

# Big shot or long shot?

How elected mayors can help drive economic growth in England's cities

June 2011



## Foreword

Cities are the heartbeat of the UK economy. Despite occupying just nine percent of the UK's land they're where over half of us live and they contribute 60 percent of the UK's economic output. So, as the UK emerges shakily from recession, making the most of cities' economic potential is vital to the prosperity of the country as a whole – which is why the current debate about city mayors is so important.

Directly elected city mayors have the potential to make a difference not just to local democracy but to the economy too. Time and again, history shows that it is cities with strong and effective civic leadership that are well placed to make the most of local economic assets and compete better in a global economy. And mayors create an opportunity to have exactly this type of strong and effective leadership.

Historically, most cities have been reluctant to move to a mayoral model. Only 12 out of 410 local authorities decided to opt for mayors following the Local Government Act in 2000. Yet the most powerful and high profile mayoral model in the UK has been a huge success: the Mayor of London has transformed the capital's governance and achieved a range of successes including the London Plan, Congestion Charge, Crossrail and “Boris bikes”. And there is growing interest now in assessing how mayoral models of governance might make a difference to cities around the country.

This is why the Coalition Government is giving citizens of the 11 biggest cities outside London the chance to vote on whether to have directly elected mayors in 2012. Leicester – the twelfth city nominated – has already opted for the model and Sir Peter Soulsby was elected this May. This report argues that mayors create an opportunity not only for these cities to transform their local governance structures, but also to make a real difference to their economic growth.

Central government finds it hard to tailor policies to local needs, yet Whitehall is still the origin of most policies and resources in English cities. City councils have long suffered from limited powers and funding. And the UK is an international anomaly in not having a mayoral model to encourage strong city leadership. This has an impact on local democratic engagement; most people could probably name the mayor of New York, Chicago or Paris more easily than the council leader in their home town.

Having directly elected mayors could make a difference to cities' economic performance because they offer enhanced visibility, with opportunities to exercise leadership and make strategic choices and drive action through local authorities and their partners. Even within the UK, surveys have shown that public recognition of the small number of mayors we have is far higher than council leaders. In politics, a

higher public profile grants mayors enhanced democratic power and influence and increases accountability.

A strong and effective mayor can also help cities navigate the complicated web of relationships with the new Local Enterprise Partnerships, Integrated Transport Authorities and others. These relationships are important and potentially problematic without a central figure to marshal their strategy in pursuit of local growth objectives.

If city mayors are to be a success, they need sufficient powers to support economic growth in their cities and make the changes to governance entirely worth the investment. And, where the local economy and local politics align, there is a strong case for there also to be city-conurbation mayors, who span the footprint of the conurbation surrounding the major cities and have additional powers accordingly, as in Greater London.

London, it should be noted, has had successful mayors not only for Greater London, but also for the large boroughs of Hackney and Lewisham. Tower Hamlets has just joined them.

This report sets out how the mayoral model has the potential to overcome some of the barriers to growth that cities face. Mayors need to be focused on growth, bringing together a wide range of local partners to make the most of local economic assets and tailor policies to support local economic growth. And it highlights what this model should look like if it is to make most difference to local economies.

The Centre for Cities and the Institute for Government will continue to work together to strengthen the evidence base, establish what can support a successful mayoral system at a local or metro scale and support cities to make the most of this opportunity in enabling their local economies to grow.

*Alexandra Jones*

**Alexandra Jones**  
Chief Executive  
Centre for Cities

**Lord Andrew Adonis**  
Director  
Institute for Government

June 2011



## Executive summary

The Localism Bill proposes to hold mayoral referenda in eleven cities in England. If introduced, directly elected city mayors would mark a significant shift in the local governance landscape and local economic policy making.

A yes vote for mayors could have large potential implications for local economic development policies in some of England's largest cities. Previous Centre for Cities research has found that growth across these cities is highly uneven – places such as Leeds and Manchester have performed much more strongly since 1998 than places such as Bradford and Birmingham. Policy needs to respond flexibly to this uneven growth to enable cities to address the specific and varied challenges that they face.

Local economic policy making will work better with a mayoral model of governance. A mayor has the potential to use both the formal and informal powers attached to the mayoral model to overcome four key governance challenges to economic policy making; a mayor has the potential to help city governments be **decisive** on issues of strategic economic importance, to act as a **representative** to local business and central government, bring **coherence** to the actions of the public sector and **collaborate** with local authorities, business and other players in the wider local economy.

