shaped” high speed rail line to Manchester and Leeds. Mr Osborne will follow that by backing plans to improve east-west connections over the Pennines.

In early November Mr Osborne will set out his thoughts on devolving more powers – and associated budgets – to the megacity region, which would include Manchester, Sheffield, Leeds and Liverpool.

Areas of spending include skills, schooling, housing, the local environment and culture, intended to give the region more control over its economic destiny. The region averaged nominal growth of 3.9 per cent during the past 18 years compared with 4.4 across the whole UK.

However, the Treasury has always been resistant to ceding financial control to the regions.

Mr Osborne agreed this year to set aside just £2bn a year to a local growth fund in response to a report by Lord Heseltine, which aimed to move £58bn over four years from central government control to the regions.

The chancellor is expected to back major new science and transport projects in the area, enabling him to continue his “hard hat tour”. “We’re going to pre-announce a lot of capital projects for the next parliament,” said one Treasury official.

Labour and Liberal Democrats claim the chancellor’s conversion to devolution is a desperate attempt to show the Tories have an agenda to spread wealth outside the London region.

One senior Labour figure admitted that Mr Osborne had captured the political ground with his “northern powerhouse” project, while Labour’s own proposals had gathered little attention.

Nick Clegg, deputy prime minister, has pushed his own “Northern Futures” project that crowdsourced ideas from the region. On Thursday he implemented the first, an agency to promote technology clusters in five northern cities, with the aim of emulating the success of London’s own cluster around the borders of the City. “We’ve listened to local business leaders and there is a clear need for us to seize an opportunity to capitalise on existing tech talent by creating a [northern tech hub](#) to rival Berlin, New York or Shanghai,” Mr Clegg said on a visit to Sheffield.

“My ambition, over time, is to double the number of tech jobs in the north,” he said. There are an estimated 200,000 tech jobs in the region and software companies such as Google and Sage have offices there.

Most city leaders agree with the chancellor’s pragmatic approach. Sir Richard Leese, leader of Manchester city council, said it was easier and quicker to devolve powers other than fiscal. “Whitehall should do what it can now, not wait for what it can’t,” he said.

Mr Clegg, MP for Sheffield Hallam, and Mr Osborne, MP for Tatton, Cheshire, represent northern constituencies, boosting government support for the project.

In the age of megacities and hubs, is it time to rebrand ‘the North’?

23 October 2014 – *The Guardian*

Source: <http://www.theguardian.com/media-network/media-network-blog/2014/oct/23/rebranding-the-north-liverpool-manchester-newcastle-leeds>

Could the cities of northern England benefit from more collaboration? And could a brand overhaul help?

Yesterday’s final report by the [City Growth Commission](#) has been hailed as a blueprint for how many of our larger cities could be given greater powers and transformed economically.

In particular the chair of the Commission, former Goldman Sachs economist Jim O’Neill, has spoken of the economic benefits if our major Northern cities were to think of themselves as one “supercity”.

This raises the question of what to call such a city? Mr O’Neill has so far floated “ManPool” for a combined Liverpool and [Manchester](#), and even “ManSheffLeedsPool” if those four cities (with a combined population of around 8 million) came together.

Most people would concede that ManPool or ManSheffLeedsPool are unlikely to catch on as names. However, how could those cities brand themselves? Here's four ideas for discussion:

1) Ditch the term "North" altogether

An alien landing in Britain would observe those four cities to be slap bang in the middle of the island on which we live. The fact that they happen to be "north of" somewhere (ie, London) is not their sole defining feature (especially to international business investment and tourism, who will clearly perceive them to be "south of" many other places too). The very term "North" also risks giving the impression of being an extremity, far away and remote. If anything, these cities are a "central belt" or a "hub", which are far more attractive prospects in a globalised economy.

2) Become Greater

Manchester and it's surrounding area made a very canny decision by opting for the [Greater Manchester](#) name when metropolitan counties were first created. How much more impressive does that sound than its previous label of Selnece, or South East Lancashire North East Cheshire. Already, local council and business leaders on Merseyside talk of the "Liverpool City Region". Could we see Greater Liverpool, Greater Leeds and Greater Sheffield come to the fore too?

3) Return to historic identities

Those four cities are all different. They are also from different historic counties divided by the Pennine hills. Should they therefore not look to each other, but to their wider landscapes beyond? Think about this – when Leeds hosted the start of the Tour de France Grand Depart earlier this year, it did not do so on behalf of the North. It proudly did it as part of Yorkshire. All credit is due to the [Yorkshire tourism authority](#), who won the bid to host the Tour's opening stages and created a fantastic spectacle by harnessing the power and passion of the Yorkshire people and brand. So, is a united devolved Yorkshire on one side of the Pennines and a combined Lancashire on the other side more likely to generate returns than trying to span the historic divide?

4) Split town and country

We're not talking about a new Checkpoint Charlie at Bootle, but just as the Home Counties have had Greater London carved out of them, has the time come for the embryonic Northern hub to consciously define itself against its less metropolitan surrounding areas? Think of how rarely "London and the South East" is heard any more. Instead, London has pulled away as its own economic and political unit. But that would mean far more common identifiers between the cities; for example, just as BBC London was separated from BBC Newsroom South East, the new area could be granted it's own dedicated BBC service.

Could any of these ideas represent the future?

Well, this is no longer just a hypothetical. When then Deputy Prime Minister John Prescott first spoke of improving connectivity between those cities in 2004, he was mocked for trying to create [Prezzagrad](#). But the idea has been taken up current Chancellor George Osborne as the chance to create a [Northern economic powerhouse](#) that could prove a match for London.

The Chancellor's remarks were in response to a report from a new lobby group, [One North](#), which represents Liverpool, Manchester, Leeds, Sheffield and Newcastle (the last of which is not actually that close to the other four).

Perhaps the fact that these five, fairly spread out areas are represented by one body just goes to show that the concept of "the North" is here to stay for now. But it's surely fair to ask, if that is that tag that has existed for decades whilst economic disparity between that part of the country and London has grown wider, is it not time to rebrand?

Giving power to our cities

DEVO Met is now top of the political agenda.

25 October 2014 – The Express, Ben Lucas

<http://www.express.co.uk/comment/expresscomment/527506/Ben-Lucas-Giving-power-to-our-cities>

The response from cities, Government and Labour to the RSA City Growth Commission's report published last week shows that momentum is now building fast for English devolution.

The commission, led by economist Jim O'Neill, found that unleashing the potential of our great British cities could generate £79billion of extra growth.

Politicians have rushed to endorse the report and some recommendations could be implemented almost before the ink is dry.

The Prime Minister and Chancellor have promised to back the emergence of a northern powerhouse and to improve notoriously poor East-West transport.

Meanwhile, Labour has promised to give cities control over a further £30billion of public expenditure.

So what does this add up to for the 30 million people who live in our 15 largest metro areas?

It's about jobs, opportunities and local votes for local tax and spending.

Devo Met is a strategy for rebalancing and strengthening our economy, so that our great cities are once again engines of economic growth across their wider regions.

All over the world it is cities that are the drivers of growth yet in Britain, too many punch below their weight.

Of our top 15 metros only four have growth rates higher than the national average and in England that only applies to London and Bristol.

It's not London that's the problem, it's Whitehall.

Our centralised system has delivered postcode inequality.

To be economically and socially sustainable our cities need to be able to invest in transport and broadband connectivity, to run their own services and to plan and manage their skills training and employment support.

London works because it is one super-economic area that is able to turbocharge productivity, creativity and knowledge exchange.

It has an efficient transport system and a culture of collaboration between boroughs, suburbs and towns that recognise their economic fortunes are tied together.

The capital is six times bigger than Manchester and the need to build greater economic scale is what has driven the Pennine cities of Liverpool, Manchester, Leeds and Sheffield to work together to form a northern economic powerhouse.

With the right transport, skills, science, investment and public service policies it could achieve an extra £26billion a year of growth by 2030.

Only one per cent of the workforce commute between Leeds and Manchester, even though they are only 40 miles apart, hardly surprising given that the train journey can take an hour or more.

What is needed is the equivalent of a fast Tube network for the North, with an Oyster card-style system (a Noyster, as it has been dubbed). In the North East, moves are also afoot to build a bigger powerhouse, beyond Tyne & Wear.

A particular issue here is skills shortages.

Devo Met is a strategy for rebalancing and strengthening our economy, so that our great cities are once again engines of economic growth across their wider regions

To ensure that local people get skilled job opportunities there must be a concerted focus on engineering training, starting in schools, where youngsters too often feel there's nothing for them in an economy that no longer has mining and shipbuilding jobs.

The Government can't do this from London.

It requires local leadership and control over skills and employment support.

In the Midlands, better economic collaboration and transport connectivity between Birmingham, Nottingham and Leicester metros could unlock the potential of a region with 4.5 million people and the opportunity to generate an extra £37billion of growth a year.

Universities also have a vital role to play across Britain in boosting metro growth.

They should collaborate more with each other to create centres of excellence that can link research with enterprise opportunities.

Achieving higher levels of graduate retention should be a greater priority, as this is a key factor in the economic success of cities.

The great thing about what we have proposed is that while it is radical and could make a big difference to people's lives, it is also very practical.

We can devolve power without creating expensive and unnecessary new regional structures.

That's because we can build on what's there now: councils and combined authorities, the city identities we are proud of and the wider travel-to-work areas that make up our metros.

Devo Met is an idea whose time has come.

Our cities are up for it, politicians are making the right noises...

The challenge is to make sure that the money now follows the promises.

Devo Met

25 October 2014 – *The Economist*

Source: <http://www.economist.com/node/21627697>

Big English cities are pushing for more power

VISITORS to Birmingham arrive at what can seem like a citywide building site. New Street, the main station, is being expanded and covered in rippling steel cladding. A tram extension is being built outside it as well as around Snow Hill, another terminus in the city. Shiny new office blocks are emerging while plans to tear down the old concrete library are gradually getting under way. Such activity hints at how much English cities are changing, often by pushing large construction projects. A new report, launched on October 22nd, argues that, with greater independence, they could do even more.

The author is Jim O'Neill, a former chief economist of Goldman Sachs, a bank, who last year was appointed as head of the City Growth Commission. The body was set up by the RSA, a charity, to investigate how cities boost the economy. His report, entitled "Unleashing Metro Growth", says more power should be devolved to city regions, to go alongside the Scottish devolution being wrangled over in Westminster.

Between 1997 and 2012 gross value-added (a measure of income) doubled in London and the South East, but grew by only 77% in the North West and 62% in the West Midlands. Mr O'Neill estimates that if 14 British cities outside London were given more powers, between them they could boost the economy by £60 billion (\$96 billion) a year by 2030.

In order to do so, Mr O'Neill and his team suggest that big cities work together more effectively with nearby councils to create large "metro" areas, perhaps headed by a "metro mayor". Cities should be able to retain property taxes and business rates, to borrow from financial markets, be given more power over planning and the ability to reclassify poor quality green-belt land.

Local councils are cheering. "It's now the hottest topic we've got," says Sir Albert Bore, the leader of Birmingham City Council. Large cities, such as Manchester, are particularly keen. But smaller cities like Peterborough are also pushing more strongly for devolved powers, says Mr O'Neill.

Such enthusiasm for devolution is slightly surprising. Only one city, Bristol, elected a mayor in a series of plebiscites in 2012. Nine others—including Birmingham and Manchester—rejected the idea. When the previous government offered the people of the North East a regional assembly in 2004, they rejected it in a referendum.

What has changed? The debate over Scottish independence has made the public more interested in devolution, argues Alexandra Jones of Centre for Cities, a think-tank. The success of London's mayor has also been a boost, and northern councils have had to come together to fight more strongly for HS2, a proposed high-speed railway.

Many cities have already been given modest powers through a scheme known as "city deals". Part of the tram extension in Birmingham is being paid for by money borrowed against an anticipated rise in business rates. Manchester and Cambridge have the power to "earn back" taxes to invest in infrastructure. "Cities have realistically got as far as they can with existing powers," says Simon Green of Sheffield city council. This means they are pressing for more.

Some Conservative politicians, such as Greg Clark and Michael Heseltine, have always been keen on the idea. Now others are joining in. In June George Osborne, the chancellor of the exchequer, spoke about creating a "northern powerhouse" to balance London and the south. Labour—which dominates most of these northern councils—also

seems cautiously positive. Whichever party comes into government in 2015, the devolution of more power to cities is likely to be high on the agenda.