However, the model as currently proposed could go further. England's largest cities would benefit from a governance structure that takes the best from the Mayor of London model if they are to be most effective. They need greater powers over things such as transport and strategic planning. And they need a remit that effectively covers the whole economy of a city. For some cities, such as Birmingham, the size and centrality of the core local authority means that a mayor can drive the city's economy. But this is not always the case. For example, Manchester's economy stretches far beyond the boundaries of Manchester local authority. Economic policy should be matched to the geography of the economy if it is to be most effective.

## Recommendations

To maximise the potential of the proposed model to overcome the governance challenges to local economic policy making and action we recommend that new mayors use their security of tenure, executive position and the visibility, mandate and local accountability derived from direct election to:

- Focus on taking long term strategic decisions that, whilst often being difficult, will support economic growth.
- Engage in negotiations with central government for what resources, investment and powers their area needs to develop economically.
- Continue to strengthen links with business.
- Influence and convene partnerships of other public sector bodies within the local authority. This will bring coherence to the wider network of public sector actors.
- Encourage collaborative working both as well as across the wider city economy.

“A yes vote for mayors could have large potential implications for local economic development policies”



*“We would like to see the best aspects of the London mayoral model made available to all of England’s largest cities”*

In order to fulfil these requirements there is an opportunity for the following recommendations to be created in secondary legislation or absorbed into the Localism Bill. The legislation should enable Mayors to:

- **Ensure the Core Strategy of the Local Development Framework (LDF)** is a broad strategic spatial plan for their area which also looks beyond administrative boundaries, similar to the London Plan. The LDF as a statutory plan would hold weight setting the direction for all other plans and provide a basis for joint working with neighbouring local authorities on matters of strategic importance. The mayor should take decisions relating to policy and planning applications for developments of strategic significance which have an impact on economic growth and employment. The planning committee of the authority would determine all other planning applications.
- **Chair the Integrated Transport Authority.** This would afford the mayor greater strategic influence over transport policy both within their local authority and across the natural economic area.
- **Co-chair the Local Enterprise Partnership.** This would enable the mayor to: affect decisions of strategic importance within the remit of the Local Enterprise Partnership like Enterprise Zones; coordinate the activities of other organisations both within their local authority and across the natural economic area; communicate to central government the needs of their area; and better engage with business.

Even with these additional changes to the proposed model, economic decision making would ideally occur over the same geography as the economy itself. Ultimately we would like to see the best aspects of the London mayoral model made available to all of England’s largest cities. This would provide metro mayors with strategic powers over transport, planning and skills in all of England’s largest cities.

The Localism Bill should enable cities to choose to hold referenda for either metro mayors or local authority mayors in 2012. This would enable cities, where there is political appetite, to introduce a metro mayor. Where politics make this difficult a local authority mayor could still be introduced. This flexible approach would allow cities to progress with the implementation of an appropriate mayoral system at a speed that reflects local circumstances. As the metro mayoral model develops Secretaries of State will need to devolve further powers to those areas as has been the case in London over the last 11 years.



## 1. Introduction

Sir Peter Soulsby's election as the mayor of Leicester, England's thirteenth largest city, on 5 May 2011, may herald a shift in the way that some of England's largest local authorities will be governed in the future. Next year, the Localism Bill proposes to hold referenda in a further 11 English cities (herein referred to as the 'mayoral cities') on having a directly elected local authority mayor. The Government believes that elected mayors will bring a range of benefits to these cities including the ability to drive improvements in local city economies.<sup>1</sup> This paper investigates how mayors can help improve the economic growth prospects of these places.

Previous Centre for Cities work has shown that the economic performance of England's cities is highly uneven. But in the past much economic development policy from central government has been blind to this, implementing catch-all policies that vainly tried to solve all issues associated with uneven economic performance. Mayors offer one opportunity to move away from this approach and give cities the chance to deliver more tailored policies that take account of their specific needs.

This paper identifies the potential for mayors to overcome four key governance challenges that currently hamper economic policy. These challenges are the ability to: take strategic economic decisions; represent a city to central government and business; encourage coherence between different parts of the public sector; and to collaborate with neighbouring local authorities. As well as the executive powers attached to the position, a mayor's longer security of tenure, direct mandate, visibility and local accountability can be used to overcome these challenges in a way that benefits local economic growth.

That said, the mayoral model as proposed in the Localism Bill will have less potential to improve the growth prospects of cities than the current mayoral model used in London. Firstly, the powers that a mayor will have will be substantially less than those currently held by the Mayor of London. This will limit a mayor's potential effectiveness in supporting local economic growth. Secondly, directly elected mayors, if implemented, will only cover the core local authority in a city and so will not have a direct remit over a city economy as a whole. For example, a mayor of Manchester would be for Manchester local authority only. This is despite the Manchester economy stretching far beyond these boundaries. We therefore make recommendations as to how the current mayoral model can be improved to allow mayors to better address the varied economic challenges our cities face.