HS2 hailed a ‘catalyst’ for northern growth and other rail links

26 October 2014 – *Financial Times*, Chris Tighe

Source: <http://www.ft.com/cms/s/0/2a27b076-5d30-11e4-9753-00144feabdc0.html?siteedition=uk#axzz3HXV1fll4>

Britain’s proposed high-speed north-south rail line is a catalyst for a much bigger process of economic change that should include vital improvement to east-west rail links in the north of England, says the man steering the £50bn [HS2](#) project.

The second report by Sir David Higgins, HS2 chairman, published on Monday, argues that HS2 is not a standalone project but essential for transforming the country’s transport system. It backs a fast Leeds-Manchester rail link – already dubbed HS3 – and gives further momentum to the vision of a “[Northern Powerhouse](#)” super-city to counterbalance London’s economic dominance.

A high-speed Leeds-Manchester rail link could almost halve current average journey times of 55 minutes, with knock-on benefits to northern rail journeys. It is, says Sir David, as important to the north as the £16bn [Crossrail](#) project is to London.

David Cameron and George Osborne, who has championed the northern powerhouse concept in recent months, are to give their backing on Monday to develop HS3. The chancellor will also announce that a new body, Transport for the North, covering the region’s five main conurbations, will be created as a united voice for big transport decisions. An interim report on options, costs and timetable for an HS3 east-west rail connection is to be produced in March.

This will raise hopes that HS3 – serving an area dubbed [ManSheffLeedsPool](#) by Jim O’Neill, an economist and author of last week’s City Growth Commission report on northern development – need not wait for HS2.

In August, Liverpool, Manchester, Leeds, Sheffield and Newcastle proposed a £15bn, 15-year rail and road investment programme to maximise northern economic growth and help rebalance the national economy.

Sir David’s new report gives them powerful ammunition, stressing the urgency of the issues facing northern road and rail networks. He warns of an approaching “crunch point”, at which congestion will increasingly act as a “stranglehold” on freight traffic nationally.

The government has also asked him to advise on the potential of extending high-speed services to Scotland.

However, the question of how to finance the growing list of massive infrastructure schemes remains unanswered. The government will announce on Monday a review into the cost and time it takes to build high-speed rail links, drawing on international experience to find ways to lower the costs of phase two of HS2 and future projects.

The new report, *Rebalancing Britain*; from HS2 towards a national transport strategy, will be launched in Leeds, and backs the case for the second phase of HS2, north of Birmingham, highlighting prospects for improving connectivity across the north and Midlands.

Britain’s future, it argues, is as a knowledge-based economy. Substantially reducing journey times between and within cities for both passengers and freight is “a strategic necessity”, says Sir David. He adds: “Connectivity equals jobs. In my view, it is that simple.”

HS2 could, he says, “be our generation’s equivalent of the motorways programme of the 1960s and 1970s”.

The report’s four main proposals are:

- The need to take forward both legs of the proposed HS2 Y-shaped network, with an eastern leg from Birmingham to Leeds via the east Midlands and south Yorkshire and a western leg from Birmingham to Manchester and Crewe. Alternatives will not bring the same capacity, connectivity and economic benefits, it argues.
- Improved east-west rail services, cutting journey times in the Liverpool-Hull corridor.
- Formation of a new Transport for the North body by northern cities.
- A timetable for a new transport strategy for improved rail and road connectivity north of Birmingham.

Addressing the debate about which stations will be on the high-speed network, the report backs an extension to Crewe by 2027 – six years earlier than originally proposed. It expresses support for the planned route into Manchester city centre, and also for a new station at Sheffield Meadowhall, despite calls for a city centre option. It points to the need to review the best station solution for Leeds, to allow for increased east-west services.

Ministers will make the final decision on Sir David’s recommendations. Detailed plans for phase two will be published next year.

Should all English cities be more like Manchester?

3 November 2014 – BBC, by Esther Webber –

Source <http://www.bbc.co.uk/news/uk-29459243>

George Osborne has announced moves to make Greater Manchester a "northern powerhouse". How have efforts to empower the region worked so far, what new powers will it get, and should other cities follow suit?

The chancellor said Greater Manchester will have the first metro-wide elected mayor outside London to oversee policies such as transport, social care and housing as well as police budgets.

He said the move had been agreed with leaders of the region's 10 councils and he will talk to other cities "keen to follow Manchester's lead".

The city of Manchester had a population of 514,000 in 2013, but the broader area is home to 2.7 million people, according to **Nomis**.

It already has more powers than many other English cities. In 2011, Manchester City Council teamed up with nine neighbouring councils to form the Greater Manchester Combined Authority (GMCA).

The GMCA was the country's first statutory "super-council" with power to co-ordinate the region's regeneration, economy and transport priorities.

The chancellor's announcement follows several reports that have called for more responsibilities to be handed to Greater Manchester.

Right-leaning think tank ResPublica **recently recommended** Manchester should "lead the way" on devolution for cities, with an elected assembly, a mayor, income-tax raising powers and complete control of spending within five years.

The RSA City Growth Commission **published a report** in October that recommended allowing UK cities to make their own decisions on tax and spending as a way of reducing the Treasury's deficit, of which it estimates £4-5bn relates to spending in Greater Manchester alone.

Greater Manchester

- Metropolitan area formed in 1974
- Made up of 10 councils: Manchester, Salford, Bolton, Bury, Oldham, Rochdale, Stockport, Tameside, Trafford, Wigan
- Population is about 2.7 million
- Covers an area of about 500 sq miles (1,300 sq km)
- Has an economy bigger than Wales or Northern Ireland
- Designated a City Region in 2011, when the Greater Manchester Combined Authority was established

Before the chancellor's announcement was made, the prevailing attitude to devolution on the streets of Manchester on a weekday in October seemed to be: "Why not?"

Sitting by the war memorial near the Central Library, Abi Mather, 21, says: "People from Manchester love being from Manchester, we take it very seriously. We always know best - why shouldn't that also apply to what money goes where?"

The money generated by Manchester is not insignificant. The **ONS reports** that Greater Manchester added nearly £51bn gross value (GVA) to the economy in 2012.

By comparison, the West Midlands urban area produced £49bn and Merseyside generated £25bn in the same year.

"Maybe southerners think we come second behind London - but people here don't feel that way, so it'd be better if we had as many powers as London."

At the same time, there are those who give the whole idea short shrift.

Tony Richards, 43, a photographer at Manchester Central Library, says: "It all sounds good, but when it comes down to it they always waste money left right and centre on crazy initiatives - it doesn't matter who's doing it."

Maz Ali, a 28-year-old dentist, is also sceptical. "I don't see the need for it to be here. It wouldn't change anything," she says.

'No impact'

Not that many people seem to be aware of how the GMCA works currently. In an unscientific survey of 20 people on the city's streets, just three said they had heard of it.

So far, the authority has focused its efforts on regenerating large areas such as Salford Quays and building a tram system that links Manchester to Salford, Eccles, Altrincham, Bury, Rochdale and Ashton-under-Lyne.

Some who have heard of the GMCA struggle to point to any difference it has made.

Phil Littlewood, 61, a semi-retired IT professional, says he doesn't think it's had any impact on his life. "Maybe it needs more time?" he suggests.

He likes the idea of local bodies having more control over their own budgets though, saying spending priorities should include funding for museums and improving the transport system.

Others - although unaware of the GMCA - nevertheless name-check its projects as things to admire about Manchester.

Margaret Walker, 75, says she finds the tram "very convenient", and Roma Swords, 21, says she loves the "city vibe" of the bars and shops in the northern quarter.

Of plans for a new mayor, Margaret likes the idea of "somebody that you knew was there and could write to if you wanted to". "Isn't Alex Ferguson looking for a job?" suggests Tony Nuttall.

Colin Talbot, professor of government at Manchester University, says the GMCA has a "mixed record".

The authority's attempt to set up a congestion charge "went down like a tonne of bricks", he says, but it can be proud of the "vast improvement" offered by the tram and new recycling facilities.

'Massive imbalance'

He believes Manchester is a "good example of what you can do without electing a whole new set of politicians" and that "groups of different political persuasions work very well together".

That is something other areas should strive for, he argues, but in his view "the current discussion about devolution does not go far enough" and benefits payments and tax collection could be carried out locally.

Dr Stuart Wilks-Heeg, a politics expert from Liverpool University, also backs the idea of raising more revenue locally, but cautions that further devolution could get complicated.

"If you allow Manchester to collect stamp duty and capital gains tax, the case for allowing London to do it is irrefutable, which would create massive imbalance," he says.

"If you think the Barnett formula is a minefield, this would be a complete nightmare," he says.

As for whether other cities and regions should follow suit, he points out that the establishment of a similar combined authority on Merseyside "has not exactly gone smoothly".

"Each area has its peculiarities and it's important that we don't get a top-down approach," he says.

Prof Talbot foresees problems with the government's latest plans, pointing out that a North East assembly was rejected in 2004, and Manchester was one of 10 cities to vote "no" to the offer of an elected mayor in 2012.

He warns that Monday's announcement could be seen as an "imposition".

"Unless this is done through political consensus it could lead to even more instability in our system of local government, which we've had for nearly 40 years now with almost constant reorganisations," he says.

Whatever model of devolution English cities follow, it seems Manchester is first in line.

Cities Growth Commission on Greater Manchester mayor plan

3 November 2014 – The BBC

Source <http://www.bbc.co.uk/news/uk-politics-29881974>

The powers for a new Greater Manchester mayor are "very different" to the scheme rejected a few years ago, said the chairman of the Cities Growth Commission.

Jim O'Neill said the previous plan was only for the city council, but this time it would include a wider area and involve more powers.

He claimed Greater Manchester was leading the way as its boroughs had been working together for several years.

Mr O'Neill the new mayor would not involve a whole new layer of government, or extra money, and that was "one of the beauties" of the plan.

On Monday, the chancellor announced that Greater Manchester would be getting an elected mayor to preside over regional issues,

Regional News

Investment in Yorkshire rail links 'could earn billions for economy'

20 October 2014 – *Brighouse Echo*

Source: <http://www.brighouseecho.co.uk/news/local/investment-in-yorkshire-rail-links-could-earn-billions-for-economy-1-6905455>

Investing in transpennine rail services could add billions to the economy and should be a national priority, a new Government-backed report says today.

The Centre for Cities thinktank found that city centres are increasingly becoming the engines of the UK economy and transport investment should focus on improving their connections.

And it recommended Leeds and Manchester links should be prioritised because the two cities have some of the highest concentrations of highly skilled jobs in areas such as finance and law but also some of the poorest rail services.

Significantly, the report was commissioned by the Government to find out where improvement of services would have the biggest impact and has been published just weeks before Chancellor George Osborne delivers his annual Autumn Statement which he has already promised will have strengthening the North's economy at its heart.

Mr Osborne has previously spoken about the importance of improving transport links to unlock the North's economic potential and has floated the idea of a transpennine high speed rail link dubbed HS3.

Centre for Cities chief executive Alexandra Jones said: "The Manchester to Leeds route currently takes almost twice as long to travel as the longer distance between London and Milton Keynes.

"The capital's rail connections to neighbouring cities have played an important part in building strong and successful economies across the South East, and the evidence strongly suggests that Manchester and Leeds would benefit

enormously from quicker and more frequent connections. This is a critically important, well-overdue upgrade that should be the first stage of delivering on the Government's ambition to build a Northern powerhouse."

The report highlights previous research suggesting cutting journey times in the North by 20 minutes could add as much as £6.7 billion to the economy.

It argues that high-value "knowledge intensive" jobs are increasingly important to the economy and they tend to be concentrated in major cities making better inter-city connections a priority.

The report also sharply contrasts the scale of the public transport network in and around London and those in other cities, identifying it as a key advantage for the capital by giving businesses a bigger pool of talent and offering workers easier access to job opportunities.

This week, the City Growth Commission, led by former Goldman Sachs chief economist Jim O'Neill, will recommend faster transPennine services and more local powers to make spending decisions.

Stephen Joseph, chief executive of the Campaign for Better Transport, welcomed the report as adding to the "growing pile of evidence" that transport links were key to improving the region's economy.

A Department for Transport spokesman said: "The government is committed to improving transport infrastructure in the north of England. We agree that a further step change improvement in east-west rail connectivity alongside HS2 is a vital element for creating a northern powerhouse."

Devo Met: How to boost growth by unleashing the power of our cities

21 October 2014 – City A.M., [Ben Lucas](#)

Source: <http://www.cityam.com/1413927624/devo-met-how-boost-growth-unleashing-power-our-cities>

Ben Lucas is the RSA's chair of public services and a city growth commissioner.

A greater control over tax revenues would help London to continue booming

London is Britain's global city. Between 1997 and 2012, its economy more than doubled, and that trend is set to continue. The mayor's projections show the capital adding 1.4m jobs by 2050, assuming a 2.5 per cent annual growth in real gross value added. Its population is forecast to grow by 37 per cent to 11.3m over the same period. But this economic success is not God-given. Maintaining it will require substantial investment in infrastructure and services.

That means new bridges east of Tower Bridge to unblock the growing logjam between the Rotherhithe and Blackwall tunnels, new schools to respond to the needs of a growing population, a better start in life for kids in a city where obesity is now a major public health challenge, and much more affordable housing. Having a high-profile mayor helps – it certainly did with the Olympics, and getting the go-ahead for projects like Crossrail and London Overground extension. Yet unlike its international competitors, London still has to negotiate with central government for substantial infrastructure investment. That's because only 5 per cent of the tax revenue raised in London is controlled locally, with the rest handled by Whitehall.

Centralisation runs against the prevailing economic and political trends of the time. Cities, with their high concentrations of productivity, innovation and creativity, are the drivers of prosperity, accounting for 80 per cent of global growth. For the first time in history, more than half of the world's population now resides in urban areas.

The UK's centrally-controlled system is at breaking point: Scotland has been promised "devo max", and Wales and Northern Ireland are also demanding more powers. London clearly needs more control over its tax revenues, and our other British cities are now crying out for proper devolution.

It was against this background that the RSA set up the City Growth Commission. Chaired by Jim O'Neill, the renowned former Goldman Sachs economist, we have been looking at measures to enable British cities to achieve their economic potential, and how this could increase the overall trend rate of the growth for the economy. We call for a process of "devo met" for our cities, on the same timescale as devo max for Scotland.

Unlike previous inquiries into city devolution, we didn't start from the assumption that London is a problem for Britain. Quite the reverse; we have been looking at how London's growth can be complemented by growth in other cities, asking whether they can learn from the capital's recent success. Much of this is based on what economists call "agglomeration" – the turbocharged benefits accruing from scale and clustering, which is crucial to success in our increasingly knowledge-intensive economy.

Could similar agglomeration benefits be achieved elsewhere in Britain? Given the potential for collaboration between metro areas in the north, north east and the Midlands, we think so. Take the four city regions around the Pennines – Greater Manchester, Liverpool, Leeds and Sheffield. They have a combined population of 7m – much larger than Scotland's. But the connectivity between these cities is poor. It takes roughly an hour to travel the 40 miles between Leeds and Manchester – no wonder that fewer than 1 per cent of their workforce travels between the two cities. What could they achieve with the equivalent of a Tube system for the north and a northern Oyster Card?

Cities also need better broadband connectivity, and employment programmes fit for their local economies. The north east, for example, is the only region in the country with a trade surplus. It has skill shortages in engineering, which could be magnified if Hitachi goes ahead with plans to invest in Tyne and Wear on the same scale as Nissan. Surely local business and civic leaders are better placed to understand the needs of the area than officials in Whitehall?

We recommend new powers for metros to finance infrastructure, manage their own skills and work programmes, integrate and reform public services, and help their universities generate local economic innovation. They will need mayors, or something very similar, to provide the level of accountability that Ken Livingstone and Boris Johnson have given us in London.

The economic prize for unleashing our cities' potential is considerable. If the UK's top 15 metro areas were to realise their estimated potential, they would generate an additional £79bn in annual economic output by 2030. That's why devo met isn't just good for our cities, it's an economic necessity for Britain.

"Devo met" could help boost UK's productivity

21 October 2014 – The Scotsman

Source: <http://www.scotsman.com/news/uk/devo-met-could-help-boost-uk-s-productivity-1-3579437>

ALLOWING CITIES to set their own tax, immigration and planning policies alongside "devo max" for Scotland could boost UK productivity by 5%, according to a social improvement body.

The UK needs “devo met” - devolution of power to metropolitan areas - to accompany maximum devolution north of the border, the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) City Growth Commission said.

The north of England should also see greater connectivity to create “One North”, particularly the North West region it has dubbed “ManSheffLeedsPool” which has a combined population greater than Scotland.

This could include an “Oyster card for the north”, similar to London’s integrated transport card, a high-speed tube system and superfast broadband, it said.

The UK’s centralised political economy is “not fit for purpose” and centralised attempts to manage down the deficit and national debt “will be futile and unsustainable in the long term”.

- [“Devo Manc” call for devolution to Manchester](#)

Businesses “struggle to meet their recruitment needs through immigration because the system is costly and complex”.

If the UK persists in restricting immigration to meet its “growth-inhibiting” net migration target, there is “a risk that households in all metros will suffer in the long term as GDP and GDP per person falls and average incomes are squeezed”, it added.

The Commission recommended reforming national immigration policies in favour of taking a metro-led approach, including lifting the cap on skilled immigration.

Cities should also be allowed to align their housing and transport planning across their travel to work areas, with the power to reclassify “poor quality Green Belt” areas for development, it added.

The final report from the RSA City Growth Commission concluded that devolution has the potential to boost economic output in the UK’s 15 largest metros by £79 billion per year - worth approximately 5% of current GDP - by 2030.

But the scale of the challenge “is huge”, according to RSA, with Greater Manchester, the UK’s second largest metro area, in an annual £4-5 billion fiscal deficit to the Treasury.

Jim O Neill, chair of the RSA City Growth Commission, said: “Bolder efforts to improve our infrastructure, both digitally but especially physically, are crucial for creating agglomeration.

- [George Osborne offers north of England new devolution](#)

“As I have become fond of saying, greater connectivity between ‘ManSheffLeedsPool’ and this seven million person region could start to see the level of scale we need for change.

“We argue all 15 metro areas should be able to take on different packages of devolved powers over time, and there’s no reason why other places could not come together to take on policy and budget flexibilities too.

“The current five metro areas that have combined authorities seem to be the best placed, along with London for warranting earlier steps towards full ‘devolved status’.”

Ben Lucas, chair of public services, RSA and city growth commissioner, said: “With Devo Max being negotiated for Scotland, we need to see Devo Met for our British cities on a similar timescale.

“In a world in which cities are the new drivers of growth, decentralising our political economy will boost GDP and enable our major metros to achieve their social and economic potential.”

Charlotte Alldritt, secretary to the RSA City Growth Commission, said: "During the 19th century, metropolitan industrial growth drove our national economic success and established a strong industrial heritage, of which many of our city-regions can be proud.

"The challenge is now to ensure these places have the capacity to fulfil their economic potential in the 21st century - whether through better connectivity, leveraging the power of data in public service reform, or by fostering their creative, innovative economies."

Warning on devolution talks

22 October 2014 – Herald Scotland, Michael Settle

Source: <http://www.heraldscotland.com/politics/scottish-politics/warning-on-devolution-talks.25659556>

WALES and Northern Ireland cannot afford to be left behind by the talks on giving more powers to Scotland, Paul Murphy, a former Secretary of State for both countries, has warned.

The Labour backbencher's caution came as a report by the think-tank, the Royal Society for the encouragement of Arts, Manufacturers and Commerce City Growth Commission, calls for devolution to England's cities, so-called "devo-met".

It argues that allowing the cities to set their own tax, immigration and planning policies alongside devo-max for Scotland could boost UK productivity by £79bn a year - worth approximately five per cent of GDP - by 2030.

In Edinburgh this morning, all five main Scottish parties will meet as part of the Smith Commission process to begin attempts at consensus on which extra powers should be transferred from London to Edinburgh in the wake of the independence referendum result.

As they prepared to do so, Lord McConnell, the former Labour First Minister, warned that a cosy back-room deal would not do, stressing: "This has to be seen as based on principle and stand the test of time."

Mr Murphy insisted it was essential that the administrations in Cardiff and Belfast received fair funding in the wake of any new financial settlement for Scotland.

"It is very important for the other two devolved administrations to talk about what happens in Scotland because we cannot get left behind," declared Mr Murphy.

He said the most pressing issue was finance, in particular the Barnett Formula given that Scotland was likely to receive significant tax powers as well as a commitment that its Barnett funding would not be reduced.

London Must Have Power To Raise Own Taxes, Says Report

22 October 2014 - Londonist

Source: <http://londonist.com/2014/10/london-must-have-power-to-raise-own-taxes-says-report.php>

Calls for London to be given more powers got a further boost today by a report which says that giving cities the ability to control tax and immigration would boost economic growth in the UK to the tune of £79bn by 2030.

The [RSA City Growth Commission](#) has recommended the government puts in place legislation to devolve more powers to cities by 2015, saying the current centralised economy is “not fit for purpose”.

Boris Johnson has previously called for Stamp Duty on London property to be [retained by the capital](#); while shadow London Minister (and Tooting MP) Sadiq Khan has been among those pressing hard for [greater fiscal powers](#) to the city. The London Finance Commission also reported back in May 2013 that the capital should have [greater tax-raising](#) powers.

Those arguing for London to have greater control over tax say that City Hall is facing an unprecedented challenge on school places, housing and other infrastructure — but the current property boom means stamp duty and other levies go to Whitehall for redistribution rather than being retained in the city to resolve these issues.

Giving more control over duty means City Hall would be able to raise or lower taxes in order to control city growth more effectively; preventing overheating or stimulating growth, it is claimed.

City Growth Commission chairman and leading economist [Jim O’Neill](#), told BBC Radio’s Today programme that the report has the backing of Chancellor George Osborne, and that he would be “surprised” if some of its recommendations were not adopted in the Autumn Statement.

Evening Standard comment: Let the capital benefit from its local taxes

22 October 2014 – London Evening Standard

Source: <http://www.standard.co.uk/comment/comment/evening-standard-comment-let-the-capital-benefit-from-its-local-taxes-9810646.html>

If a mansion tax were to be implemented, it would make sense for its London proceeds to stay here

Labour’s plan for a “mansion tax” is controversial, but the proposal from Diane Abbott MP, a potential Labour mayoral candidate, on how to spend it is another matter.

[Ms Abbott proposes that any proceeds from the mansion tax in London should stay in London](#). And given that, in the nature of property values, the great majority of the proceeds of a tax levied on homes worth more than £2 million will come from the capital, this is in effect a bid to keep most of the money raised to spend here.

On this, Ms Abbott is going with the grain of current debate. The Mayor, Boris Johnson, has already made a bid for London to keep the proceeds of some property taxes including stamp duty. The principle that London should be allowed to benefit from some taxes raised here is increasingly accepted; it is already a reality in, for instance, New York.

But even in Britain there is a growing body of opinion that holds that real economic growth is going to come from the big cities, and that they should have greater fiscal autonomy to match. A report today from the Royal Society of Arts’s City Growth Commission, chaired by economist Jim O’Neill, makes just this point. It calls for the Government to allow cities to make more of their own decisions on tax and spending. There may be debate about the extent of the economic benefits — the report suggests it would boost UK productivity by five per cent — while its suggestion that immigration decisions should be made by cities is unworkable. Yet it makes sense for cities where most tax is raised to have greater control over spending. And if that holds good for the provincial cities the report focuses on, it

is true far more of the metropolis. It is the English equivalent of devolution: not to the regions but to the cities. If a mansion tax were to be implemented, it would make sense for its London proceeds to stay here.

E-smoke-free zone

[Transport for London has banned e-cigarettes from the entire public transport network](#). There was already a ban on platforms and stations; now “vaping” is not allowed on buses and trains either. The move appears to have been introduced by stealth; TfL says it has had little opposition from passengers. It has, however, been even less forthcoming about the rationale for the ban. It says that it wants to remove “any potential for confusion” on the part of staff — presumably because they may confuse a passenger smoking an e-cigarette with a genuine smoker — and “mitigate any residual potential for fire risk”. In other words, it appears TfL is worried about the possibility of accidents through e-combustion.

These may be reasonable grounds for a ban, though people who are trying to give up smoking tobacco by inhaling vapour — and there are 1.5 million of them in Britain — may not thank TfL for it. But TfL should be more open about its reasoning. Introducing a ban without fanfare or explanation as a way of avoiding debate is not a good basis for dealing with the public.

Gridiron city

The Chancellor, George Osborne, wants to establish London as a “global sporting capital” by establishing the city as the new base for American football. [He wants us to have our own NFL franchise](#). Meanwhile Sunday sees the second international series game by US teams played at Wembley. Not all of us know the rules yet. But if we can understand cricket, surely we won't be baffled by American football

Hit the North with supercity, says 'Bric' inventor

22 October 2014 – CityWire, Danielle Levy

Source: <http://citywire.co.uk/money/hit-the-north-with-supercity-says-bric-inventor/a779352>

Jim O'Neill, the economist who inspired a generation of emerging market investors, calls for a northern supercity he calls 'ManSheffLeedsPool'.