The paper is structured as follows: Section 2 looks at why the varied economic challenges of our cities demand flexible, devolved policy solutions; Section 3 reviews a mayor's potential to drive these solutions, thereby raising economic growth; Section 4 looks at some of the wider issues in introducing mayors, and Section 5 concludes by offering policy recommendations for both mayors and central government. The findings in the paper are based on 65 semi-structured interviews with local government officials and politicians in the eleven cities planning to hold referenda on elected mayors in 2012, 12 case studies of international mayors, and a literature review. It also draws on previous Centre for Cities work and the Institute for Government's forthcoming *Making the Most of Mayors* report.

1. Department for Communities and Local Government (DCLG) (2011) *Localism Bill: Creating Executive Mayors in the 12 Largest English Cities Impact Assessment* London: DCLG

**“The mayoral model as proposed in the Localism Bill will have less potential to improve the growth prospects of cities than the current mayoral model used in London”**



## 2. Cities need flexible, devolved policy solutions for growth

The economic challenges faced by England's cities vary, and this is reflected in uneven growth rates. This means that policies need to be tailored in order to address city specific issues, be it poor skills, insufficient housing or transport bottlenecks. Mayoral governance has strong potential to allow cities develop flexible, devolved policy solutions.

### Cities face different economic challenges

In order to replace the 880,000 jobs lost in the UK during the recession<sup>2</sup> and offset the impact of future public sector job losses – which are forecast to reach 310,000 between 2010/11 and 2014/15<sup>3</sup> – it is clear that cities need to support the generation of private sector jobs.

However, recent history shows that the ability of cities to support such jobs growth is likely to vary strongly from city to city. While some cities, such as Manchester, generated thousands of private sector jobs in the ten years before the recession, other cities, such as Birmingham, saw a contraction in their private sector employment. As Table 1 shows this pattern holds for the mayoral cities.<sup>4</sup> While actual performance varied, it is not clear that even the highest performers reached their potential. As we shall see, even in Manchester there is potential to raise the economic growth rate.

**Table 1:**

#### Private sector jobs growth in the potential mayoral local authorities and Leicester

City	Private sector jobs growth (1998-2008)
Newcastle	14.5%
Wakefield	12.5%
Manchester	12.2%
Leeds	9.1%
Liverpool	5.1%
Coventry	3.1%
Bristol	0.3%
Sheffield	0.3%
Bradford	-5.4%
Birmingham	-6.1%
Leicester	-13.2%
Nottingham	-15.1%

Source: NOMIS 2010, Annual Business Inquiry, workplace analysis. Estimates based on jobs added between 1998-2005 and 2006-2008 to take into account changes in ABI methodology.

Note: Private Sector Cities: A New Geography of Opportunity (Webber C & Swinney P, 2010) calculates private sector jobs growth for Primary Urban Areas, a definition of which can be found at [www.centreforcities.org/puas](http://www.centreforcities.org/puas)

2. This is for the period December-February 2008 to December-February 2010. Source: ONS 2011, Labour Market Statistics

3. Office for Budget Responsibility (2011) *Economic and Fiscal Outlook March 2011* London: The Stationery Office

4. Webber C & Swinney P (2010) *Private Sector Cities: A New Geography of Opportunity* London: Centre for Cities

“Mayoral governance has strong potential to allow cities develop flexible, devolved policy solutions”



It is highly likely that this pattern will be sustained in the coming years. The recession compounded the divergence in city performance that was seen between 1998 and 2008. And the varied spatial impact of public sector spending cuts, which previous work by the Centre for Cities found will have a much larger impact on, for example, Liverpool than on Leeds, means that growth over the next five years is likely to continue to be highly uneven.<sup>5</sup>

### **Policies need to focus on improving the general business environment**

Cities need tailored policies that take account of uneven private sector performance. For example, Leicester has the highest proportion of people with no qualifications out of all of the UK's 64 cities, while Bristol has one of the lowest.<sup>6</sup> To reflect this, the former needs a skills strategy that looks very different to the latter.

A great deal of recent local economic development policy has focused on improving much narrower, more marginal aspects of the local economy, even in places that suffer fundamental weaknesses. A more effective way to encourage growth is to improve the business environment that all firms operate in. By supporting an environment where travel times and costs are low and skill levels are high, business can access a wider pool of highly skilled labour. And where the planning system is responsive to opportunities for physical expansion and delivers the homes required by workers, business can prosper and create the jobs that cities need.<sup>7</sup> Box 1 looks at the relationship between these "wider drivers" and economic growth.