Jim O'Neill, the man who coined the term 'Bric' to encourage investment in Brazil, Russia, India and China, has called for the creation of a northern supercity he's tagged 'ManSheffLeedsPool' to boost the national economy.

The ex-Goldman Sachs economist O'Neill, who chairs the City Growth Commission, said devolving power from London to Britain's 15 biggest urban areas would prove crucial to bringing down the budget deficit and national debt.

In his view, a new Northern supercity called 'ManSheffLeedsPool' should be created and given powers in line with those soon to be given to Scotland, after the country 'no' vote to independence.

In a report entitled 'Unleashing Metro Growth', the commission came to the conclusion that Britain's centralised political economy was 'not fit for purpose' and attempts to slash national debt and the deficit from London were pointless.

The report also called for heavy investment in transport, including the introduction of a high speed Tube system for the north to allow easier travel in the north and the Midlands.

According to the Financial Times , the commission argues that devolving powers from Whitehall to cities could boost the national economy by £79 billion a year by 2030, adding 5% per cent to GDP.

O'Neill commented that 'greater connectivity between "ManSheffLeedsPool" and this 7 million person region could start to see the level of scale we need for change'.

Meanwhile, the Telegraph reports that chancellor George Osborne is considering allowing local authorities in the North to keep a greater proportion of the revenues raised from business rates in their area. This would help to devolve more economic powers to cities including Manchester, Leeds and Liverpool and could form part of the Autumn Statement in December.

O'Neill is a Northerner and a well-known Manchester United fan. He was one of the 'Red Knights' who tried to buy out the Glazer family to bring the ownership of the football club back to its supporters in 2010.

Call for 'devo met' across UK alongside 'devo max' for Scotland

22 October 2014 - STV

Source: <http://news.stv.tv/scotland/296556-call-for-devo-met-across-uk-alongside-devo-max-for-scotland/>

Allowing cities to set their own tax, immigration and planning policies alongside "devo max" for Scotland could boost UK productivity by 5%, according to a social improvement body.

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Ben Lucas, chair of public services, RSA and city growth commissioner, said: "With Devo Max being negotiated for Scotland, we need to see Devo Met for our British cities on a similar timescale.

"In a world in which cities are the new drivers of growth, decentralising our political economy will boost GDP and enable our major metros to achieve their social and economic potential."

Charlotte Alldritt, secretary to the RSA City Growth Commission, said: "During the 19th century, metropolitan industrial growth drove our national economic success and established a strong industrial heritage, of which many of our city-regions can be proud.

"The challenge is now to ensure these places have the capacity to fulfil their economic potential in the 21st century — whether through better connectivity, leveraging the power of data in public service reform, or by fostering their creative, innovative economies."

David Sparks, chair of the Local Government Association, said: "The Cities Growth Commission report confirms that the benefits of devolving powers to local areas in England are simply too big to ignore.

"Our current over-centralised system, which has Whitehall holding the public purse strings, is no longer fit for purpose in the 21st century. This report highlights the extent to which some of our great cities are being held back by being denied the same sort of autonomy enjoyed by equivalent European cities.

"The huge economic benefits of devolution identified by the Cities Growth Commission are likely to be just the tip of the iceberg. Devolution to cities should be the start of a much bigger and wider process of devolution for the whole of England.

"People from across the country should benefit from more of the important decisions affecting their lives being made close to where they live, whether home is a big city or a rural area. Across a wide range of issues, there is compelling evidence that taking decisions closer to communities, through councils, achieves better results and saves money.

"The LGA has appointed a commission on Economic Growth and the Future of Public Services in Non-Metropolitan England, which will publish an interim report next month on what more could be done to promote growth and improve services in non-metropolitan areas."

Chancellor George Osborne said: "I've been talking with Jim about many of these ideas for some time and warmly welcome the overall report. It makes a strong contribution to delivering the northern powerhouse I am determined to build.

"The Commission recognises that, for cities to be successful, they need directly elected mayors combined with real power and to be better connected both physically and digitally.

"This is what the Northern Powerhouse is all about — giving northern cities the local power and control that a powerhouse economy needs — and I am determined to turn this vision into a reality."

Local Government Minister Kris Hopkins said: "This Government has delivered significant devolution of power and finance to local communities and there is real scope to go further in England and do more. We need to join up different public services to deliver a better deal for local taxpayers and do more for less.

"Localism in England should be about devolving power to the lowest appropriate level — down to councils, down to neighbourhoods and down to individuals. Creating new taxes, more politicians and new tiers of local administration isn't the answer — the starting point should be increasing local democracy and local accountability.

"However, many of these proposals in this report are poorly thought out — such as local immigration policies, which would clearly not work given councils don't have their own border patrols. We have no plans to undermine national Green Belt protection which continues to play an important role in protecting against urban sprawl."

Deputy Prime Minister Nick Clegg said: "We're ending the era where governments in Whitehall think they know best."

"Rebalancing and strengthening the economy right across Britain has been something the Liberal Democrats have been fighting for in government ever since we entered the coalition. We need to give our cities the space and the power to grow."

"Growth deals and city deals that I have agreed with every area of the country have freed up billions which can be spent at a local level, and for the first time councils have control over how they spend business rates raised in their area. But we must go further."

"This report is a welcome and timely addition to the conversation and I look forward to debating all these issues at my Northern Futures summit in November."

"We need to get this right, and the only way to do it is to work together to turn ideas into action."

Worcestershire takes new lead in devolution debate

22 October 2014 – The BBC

Source: <http://www.bbc.co.uk/news/uk-england-29705885>

Cities need more power, says study

"What about us?"

A chorus of 'me toos' echoed across the land when David Cameron declared, in the wake of the Scottish Referendum result, that "we must re-empower our great cities".

Inevitably, attention focused on how the Birminghams, Manchesters and Newcastles might be granted new powers to compensate for yet more political muscle being devolved to Scotland, Wales and Northern Ireland.

This has intensified still further with the publication of the [RSA City Growth Commission's study](#) calling for 15 major cities including Birmingham to be given a greater say in tax and spending which, it says, could boost economic growth by £79bn by 2030.

“Start Quote

...the great counties of England have an equal role in ensuring the economic success of the UK”

Adrian Hardman Worcester County Council leader

Economist Jim O'Neil, who led the study, confidently expects the plans for big cities to generate more spending power for themselves and rely less on government grants will be the centrepiece of Chancellor George Osborne's Autumn Statement on 3 December.

Eager not to miss out, the shire counties are sharpening their message that in any general decentralisation of politics, they too should have a share of the action.

Within the Local Government Association (LGA) representing 400 council in England and Wales, the County Councils Network (CCN) is a cross-party group voicing the the special concerns of the shires.

Its West Midlands members are the county councils of Gloucestershire, Staffordshire, Warwickshire and Worcestershire as well as the unitary authorities in Shropshire and Herefordshire. The CCN points out that English counties together represent over 50% of the country's population and account for 40% of Gross Value Added to its economy.

The LGA's new chairman, Councillor David Sparks, the Labour leader of Dudley Council, has already told me how he will be pressing for councils to be given a greater say in how they raise taxes and have more freedom over how they spend the proceeds.

Fault lines?

But as so often, it's one thing to sign up to an idea in principle, another altogether to tie down how it should be implemented.

Take for example, the idea of city regions.

Wyre Forest in North Worcestershire, on the outskirts of the West Midlands conurbation, is an enthusiastic member of the Greater Birmingham and Solihull Economic Partnership. But it is also one of the county's most densely populated areas and also belongs to the Worcestershire Local Enterprise Partnership.

So when I talked to Wyre Forest's Conservative MP Mark Garnier recently, he expressed concerns about the possibility that city regions could make the urban areas unduly dominant so far as surrounding counties were concerned.

Were the fault lines already starting to appear even before the serious negotiations about 'devo England' have begun, I wondered?

Absolutely not, according to Adrian Hardman the Conservative Leader of Worcestershire County Council. He sees no contradiction between boosting cities and similar measures for the counties. Indeed, he believes the two can go hand-in-hand.

'World class Worcestershire'

"Empowering the city regions is essential to any new English devolution settlement," he tells us, "But the great counties of England have an equal role in ensuring the economic success of the UK.

"Worcestershire is one of the fastest-growing areas outside the South East with a track record of business innovation and better than average new business survival rates.

"Our commitment is always to keep Worcestershire 'Open for Business' and I do not intend to let us fall behind.

"I want us to reap the benefits of driving growth. We are world class Worcestershire and that will harness the same economic possibilities that would become available to our cities."

If we detect a hint of defensiveness in councillor Hardman's comments, it is understandable.

Above all, he clearly wants to guard against the danger of Worcestershire not being among the 'Names in the Frames' in any devolutionary process. But with a general election fast approaching, this is also a question of timing.

Bargaining power

The CCN says it wants to support whichever government is in power after next May to "transform public services and deliver sustainable and balanced economic growth; reducing costs to the Treasury and delivering more cost-effective and efficient service to residents."

In other words, it is suggesting a bargain with the political parties as they prepare their election manifestos: "You give us more clout for us and we'll deliver value for you".

The Liberal Democrats have been championing the cause of decentralised politics for 150 years. But this could be the moment when all the parliamentary parties, after a century of centralisation at Whitehall and Westminster, could have the sincerity of their newly discovered devolutionary instincts put to the test.

Collins welcomes Core Cities report

22 October 2014 – Business Link

Source: <http://www.eastmidlandsbusinesslink.co.uk/en/embl/news/2208/Collins-welcomes-Core-Cities-report.htm>

The group arguing for greater freedoms for the UK's cities has welcomed the final RSA/City Growth Commission Report.

Core Cities UK described the report, called Empowering Metro Growth, launched in London, as 'ground-breaking' adding that it should motivate Westminster to 'get on with the job' and give more powers to cities and city regions.

The commission's final report makes the case for cities to have a new role in our political economy, creating greater, fairer and more sustainable growth across the UK.

The report recommends that UK cities need sufficient decision-making powers and financial flexibilities to ultimately become financially self-sustainable.

Councillor Jon Collins, leader of Nottingham City Council and Core Cities Cabinet member for Business, Growth, Trade and Investment, said: "UK cities already contribute more than a quarter of the combined wealth of England, Wales and Scotland, but as this report says, they have a proud industrial heritage and the knowledge and expertise to do far more.

"Given new freedoms, we estimate that the UK's core cities and their surrounding urban areas could create more than one million jobs and inject over £200bn into our economy over the next 15 years. That's the equivalent of adding Denmark to UK plc."

The Core Cities consist of Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.

Yorkshire must be at forefront of new devolution, senior banker tells Government

22 October 2014 – The Yorkshire Post

Source: <http://www.yorkshirepost.co.uk/news/main-topics/politics/yorkshire-must-be-at-forefront-of-new-devolution-senior-banker-tells-government-1-6908650>

YORKSHIRE should be at the forefront of a new era to devolve urgently needed transport and spending powers to key Northern cities from Westminster, a landmark report has recommended.

The study has claimed that both Leeds and Manchester should be put on the same footing as London in a push towards the devolution of power to metropolitan areas – called “Devo met” – to coincide with the passing of new powers to Holyrood following the Scottish independence referendum.

Former Goldman Sachs banker Jim O’Neill today hands over the findings of the City Growth Commission with a call for regional economies to be strengthened by the Government’s support for a series of key measures including an Oyster card for the North and letting bus and train passengers travel from Leeds to Manchester with one pass, alongside a plea for more work into a high speed train system which would act as a “Tube for the North”.

Experts on the commission also challenged Ministers to emulate Singapore’s 1Gb/s broadband speeds in the near future for major metro areas. Another recommendation was for London-style planning powers to let city regions such as the Leeds area take charge of unused green belt sites.

And those areas which show the best leadership should be handed major new borrowing powers and a bigger say over local taxes. The commission maintains that while some areas have not yet shown enough leadership, West Yorkshire had and was as deserving of greater devolution as Greater Manchester.

Mr O’Neill, the respected economist who first identified the rising importance of Brazil, Russia and others in the BRIC economies, said there would be wider UK economic benefits of the Government handing over power to the seven million people in the “ManSheffLeedsPool” councils.

The Unleashing Metro Growth report concluded that by 2030, devolution has the potential to boost economic output in the UK’s 15 largest metros by £79bn per year – worth approximately five per cent of current GDP.

Mr O’Neill said: “The ambitious goal of the Commission was to think of specific recommendations to boost the trend growth rate of the UK economy. We conclude that bolder efforts to improve our infrastructure, both digitally but especially physically, are crucial for creating agglomeration.

“As I have become fond of saying, greater connectivity between ‘ManSheffLeedsPool’ and this seven million person region could start to see the level of scale we need for change.”

And on transport, the report added: “In the UK there are certain rail journeys that take longer to complete now than they did during the Victorian era, and connectivity between northern cities is a particular barrier.”

Leeds City Council leader Keith Wakefield welcomed the report, and said: “We have said all along that we need to be able to shape our own destiny rather than continue to be dictated to and held back by Whitehall, and these recommendations would enable us to make the major improvements we need.”

He added: “The debate over whether or not devolution should happen is over. Let’s get on and make it a reality and show that the confidence placed in us is more than justified to usher in a bright new future for the people of Leeds and the wider region.”

Also backing the report was Sheffield City Council’s cabinet member for business, Coun Leigh Bramall, who said: “There is no reason for us to accept the second class economic performance from our big cities that results from the overly centralised system currently in place.”

Time to unlock Britain's cities

22 October 2014 – *The Yorkshire Post*

Source: <http://www.yorkshirepost.co.uk/news/debate/yp-comment/time-to-unlock-britain-s-cities-1-6908979>

TODAY'S landmark report on empowering the UK's great cities has, in some respects, been overtaken by recent political events – and, in particular, George Osborne's welcome desire to transform the North into an "economic powerhouse".

TODAY'S landmark report on empowering the UK's great cities has, in some respects, been overtaken by recent political events – and, in particular, George Osborne's welcome desire to transform the North into an "economic powerhouse".

To his credit, the Chancellor has already embraced many of the principles set out by the RSA City Growth Commission. But there is a catch – the mood music was very similar after Lord Heseltine's own report on regenerating the North and Mr Osborne proved to be extremely reluctant to release the Treasury's tight grip on the nation's financial purse strings.

The context to today's report, however, is very different – the main political parties are all under even greater pressure to act following the recent referendum vote on Scottish independence and the whole nation will be a projected £79bn better off if the concept of "devo met" takes off in the English regions.

Yet the innovative ideas set out by the economist Jim O'Neill do still have to pass two significant hurdles. First, his ambition needs to be reciprocated by Mr Osborne in the Autumn Statement and there needs to be an acceptance on the part of Whitehall policy-makers that the North's future is just as important as Holyrood's new devolution settlement.

Second, it is up to town hall leaders in specific areas, like West Yorkshire, to demonstrate they can work together for the region's greater good. The jury is still out on this. And there's also the related issue of scrutiny. If the newly-created bodies tasked with delivering a new era of prosperity to the regions are to be entrusted with unprecedented sums of public money, those responsible for taking such decisions still need to be held publicly accountable for their decisions – there must not, for example be any repeat of the Digital Region financial fiasco which began on Yorkshire Forward's watch.

IT DOESN'T take a genius reading between the lines to realise that literacy levels in Yorkshire lag behind the rest of Britain. This has been self-evident for years and 12 per cent of seven year-olds in the county now struggle with basic reading and writing.

There is a depressing familiarity to this statistic which becomes even more perturbing when placed in wider context. It equates to 7,480 children, more than the average attendance at a Doncaster Rovers home match. History also shows that it is difficult for youngsters to catch up once their academic work starts to slip.

Why does Yorkshire remain rooted at the bottom of the class? Until this question is reconciled, it will be difficult to reverse this trend. That said, the role of teachers and parents will be critical moving forward. Youngsters, and particularly those struggling from an early age, will require extensive tuition – and from teachers who are prepared to be creative when it comes to firing the imagination of their pupils? Perhaps reading material needs to become more relevant.

Yet, as the Social Mobility and Child Poverty Commission concluded this week, what hope is there for youngsters in those areas where “bad parenting” is rife? It is no coincidence that the greatest number of broken homes happens to be concentrated in the poorest-performing LEAs.

Until this cycle is broken, and all parents recognise that the education of their children is priceless and does, in fact, begin at home, a significant number of youngsters will be destined for a lifetime on minimum wage jobs before they even begin secondary school.

AS HAS become the norm, it is the Parliamentary select committees – rather than the Whitehall ministries or those backbenchers in the pocket of party whips – who are working overtime to restore the reputation of politicians and today’s report on recycling is no exception.

Once again, the Environment, Food and Rural Affairs Committee – headed by Thirsk and Malton MP Anne McIntosh – cuts straight to the chase and asks why more households are not doing more to embrace recycling when councils up and down Britain have been tasked with reducing levels of waste?

It’s a fair question. And, regrettably, the response is a predictable one – the public sector, both locally and nationally, continues to do its utmost to impose a bewildering array of rules and regulations that are offputting to some when they should be focusing their efforts on keeping it simple so more people recycle on a regular basis. This is not revolutionary – it’s just plain common sense.

Greater Manchester devolution: It must happen at same speed as in Scotland, demands top report

22 October 2014 - Manchester Evening News, Jennifer Williams

Source: <http://www.manchestereveningnews.co.uk/incoming/greater-manchester-devolution-must-happen-7974481>

Region must be flagship for regions taking control of their own destiny, says think-tank

Greater Manchester must get radical [devolution](#) at the same speed as Scotland, a major new report has demanded.

The Cities Growth Commission says the region should be the flagship for local independence in England.

The think tank’s conclusions after a 12-month inquiry puts the region first in line to get a massive raft of new powers, including devolved taxes, with new laws tabled by the start of next year.

It also wants a northern version of the Oyster Card, the travel smartcard used in London which is valid on all forms of public transport. The scheme would help join up our cities - but an ‘HS3’ transport network would be needed on which to use it.

[Stockport](#) economist Jim O’Neill, who chairs the commission, said it could help create a so-called ‘ManSheffLeedsPool’ by combining the economic might of our cities.

The radical report is the first to demand [Manchester](#) gets devolution in tandem with those to be handed to Scotland.

Mr O’Neill told the M.E.N. it goes much further than a string of others released in the run-up to - and in the wake of - September’s referendum.

“We’ve recommended a timetable that runs in parallel to Scottish devolution, where we recommend an independent committee is set up by January and there’s some laws established about how devolution is pursued,” he said.

“I’m not aware of anyone else saying anything like that before. We are a lot bolder and riskier in saying some places, such as Greater Manchester, should go faster than others.

“We seem to be right in the middle of the policy makers - for the last few weeks I feel like a go-between between a lot of these cities and all the main party political players.”

Greater Manchester is currently locked in talks with the Treasury over a wave of devolution expected in December’s Autumn Statement.

Mr O’Neill said he believed the Chancellor was open to many of the ideas, adding: “The door is open for Manchester to be the poster-child for lots of important self-determination.”

The report calls for billions of pounds worth of property taxes raised locally - including stamp duty - to be devolved to the region.

It demands Greater Manchester get Singapore-style 1GB broadband speeds - a giant leap for many areas still struggling with slow speeds.

And it says our ‘super council’ must have greater planning powers and the ability to re-classify greenbelt land.

Call is ground-breaking, says town hall boss

Manchester's town hall leader has welcomed the commission’s devolution call as ‘ground-breaking’.

Sir Richard Leese was involved in a parliamentary inquiry earlier this year that said areas such as Greater Manchester should hold on to a string of taxes - something the report also recommends. He also chairs the ‘core cities’ group of 10 urban areas including Birmingham, Liverpool and Nottingham - and has been at the forefront of negotiations with the Chancellor over an imminent wave of devolution.

Sir Richard said: “This ground-breaking and radical piece of work re-inforces the case for more freedoms for our cities, and lays out a roadmap on how we can achieve them.

“It guides us as to how we can finally realise the economic potential of the UK’s biggest cities, by freeing us to create jobs, build homes and attract business.

“In the wake of the Scottish independence vote, the prime minister said he wished to ‘empower our great cities’. The government now needs to get on with the job and make this happen, not be distracted by white elephant ideas like an English parliament.”

Housing

The commission argues that housing is ‘critical’ to Greater Manchester punching its economic weight in the future.

It wants our combined authority of 10 councils to be able to re-designate ‘poor quality’ strips of green belt in order to allow house-building, a policy likely to prove controversial if picked up by the government.

It also suggests the idea of green belt ‘swaps’ - in which one strip of land is downgraded to allow development and the other upgraded in return - so long as local people are involved in the decision.

In another recommendation likely to ruffle feathers among rank-and-file councillors, it also wants the planning powers of local town halls passed up to the super-council - currently comprising the 10 leaders.

That would allow housing and transport investment to be spent more strategically to generate the most social and economic and benefit.

It argues that would allow Greater Manchester to match transport schemes with new housing developments so that they can be delivered together - similar to powers already held by London's mayoral assembly.

Money

AS part of a 'step change' in city devolution so far, the report calls for a raft of new revenue streams worth billions of pounds to be handed to Greater Manchester.

They include allowing our 'super council' of 10 town halls more freedom to borrow money, rather than from the one central government lender currently set up for the purpose.

That could mean them being able to take out loans from mainstream banks - with the report arguing Greater Manchester has proved its financial responsibility enough to be allowed the privilege.

Meanwhile, all stamp duty, council tax, land tax and business rates raised locally should be kept here, it recommends.

The report wants an expansion of the ground-breaking 'earn back' model already used in Greater Manchester for some schemes, essentially a 'payment by results' deal.

And it calls for government grants to be less restrictive - removing ringfencing so that the 10 councils can spend cash more freely across areas. Councils should also be able to pool budgets where necessary with other bodies, such as the NHS.

Transport

AN 'HS3' for the north is top of the report's transport wishlist - as well as a new Oyster Card for its passengers.

Following on from the 'One North' programme announced by the Chancellor over the summer, the commission calls for northern cities to operate as a vast metropolis - capable of rebalancing the economy away from London.

That would be possible if urban areas were properly linked up by high-speed road and rail connections, the report argues.

Some rail journeys now take longer than they did in the Victorian era, it says, and are holding back areas such as Greater Manchester from fully realising their economic potential.

Ultimately the 'northern powerhouse' should be fully linked up to other areas such as Cardiff and Bristol, allowing England to operate as a 'system of cities'.

Crucially, it also wants our super-council to have long-term transport planning powers - similar to those held by London mayor Boris Johnson, who has a masterplan for as far ahead as 2050.

Potentially using their new borrowing powers, the town halls could then plan and invest in the transport links needed for a growing city.

Nottingham 'should become one of 15 UK super cities'

22 October 2014 – Nottingham Post

Source: <http://www.nottinghampost.com/Nottingham-15-UK-super-cities/story-23342310-detail/story.html>

More power to Nottingham?

THE biggest cities in the country, including Nottingham, should be given more powers to boost the economy, a report has suggested.

The City Growth Commission's 12 month report has found that fifteen Boris Johnson-style mayors should head "super-city regions" which would have control over taxes, transport, business rates and higher education.

Nottingham City Council leader Jon Collins said: "

"UK cities already contribute more than a quarter of the combined wealth of England, Wales and Scotland, but as this report says, they have a proud industrial heritage and the knowledge and expertise to do far more.

"Given new freedoms, we estimate that the UK's core cities and their surrounding urban areas could create more than one million jobs and inject over £200bn into our economy over the next 15 years. That's the equivalent of adding Denmark to UK plc."

But Milan Radulovic, leader of Broxtowe Borough Council has some concerns about the report's findings.

He said: "There's always a concern the districts will be left behind and this needs to be looked at.

"The vitality of a city is dependent on outside areas. This needs to be debated more thoroughly."

He added: "There needs to be a greater discussion on devolution of power to local governments in general."

Cities call for powers to generate £70bn growth

22 October 2014 - Place NorthWest, Jessica Swettenham

Source: <http://www.placenorthwest.co.uk/news/archive/17008-cities-call-for-powers-to-generate-70bn-growth.html>

Jim O'Neill's City Growth Commission has released its final report, with a set of recommendations for national and local government on how city-regions can take on a new role in the political economy.

According to the Unleashing Metro Growth report, if the UK's top city-regions, or 'metros', were to realise their potential, they would generate an additional £79bn growth.

The report considers evidence heard by the commission in the form of written submissions and evidence hearings, and discussions hosted by the commission at seminars, roundtables and other stakeholder engagement. It also draws on interim reports which have focused on skills, infrastructure, fiscal devolution and the role of universities in driving metro growth.

Key recommendations outline a significant shift in policy and finance from the centre to metros, enabling regional cities to grow and allowing local leaders to:

Coordinate resources across their city-region and make strategic policy and finance decisions via place-based budgeting and investment strategy

Make more informed and responsive decisions based on evaluation of local data and evidence

Develop effective ways of integrating public service reform and economic development

Have greater flexibility over their spending and borrowing arrangements, including multi-year finance settlements and retention of tax proceeds

The report called for a review in how the metro areas were represented in national decision making, particularly on issues to do with enhancing connectivity and growth. The report recommended an investigation into how current and future digital infrastructure needs could be met, and asked for accelerated connectivity between metros, potentially through creating an Oyster card for the North. Making it easier to move around places such as "ManSheffLeedsPool" was a prime example, which the report said could generate "many agglomeration benefits".

Highlights of Unleashing Metro Growth

Foreword from Jim O'Neill, chairman of Cities Growth Commission, on devolution of powers

"We should be clear that the process of devolution we have described will require cities to have more robust governance, policy making and economic delivery functions in place. Even those who appear to be most in the vanguard will need to address these challenges to demonstrate that they are ready for substantial devolution... It seems to a majority, but not all, of Commissioners that at the outset only London, Manchester and West Yorkshire may be ready to manage these risks and therefore to apply for devolved status."

Vision: Age of the City

"The concentration of the key ingredients for growth in cities is having a profound effect on the global economy. Urbanisation is driving growth across the world, improving living standards and helping to offset some of the associated costs of economic success (e.g. ageing societies, increasing incidences of chronic health conditions and climate change). Even as fertility rates decline, cities are growing, fuelled by domestic and international migration. By 2030, urban areas are expected to house 60% of the world's population and generate up to 80% of global economic growth. The growth of future cities is unlikely to respect political, even national, boundaries."

Empowering UK metros

"The configuration of our political economy - while encouraging this healthy business environment at the aggregate level - is, in our view, holding our metros back. The UK economy is falling short of its potential as our cities, with their concentration of labour, capital and information flows, are stifled by the overt centralisation of policy decision-making. While global competitors are free to invest in their major cities, UK metros are at the mercy of central government."

Recommendations

"The City Growth Commission does not argue for a top-down blanket policy of devolution, but a process through which the UK's major metros can benefit from new powers and flexibilities that match their capability and ambition. City-regional devolution hinges upon effective governance and accountability structures, visionary leadership and the economic growth potential to ride the difficult storms of decentralisation and devolution."

In response to the report, Lord Peter Smith, chairman of Greater Manchester Combined Authority and leader of Wigan Council, said: "The case for devolution to places such as Greater Manchester is gaining more momentum all the time. Documents like this latest report show that it's not wishful thinking but based on hard evidence about how cities can reach their full economic potential with more freedoms. If we're allowed to shape our own destiny, we can

do more to create jobs and prosperity and more to ensure that Greater Manchester people benefit from - and contribute to - this success."

Worcestershire takes new lead in devolution debate

22 October 2014 – UK Wired News

Source: <http://www.ukwirednews.com/news/1616852/Worcestershire+takes+new+lead+in+devolution+debate>

"What about us?"

A chorus of 'me toos' echoed across the land when David Cameron declared, in the wake of the Scottish Referendum result, that "we must re-empower our great cities".

Inevitably, attention focused on how the Birminghams, Manchesters and Newcastles might be granted new powers to compensate for yet more political muscle being devolved to Scotland, Wales and Northern Ireland.

This has intensified still further with the publication of the RSA City Growth Commission's study calling for 15 major cities including Birmingham to be given a greater say in tax and spending which, it says, could boost economic growth by £79bn by 2030.

Economist Jim O'Neil, who led the study, confidently expects the plans for big cities to generate more spending power for themselves and rely less on government grants will be the centrepiece of Chancellor George Osborne's Autumn Statement on 3 December.

Eager not to miss out, the shire counties are sharpening their message that in any general decentralisation of politics, they too should have a share of the action.

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The LGA's new chairman, Councillor David Sparks, the Labour leader of Dudley Council, has already told me how he will be pressing for councils to be given a greater say in how they raise taxes and have more freedom over how they spend the proceeds.

But as so often, it's one thing to sign up to an idea in principle, another altogether to tie down how it should be implemented.

Take for example, the idea of city regions.

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So when I talked to Wyre Forest's Conservative MP Mark Garnier recently, he expressed concerns about the possibility that city regions could make the urban areas unduly dominant so far as surrounding counties were concerned.

Were the fault lines already starting to appear even before the serious negotiations about 'devo England' have begun, I wondered?

Absolutely not, according to Adrian Hardman the Conservative Leader of Worcestershire County Council. He sees no contradiction between boosting cities and similar measures for the counties. Indeed, he believes the two can go hand-in-hand.

"Empowering the city regions is essential to any new English devolution settlement," he tells us, "But the great counties of England have an equal role in ensuring the economic success of the UK.

"Worcestershire is one of the fastest-growing areas outside the South East with a track record of business innovation and better than average new business survival rates.

"Our commitment is always to keep Worcestershire 'Open for Business' and I do not intend to let us fall behind.

"I want us reap the benefits of driving growth. We are world class Worcestershire and that will harness the same economic possibilities that would become available to our cities."

If we detect a hint of defensiveness in councillor Hardman's comments, it is understandable.

Above all, he clearly wants to guard against the danger of Worcestershire not being among the 'Names in the Frames' in any devolutionary process. But with a general election fast approaching, this is also a question of timing.

The CCN says it wants to support whichever government is in power after next May to "transform public services and deliver sustainable and balanced economic growth; reducing costs to the Treasury and delivering more cost-effective and efficient service to residents."

In other words, it is suggesting a bargain with the political parties as they prepare their election manifestos: "You give us more clout for us and we'll deliver value for you".

The Liberal Democrats have been championing the cause of decentralised politics for 150 years. But this could be the moment when all the parliamentary parties, after a century of centralisation at Whitehall and Westminster, could have the sincerity of their newly discovered devolutionary instincts put to the test.

'Devo met' could boost productivity

23 October 2014 – *Galloway Gazette*

Source: <http://www.gallowaygazette.co.uk/news/scottish-headlines/devo-met-could-boost-productivity-1-3580054>

Allowing cities to set their own tax, immigration and planning policies alongside "devo max" for Scotland could boost UK productivity by 5%, according to a think tank.

The UK needs "devo met" - devolution of power to metropolitan areas - to accompany maximum devolution north of the border, the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) City Growth Commission said.

The north of England should also see greater connectivity to create "One North", particularly the North West region it has dubbed "ManSheffLeedsPool" which has a combined population greater than Scotland.

This could include an "Oyster card for the north", similar to London's integrated transport card, a high-speed tube system and superfast broadband, it said.

The UK's centralised political economy is "not fit for purpose" and centralised attempts to manage down the deficit and national debt "will be futile and unsustainable in the long term".

Businesses "struggle to meet their recruitment needs through immigration because the system is costly and complex".

If the UK persists in restricting immigration to meet its "growth-inhibiting" net migration target, there is "a risk that households in all metros will suffer in the long term as GDP and GDP per person falls and average incomes are squeezed", it added.

The Commission recommended reforming national immigration policies in favour of taking a metro-led approach, including lifting the cap on skilled immigration.

Cities should also be allowed to align their housing and transport planning across their travel to work areas, with the power to reclassify "poor quality Green Belt" areas for development, it added.

The final report from the RSA City Growth Commission concluded that devolution has the potential to boost economic output in the UK's 15 largest metros by £79 billion per year - worth approximately 5% of current GDP - by 2030.

But the scale of the challenge "is huge", according to RSA, with Greater Manchester, the UK's second largest metro area, in an annual £4-5 billion fiscal deficit to the Treasury.

Jim O'Neill, chair of the RSA City Growth Commission, said: "Bolder efforts to improve our infrastructure, both digitally but especially physically, are crucial for creating agglomeration.

"As I have become fond of saying, greater connectivity between 'ManSheffLeedsPool' and this seven million person region could start to see the level of scale we need for change.

"We argue all 15 metro areas should be able to take on different packages of devolved powers over time, and there's no reason why other places could not come together to take on policy and budget flexibilities too.

"The current five metro areas that have combined authorities seem to be the best placed, along with London for warranting earlier steps towards full 'devolved status'."

Ben Lucas, chair of public services, RSA and city growth commissioner, said: "With Devo Max being negotiated for Scotland, we need to see Devo Met for our British cities on a similar timescale.

"In a world in which cities are the new drivers of growth, decentralising our political economy will boost GDP and enable our major metros to achieve their social and economic potential."

Charlotte Alldritt, secretary to the RSA City Growth Commission, said: "During the 19th century, metropolitan industrial growth drove our national economic success and established a strong industrial heritage, of which many of our city-regions can be proud.

"The challenge is now to ensure these places have the capacity to fulfil their economic potential in the 21st century - whether through better connectivity, leveraging the power of data in public service reform, or by fostering their creative, innovative economies."

David Sparks, chair of the Local Government Association, said: "The Cities Growth Commission report confirms that the benefits of devolving powers to local areas in England are simply too big to ignore."

"Our current over-centralised system, which has Whitehall holding the public purse strings, is no longer fit for purpose in the 21st century. This report highlights the extent to which some of our great cities are being held back by being denied the same sort of autonomy enjoyed by equivalent European cities."

"The huge economic benefits of devolution identified by the Cities Growth Commission are likely to be just the tip of the iceberg. Devolution to cities should be the start of a much bigger and wider process of devolution for the whole of England."

"People from across the country should benefit from more of the important decisions affecting their lives being made close to where they live, whether home is a big city or a rural area. Across a wide range of issues, there is compelling evidence that taking decisions closer to communities, through councils, achieves better results and saves money."

"The LGA has appointed a commission on Economic Growth and the Future of Public Services in Non-Metropolitan England, which will publish an interim report next month on what more could be done to promote growth and improve services in non-metropolitan areas."

Chancellor George Osborne said: "I've been talking with Jim about many of these ideas for some time and warmly welcome the overall report. It makes a strong contribution to delivering the northern powerhouse I am determined to build."

"The Commission recognises that, for cities to be successful, they need directly-elected mayors combined with real power and to be better connected both physically and digitally."

"This is what the Northern Powerhouse is all about - giving northern cities the local power and control that a powerhouse economy needs - and I am determined to turn this vision into a reality."

Local Government Minister Kris Hopkins said: "This Government has delivered significant devolution of power and finance to local communities and there is real scope to go further in England and do more. We need to join up different public services to deliver a better deal for local taxpayers and do more for less."

"Localism in England should be about devolving power to the lowest appropriate level - down to councils, down to neighbourhoods and down to individuals. Creating new taxes, more politicians and new tiers of local administration isn't the answer - the starting point should be increasing local democracy and local accountability."

"However, many of these proposals in this report are poorly thought out - such as local immigration policies, which would clearly not work given councils don't have their own border patrols. We have no plans to undermine national Green Belt protection which continues to play an important role in protecting against urban sprawl."

Deputy Prime Minister Nick Clegg said: "We're ending the era where governments in Whitehall think they know best."

"Rebalancing and strengthening the economy right across Britain has been something the Liberal Democrats have been fighting for in government ever since we entered the coalition. We need to give our cities the space and the power to grow."

"Growth deals and city deals that I have agreed with every area of the country have freed up billions which can be spent at a local level, and for the first time councils have control over how they spend business rates raised in their area. But we must go further.

"This report is a welcome and timely addition to the conversation and I look forward to debating all these issues at my Northern Futures summit in November.

"We need to get this right, and the only way to do it is to work together to turn ideas into action."

Bristol 'must have greater control over its finances'

23 October 2014 – SouthWest Business Ian Onions

Source: <http://www.southwestbusiness.co.uk/news/23102014102937-bristol-must-have-greater-control-over-its-finances/>

Bristol is the only city in Britain outside London which is more productive than the national average, according to an influential report.

Yet we do not have as much control over our finances as we should, says the City Growth Commission, which was set up to examine how cities should be the main economic generators of the future.

It says nearly two-thirds (61 per cent) of Britain's growth is generated by city regions but they are held back because "our centralised political economy is not fit for purpose".

Bristol is named as one of 15 metro regions in the commission's report, which has taken 12 months to draw up the best ways for cities to deliver economic growth.

The commission points out that Britain is "one of the most centrally driven countries in the world when it comes to tax raising and spending".

It argues that metros – or city regions – are best-placed to make localised, strategic decisions to achieve reforms in public services so they deliver what people need most and long-term economic growth.

"By empowering metro leaders to plan, commission and deliver in the best interest of their city centres and hinterlands, as well as to work with one another and central government, we will maximise the scale of economic opportunity," it says.

The report makes a series of recommendations which cover a range of issues such as giving cities more fiscal powers and tackling housing and transport to improving skills among local workforces and even suggesting a Metro Minimum Wage.

The report concludes that devolution to city regions has the potential to boost Britain's economic output by £79 billion per year – about five per cent of current GDP – by 2030.

Jim O'Neill, chair of the commission, said: "Bolder efforts to improve our infrastructure, both digitally but especially physically, are crucial.

"We argue all 15 metro areas should be able to take on different packages of devolved powers over time, and there's no reason why other places could not come together to take on policy and budget flexibilities, too."

The Local Government Association, which represents local councils, has welcomed the report.

David Sparks (pictured), chair of the LGA, said: “The Cities Growth Commission report confirms that the benefits of devolving powers to local areas in England are simply too big to ignore. Our current over-centralised system, which has Whitehall holding the public purse strings, is no longer fit for purpose in the 21st century. This report highlights the extent to which some of our great cities are being held back by being denied the same sort of autonomy enjoyed by equivalent European cities.”

Recommendations of the Commission

ACCORDING to the commission, the Bristol metro area has a population of 732,000 and includes Bristol, Filton, Pill, Frampton Cotterell, Winterbourne, Bath, Keynsham and the built-up areas of Saltford.

Some of the main recommendations include:

FUNDING: allow city regions to set and retain business rates and council tax and give them more powers for borrowing.

TRANSPORT: more powers to improve transport links. The commission says that during the medium to longer term, better links between Bristol and Cardiff, for example, are “paramount” and “would allow the British economy to thrive as a system of cities”.

BROADBAND: improve “connectivity” including the supply of high-speed broadband to emulate Singapore’s 1Gb/s “in the near future”.

PLANNING: city regions should take on more planning powers. The commission says: “Metros should be given power to convene relevant agencies so that in planning for new transport, for example, decisions are across all modes and linked to relevant development schemes.”

HOUSING: “Lack of appropriate housing can severely constrain labour market mobility and can distort business investment.”

It calls for metros to be free to reclassify poor quality Green Belt.

SKILLS: “Currently, many metro labour markets experience skills mismatch, where employers face skills shortages and unfilled vacancies, skills gaps (where existing staff lack sufficient skills) or over-skilling (where staff are not able to utilise their skills fully). The commission wants to see devolution of skills budgets so there are seamless pathways to employment for 14 to 19-year-olds.

Using skills budgets to also harness education and research in universities to encourage local economic growth. Allow metros to introduce initiatives to keep graduates within local employment markets by using “golden handcuffs” and a graduate clearing scheme.

Bristol 'must have greater control over its finances'

23 October 2014 – *The Bristol Post*, Ian Onions

Source: <http://www.bristolpost.co.uk/Bristol-greater-control-finances/story-23374351-detail/story.html>

Transport, housing, finances and broadband all figure prominently in the report into Bristol metro - the city region - area by the City Growth Commission

BRISTOL is the only city in Britain outside London which is more productive than the national average, according to an influential report.

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The commission points out that Britain is "one of the most centrally driven countries in the world when it comes to tax raising and spending".

It argues that metros – or city regions – are best-placed to make localised, strategic decisions to achieve reforms in public services so they deliver what people need most and long-term economic growth.

"By empowering metro leaders to plan, commission and deliver in the best interest of their city centres and hinterlands, as well as to work with one another and central government, we will maximise the scale of economic opportunity," it says.

The report makes a series of recommendations which cover a range of issues such as giving cities more fiscal powers and tackling housing and transport to improving skills among local workforces and even suggesting a Metro Minimum Wage.

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"We argue all 15 metro areas should be able to take on different packages of devolved powers over time, and there's no reason why other places could not come together to take on policy and budget flexibilities, too."

The Local Government Association, which represents local councils, has welcomed the report.

David Sparks (pictured), chair of the LGA, said: "The Cities Growth Commission report confirms that the benefits of devolving powers to local areas in England are simply too big to ignore. Our current over-centralised system, which has Whitehall holding the public purse strings, is no longer fit for purpose in the 21st century. This report highlights the extent to which some of our great cities are being held back by being denied the same sort of autonomy enjoyed by equivalent European cities.

Ease borrowing rules, says O'Neill

27 October 2014 – PublicFinance

Source: <http://www.publicfinance.co.uk/news/2014/10/ease-borrowing-rules-says-oneill/>

Local authority prudential borrowing rules will need to be reviewed if additional fiscal powers are devolved to town halls, a leading economist has said.

City Growth Commission chair Jim O'Neill said its proposal to allow combined city authorities to bid for 'devolved status', with greater control over taxes, could also lead to the creation of a municipal funding market in the UK.

The group's Unleashing metro growth report proposed that combined authorities, such as Greater Manchester, submit bids for devolved status. These would be examined by an independent devolution committee, to check they

met required governance standards. Following this, localisation of property taxes from Whitehall and long-term funding settlements would be agreed.

Speaking to Public Finance, O'Neill said this would need to be backed by increased freedom to borrow, including clearer rules on local authority bonds. The Local Government Association was developing plans for a municipal bond agency, but some authorities were 'petrified' of the risks of such issues, he added.

Existing rules, which allow local authority borrowing for capital projects, constrain authorities, O'Neill said. Greater financial freedom meant the regulations should 'definitely' be re-examined to reflect changes to the balance of risk.

'It's the whole issue of risk versus return. You have to loosen the rules [but] in a way that the borrower knows in advance – as we've seen in the global credit crisis – that they're taking risk. You could not do it in a way that [said], "Go and do whatever you want and we'll bail you out." There's no way you could do that,' he told PF.

Power to the cities: It's not just London that needs more control of tax revenue

October 27, 2014 – City A.M., Mark Boleat

Source: <http://www.cityam.com/1414379970/city-matters-power-cities-it-s-not-just-london-needs-more-control-tax-revenue>

It's not as catchy as "Brics", but "ManShefLeedsPool" – the latest coinage from the Centre for Cities's Jim O'Neill, formerly of Goldman Sachs – could have an equally seismic impact here in the UK.

The growing difference between London and many of the UK's other regions is a problem for the entire country. Politicians and commentators speak constantly about the need to rebalance our economy, and I agree with the need to promote economic development throughout the whole country. As London's housing and transport infrastructure struggles to cope with the weight of people wanting to live and work here, regions in the north suffer from sluggish growth, high unemployment and a lack of demand.

Ensuring that all regions in the UK are able to support a sustainable and growing economy, which is the main thrust of a report released last week by the City Growth Commission, will go some way to solving these problems. Developing new infrastructure – especially better transport links, high quality office space and affordable housing – will inject new life into the northern powerhouses. But without the ability to directly make these decisions at a local level, the boost to our cities will not go far.

English cities need devolution – with powers similar to Scotland. The report points out that more autonomy for the regions could boost the national economy by almost £79bn a year. This isn't a new idea either; the London Finance Commission revealed in 2013 that only 7 per cent of the taxes raised by London businesses and residents are retained here. The Commission recommended a rise to 12 per cent – which is still fairly modest compared to New York's near 50 per cent and Paris's 80 per cent. This rise in spending ability would enable London to capitalise on its role as the gateway to Europe, increasing the economic dynamism that brings so much to the whole of the UK.

It shouldn't just be London that benefits – ManShefLeedsPool deserves to have these powers too. News that chancellor George Osborne is looking at allowing local authorities in the north to keep a greater proportion of the revenues they raise from business rates is to be welcomed. All of our regions should have the opportunity to bring economic growth to their cities, and local representatives are best-placed to understand the particular needs of their regions – whether that's low-cost public transport, more modern office space, or town centre regeneration projects.

Empowered local institutions also help people to feel more connected with their elected representatives, and gives them a greater stake in their local communities. But we must be careful – transferring powers from London boroughs to the mayor does not empower anyone, and the same is true in the north. These powers must be above and beyond the powers local councils already hold. Only then will every part of the UK be able to reach its full economic potential, and flourish in ways that we may not yet be able to guess.

We know that healthy competition between cities is good for economic growth. Just as London vies for business with our international compatriots, Londoners should embrace an increased challenge from the north.

Commentary

The Metro Party Raves On

22 October 2014 – Think Cities, Ed Cox

Source: <http://thinkcities.org.uk/metro-party-raves/>

I've always admired the panache of being a latecomer to a party, nonchalantly easing into the mix with a freshness that turns heads and a sophistication that has learned the dress errors of earlier arrivals. This is particularly true of the City Growth Commission whose final report – [Unleashing Metro Growth](#) – is published today.

The 'cities' party has been pumping for some time now with academics highlighting the importance of urban agglomeration, connectivity and skills for two decades and policy wonks pointing out that UK cities outside London are behind the curve for a good few years. Heseltine blazed a trail with his [No Stone Unturned](#) report (the majority of its recommendations still largely ignored by the government that commissioned it) in October 2012, soon followed by the first calls for a Northern powerhouse by the [Northern Economic Futures Commission](#). Since then the [London Finance Commission](#) has made the case for fiscal devolution for cities and IPPR North's [Decentralisation Decade](#) has championed the 'me too' argument for English cities in the wake of the Scottish referendum vote. This is not to mention the sterling groundwork done by the [Core Cities](#) group of city leaders themselves – newly expanded to now include Glasgow and Cardiff – and the steady drumbeat of [Centre for Cities](#) and its [Think Cities](#) campaign.

But led by 'Mr BRICS', Jim O'Neill, and with a stellar cast list of commissioners it is unsurprising that the report brings a sense of 'cool' to the urban party. Aside from piling on the evidence that city-led growth is a key driver of success in the global economy and rehearsing the now tried and tested list of powers that need to be devolved, the City Growth Commission brings its own style in two key respects.

First it ties city devolution more tightly into the processes of devolution being negotiated with the Devolved Administrations. Since David Cameron's [Downing Street Declaration](#), too much of the English devolution debate as hinged around the Westminster-centric preoccupation with the West Lothian question. The City Growth Commission reminds us that city devolution could be the principal way in which government can fulfil its promise that English devolution proceeds "in tandem with" more devolution for Scotland and sets out a process for doing so.

Secondly, it does not shy away from the challenges facing the cities themselves in their need to develop their own vision for city-led growth, and their governance and policy-making capacities. Whilst leaving open the possibilities of other forms of enhanced governance aside from metro mayors, it highlights particularly the need for metros to share more of the risks with central government that are associated with devolved funding and taxation. Neither Scotland nor cities with 'devolved status' can expect to have their cake and eat it.

The City Growth Commission also brings some fresh new tunes like the Northern Oystercard, greenbelt swaps, and licensing metros to issue two-year visas to bring in talent for local SMEs, so there is little doubt that it will keep the party swinging, but will it garner the political traction to cut a dash at the general election? This now seems to depend on the ability for each of the political parties to look beyond headline-grabbing pots of cash to dole out to their preferred cities and instead recognise the need for a sustained programme of devolution that addresses the trilemma of economic growth, public service innovation and democratic reform.

This in turn requires the cities themselves to go beyond trying to win the ground war (slugging out City Deals and the minutiae of departmental negotiations) and focus instead on the air war: winning the hearts and minds of ordinary city-zens who themselves then demand a new central-local deal – much as has happened in Scotland. The mood for this has never been greater, but party-poopers might still have their way.

Benefits of devolution too big to ignore' – LGA response to RSA Cities Growth Commission

22 October 2014 – LGA media release

Source: http://www.local.gov.uk/media-releases/-/journal_content/56/10180/6642950/NEWS

Responding to the publication of the RSA's Cities Growth Commission report, LGA Chair Cllr David Sparks said:

"The Cities Growth Commission report confirms that the benefits of devolving powers to local areas in England are simply too big to ignore.

"Our current over-centralised system, which has Whitehall holding the public purse strings, is no longer fit for purpose in the 21st century. This report highlights the extent to which some of our great cities are being held back by being denied the sort of autonomy enjoyed by equivalent European cities.

"The huge economic benefits of devolution identified by the Cities Growth Commission are likely to be just the tip of the iceberg. Devolution to cities should be the start of a much bigger and wider process of devolution for the whole of England.

"People from across the country should benefit from more of the important decisions affecting their lives being made close to where they live, whether home is a big city or a rural area. Across a wide range of issues, there is compelling evidence that taking decisions closer to communities, through councils, achieves better results and saves money.

"The LGA has appointed a commission on Economic Growth and the Future of Public Services in Non-Metropolitan England which will publish an interim report next month on what more could be done to promote growth and improve services in non-metropolitan areas."

Notes to editors

Earlier this year the LGA published a report, Investing in our nation's future: the first 100 days of the next government, which calls for a re-thinking of the way public services are commissioned and delivered. If a radical and devolved model for public services is put in place, local government will be able to commit to:

Building half a million more homes so people can find a place they can afford.

Offering every child a place at a good school close to home, to give them the best possible start in life.

Halving the number of unemployed young people, giving them the best chance to succeed.

Reducing long-term unemployment by a third by localising all back to work schemes, bringing together services around those who are out of work.

Injecting £1 billion a year into a much needed programme to address the pothole backlog by investing 2p a litre from the existing fuel duty to fix our roads.

Supporting people to live independently at home, reducing total hospital admissions and eliminating unnecessary hospital stays, to help save £3.9 billion a year from health and social care budgets.

Helping the three and a half million overweight or obese children by reinvesting a fifth of existing VAT on soft drinks, fast food and confectionery in activity programmes.

Unleashing Metro Growth?

22 October 2014 – *The Work Foundation, Damian Walne*

Source: <http://www.theworkfoundation.com/blog/2309/Unleashing-Metro-Growth>

The Royal Society of Arts published their much anticipated [recommendations](#) from their year-long City Growth Commission. I was at the launch event today. The Commission team deserves credit for their series of seminars and reports through the year; and the engagement they have had from local government leaders from across the country.

The Commission's report, "[Unleashing Metro Growth](#)" does capture a moment. Perhaps having Jim O'Neill, formerly of Goldman Sachs, leading the Commission helps sprinkle a little political and media impact around. But this work also rides something of a wave in terms of thinking about urban growth (including our [own 'Cities 2020'](#) here at The Work Foundation); but also the momentum that has built up around arguments for decentralisation. The energy behind Scotland's Independence Referendum, the subsequent pledges of greater devolution to the Scottish Parliament, followed by questions about what this means for governance in the rest of the UK, feeds through into pertinent challenges about the powers and responsibilities to local government in our cities.

This set the context for some rather bullish talk at today's event. Lord Heseltine, in candid opening remarks, argued the need to end the monopoly of the Whitehall machine. Speakers from Manchester and Leeds city councils spoke of how Whitehall's top-down silos and targets were broken and how it was only powers to cities that could fix things. I do have sympathy with these arguments. My own past stints in the Greater London Authority and the Department of Communities & Local Government mean that I've formed my own sentiments of the merits of city-level government and Whitehall departments. But it is the evidence that needs to be persuasive.

So does this report hit the mark? I am not so sure. But here are my top three worries:

1. The predicted boost to economic output.

The media coverage and the Commission's press release pushed a line that "devolution has the potential to boost economic output in the UK's 15 largest metros by £79 billion per year". It is the kind of message that hits.

When you look for the explanation of where this figure come from, it is a crude projection that the growth rates of 14 city areas will match the UK growth rate until 2030. So it simply assumes that growth rates will increase. It does not tell us if and how this growth relates to devolution. So the £79 billion figure troubles me. It may mislead a wider audience that we really measure the impact of devolution.

In truth the empirical evidence of a relationship decentralisation and economic growth is ambiguous. That is a whole other blog! Generally, it is more persuasive to find evidence on the outcomes how to finance and provide different public services rather than make sweeping calls about GDP growth.

2. The idea of "ManSheffLeedsPool".

The message of "agglomeration" recurs throughout the Commission's report; with nods to how London's size and scale is what the UK's other cities lack. In particular this gives a push to the concept of a "ManSheffLeedsPool" – where by bringing the four-regions of Manchester, Sheffield, Leeds, and Liverpool closer together, this will create a 7 million region to rival London.

It is an intuitive idea. There is a fair economic case for improved travel times across England's Pennines. But I am yet to see compelling evidence that this would London-type agglomeration gains implied by the Commission. Compared to London, with a key central area that draws in commuters from areas that are much cheaper or offer rural amenities, the northern industrial cities remain very poly-centric with limited commuting between them. I recall LSE research for the former Northern Way which showed how the agglomeration gains would be stronger from improved connectivity within those cities rather than between them.

3. Many of the recommendations are a little contentious...

The list of policy recommendations is long, with dozens of ideas. But I do not get much sense of prioritising between them; or how much the rationales or economic implications were considered.

For example, I'm not so sure about "golden handcuffs" for graduates – I suspect there are implications for labour mobility and perhaps such financial incentives would be better targeted to assist low-skilled and low paid people. Or there are calls to devolve budgets for adult skills – but given the existing complexity in vocational education, it is not clear how local coordination would resolve this.

The report is wide-ranging and there is much to take in. Alongside Lord Heseltine's own recommendations in 'No Stone Unturned', or for the Labour party, John Healey's review on "Making Local Economies Matter", Unleashing Metro Growth, is a welcome contribution. For those of us working in local economic growth, we're going to be kept busy.

City Growth Commission Report: Hull calls on its neighbours to ensure that region is not left behind

22 October 2014 – Hull City Council Press Release

Source:

http://www.hullcc.gov.uk/portal/page?_pageid=221,674011&_dad=portal&_schema=PORTAL&p_id=5567&p_month=Oct-14&p_page_number=1&content=pressrelease

The Leader of Hull City Council, Councillor Stephen Brady, has called for Hull to be recognised as a key driver of economic growth in the north following the publication today of the City Growth Commission's final report.

The report sets out the critical role of cities in delivering sustainable economic growth, calling for them to be given greater powers over crucial areas such as transport along with more devolved control of spending.

Whilst Hull is not one of the 15 growth areas mentioned, Councillor Brady welcomed the Commission's findings, saying that Hull and the whole of the Humber region needed to do more to ensure they were not left behind as the devolution for English cities and regions accelerates following the Scottish referendum. It follows hot on the heels of a number of other influential reports all pointing in the same direction with respect to local authorities working together, through combined authorities, in order to maximise the benefits to their regions.

Councillor Brady said:

"Another report that fails to mention Hull and Humber. This should come as no surprise to our local authority colleagues. We have been stressing the need for a combined authority, to be at the forefront of these issues, for over two years, with no progress. The author of the report, Jim O'Neill, has assured us that we can be an integral part of the targeted growth areas but we need to get our act together.

"From our perspective, the north cannot afford to leave Hull out as the area has so much to bring to the table and we are busy spreading this message far and wide.

"Before that can happen, we have to demonstrate as a city and as a region that we are ready to take on more power by operating at the right scale and showing that we are joined up.

"It's absolutely critical that councils across the Hull and Humber region work together so that we are able to benefit from the powers that will come to the key northern cities to help them thrive and compliment London and the south-east.

"With the recent investments such as Siemens and Reckitts, along with securing UK City of Culture status in 2017, the city's major contribution to the wider regional economy is clear. At regional and national level we are working hard to ensure Hull's voice is heard but greater collaboration with our neighbours will be needed take it to the next level, unlocking the potential not just of Hull, but of the whole of the Humber.

"If we can make this happen, the prize is greater powers, flexibility and devolved funding which can be used to bring more investment and jobs to our region but time is running out. The three main political parties are united on the need for greater devolution to cities and we have only the next few months to ensure we don't miss out on this opportunity."

The potential benefits of devolved city funding and assessing the best structures for local governance, such as establishing a combined authority, are within the scope of research being undertaken by the Independent Commission of Inquiry into Effective Local Government in Hull and the East Riding.

Led by Tom Martin, Life President of Arco, the Commission is expected to report early next year on the potential structures and collaborative relationships that should be developed between local authorities to ensure Hull and East Riding is well placed to take advantage of future national policy changes and opportunities to maximise investment, jobs and growth across the area.

Can England really walk the road to devolution?

23 October 2014 – *The Guardian*, Simon Jenkins

Source: <http://www.theguardian.com/commentisfree/2014/oct/23/england-devolution-tories-local-councils-more-power>

The Tories must offer more than words if they are serious about giving local councils more power

Is the revolution to hand? Is “devo met” for real – harbinger of the one true decentralist shift of power from London to provincial England since, well, Magna Carta? A merchant banker, Jim O’Neill, this week claimed that George Osborne has accepted his “city growth” proposal to [move fiscal and other liberties to Britain’s 15 big cities](#). With a

statistician's phoney exactitude, O'Neill says this "could" boost the UK economy "by £79bn". Why fuss over a billion? The report has been publicly welcomed by Osborne and by David Cameron. They still like to flatter bankers. When ministers profess their desire for localism, we count our spoons. They never mean it. I recklessly chaired the Commission on Local Democracy in 1995, which said the same as O'Neill. As a result, Tony Blair agreed to elected mayors, but the Treasury blocked any devolving of fiscal or other power. The Tories then promised the moon. Cameron bumbled on, in his pamphlet *The Permissive State*, to "reduce the reach of Whitehall ... give councils greater control over spending money ... empower local people to take action themselves". It was nonsense. Cameron heads the most centralist government ever seen – most savagely in finance, planning, education and transport.

Just occasionally in politics the stars align. In 1995 Blair went for elected mayors because they might smash the power of local Labour parties. Today, Osborne, a northern MP, knows the Tories must win ground in the north and has formed an alliance with Manchester's council leader, Richard Leese, and chief executive, Sir Howard Bernstein. They realise that working hand-in-glove with London is key to their "second city" ambitions.

Meanwhile, Scorpio is in conjunction with Venus. Osborne's Tory rival, Boris Johnson, has [diluted his metropolitan aura by allying himself with other provincial "core cities"](#) in bidding for devolved powers, as offered to Scotland. He wants his hands on property taxes, infrastructure loans and other goodies. To this is added another pressure on Cameron, to produce reforms to appease English backbenchers enraged by Scottish concessions. For once, decentralism has political traction.

But don't hold your breath. I sense this government can no more decentralise than turn base metal to gold. After the debacle of reorganising the NHS, Cameron now proposes to cure its endless "crises" by, believe it or not, reorganising it. The new NHS boss, Simon Stevens, knows no shame. He says the service needs a "drastic overhaul" and "radical and costly surgery". I am sure he is right to decentralise to local purchasing units, but did no one think of this between 2000 and 2010, when spending rose by a staggering £65bn? No one asks where this money went.

I truly think the only way Whitehall knows how to run a public service in Britain is to throw money at a reorganisation. Not a day passes without bad news about the NHS. Iain Duncan Smith's well-intentioned social benefit is being strangled by private consultants. Every transport project tips money into London. Nowhere else in Europe (since the end of the Soviet Union) does a central government attempt to run personal services for 52 million people. It is not doable.

This year, centralisation came close to ending the UK. It was rescued by specific pledges by Cameron and the opposition parties to reverse it. But this opened a raw wound in England. O'Neill offers half an answer. He does not say why a more autonomous Manchester should go on receiving £4bn more from the Treasury than it contributes. Nor does he explain why helping Leese and Bernstein get to London half an hour faster by HS2 should distract from the northern rail hub or the M62 upgrade.

Where O'Neill is right – and where Westminster will obstruct him – is in focusing on local politics. He was the inventor of the [Bric acronym for newly powerful states](#). No such catchiness attaches to his name for empowered cities, "ManSheffLeedsPool". But he wants them to have elected mayors, with fiscal discretion locally accountable. This should stop the all-controlling local government secretary, Eric Pickles, treating them like naughty children. Political power is rooted in taxing power. The old Tory concept, championed by Lord Heseltine, of cities "winning money from London" by somehow "deserving" dies hard. It is reflected in Osborne's reported view that only Manchester and Leeds yet merit power. Cities win the right to power by putting their autonomous decisions to their voters, not to Whitehall. That is how British cities were in their heyday. Johnson in London may have a high profile, but he has no tax discretion. That is why he caves in to his police and transport unions. He is not accountable for the money they waste.

Those dismayed by Britain's wide disparity of individual wealth cannot have it both ways. The overriding reason is the gulf between the prosperity of London and the provinces. This must in part result from a shift in power from local to national government, a perverse consequence of a "single state" constitution. Every year 30,000 graduates flow from provincial universities to jobs in London. Barely 11,000 go the other way. This crippling drain of talent and earning power is one reason why cities in Germany and elsewhere in Europe are richer and more robust than in Britain. Inequality starts with power.

If Cameron and Osborne are not just mouthing slogans to quell revolt, they should give a talisman of their sincerity. They should end council tax capping next year and fight the 2015 election on which party was then more responsible

in its local budgeting. Another talisman would be to redirect some £70bn going to the crazy HS2 into provincial railways and other projects. That would be the sign of revolution.

But O'Neill's report faced howls of anguish from cities and counties not on his list. The English question is not solved by getting cosy to the big 15. York, Hull, Coventry, Brighton and Plymouth are as entitled to democratic self-government as Manchester or Leeds. ["Big isn't always beautiful," says the leader of Peterborough.](#) What are these "islands of devolution", asks the head of Yorkshire First. On the whole, English counties are better run than big cities or Whitehall departments.

But let us hope. This is a hesitant step down the road to English devolution. Osborne may not be able to walk and chew gum at the same time, but at least O'Neill may get him to walk.