Without these conditions in place, a city economy will be less attractive to both new start ups and international businesses alike. Therefore, in order to improve economic growth in their areas **cities should primarily focus on developing transport, planning and skills policies which are tailored to their area's unique circumstances.** Other policies may also be relevant to specific cities, but without these basics in place, it will be difficult for cities to make the most of their potential to grow.

### **Mayors have the potential to be the best response to this varied economic landscape**

Greater devolution, as currently currently proposed by Government, will give local authorities some extra flexibility. This will allow them to better respond to the varied challenges faced in different areas as described above. However, there are four key governance challenges that will continue to limit economic policy making at the local level.

A mayor has the potential to use the powers at his or her disposal to overcome four key governance challenges to policy making. More specifically, a mayor has the potential to help city governments be decisive on issues of strategic economic importance, to act as a representative to local business and central government, bring coherence to the actions of the public sector and collaborate with local authorities, businesses and other key players in the wider local economy. We now turn to look specifically at these governance challenges to show how a directly elected mayor has the potential to overcome them.

5. Centre for Cities (2011) *Cities Outlook 2011* London: Centre for Cities

6. Centre for Cities (2011) *Cities Outlook 2011* London: Centre for Cities

7. Swinney P, Larkin L & Webber C (2010) *Firm Intentions: Cities, Private Sector Jobs and the Coalition* London: Centre for Cities

**“Cities should primarily focus on developing transport, planning and skills policies which are tailored to their area’s unique circumstances”**





### Box 1: The impact of transport, planning and skills on economic growth

**A well functioning and integrated transport system is an important prerequisite for an economically successful city**, reducing transaction costs and travel time costs for both workers and businesses.<sup>8</sup> For example, studies show that high levels of congestion in an urban area can dampen subsequent employment growth<sup>9</sup> and another study conducted in 2006 estimates that reducing travel times for all business and freight travel on roads by five percent could lead to £2.5 billion in cost savings, equivalent to 0.2 percent of UK GDP.<sup>10</sup>

**Enabling and encouraging physical development is one of the most obvious ways that cities can help to support economic growth** in their area as it allows businesses to expand and increase their economic output. In all cities – particularly those with strong economies and growing populations – it is important that the planning system responds to opportunities for economic growth. Given the importance of agglomeration economies<sup>11</sup> in explaining the competitiveness of firms in urban locations, facilitating the continued expansion of cities – and as such firms’ access to a large workforce – could help boost areas’ economic performance.<sup>12</sup>

**One of the most important factors for determining the success of a local economy is its skills base.** Firms with access to a skilled workforce are more productive and cities with a highly skilled population undergo faster growth.<sup>13</sup> In line with this, cities with a skilled workforce tend to perform better on a range of economic indicators. For example, English cities that had a higher number of residents educated to degree level or above in 1998 tended to see a stronger growth of Gross Value Added between 1998 and 2007.<sup>14</sup> Examples of these cities were Reading and Bristol. Similar correlations can also be seen in the USA and India.<sup>15</sup>

In addition, evidence shows that this relationship doesn’t just hold for degree level skills. Looking at the other end of cities’ skills profiles, some of the UK’s poorly performing cities tend to have high proportions of people with no formal qualifications. And cities with higher percentages of people with no qualifications also tend to have lower rates of labour participation.<sup>16</sup>

“One of the most important factors for determining the success of a local economy is its skills base”

8. See for example: Eddington R (2006) *The Eddington Transport Study The Case for Action: Sir Rod Eddington’s Advice to Government* London: The Stationery Office; CBI (2009) *Time to Change Gear? Assessing the UK Transport Networks* London: CBI and OECD (2009) *Economic Survey of the United Kingdom, 2009* OECD Policy Briefing

9. Hymel K (2009) ‘Does Traffic Congestion Reduce Employment Growth?’ *Journal of Urban Economics* 65 (2): 127-135

10. Eddington R (2006) *The Eddington Transport Study The Case for Action: Sir Rod Eddington’s Advice to Government* London: The Stationery Office

11. Agglomerations are concentrations of people and businesses. When people and businesses locate together in a place it creates economic benefits – such as larger and more diverse labour markets – that increase with city size and create virtuous circles of growth for certain areas.

12. Manchester Independent Economic Review (2009) *The Case for Agglomeration Economies* Manchester: Association of Greater Manchester Authorities

13. Overman H, Gibbons S & Tucci, A (2009) *The Case for Agglomeration Economies* Manchester: Manchester Independent Economic Review; Glaeser E & Saiz A (2003) *The Rise of the Skilled City*, NBER Working Papers 10191

14. Swinney P, Larkin L & Webber C (2010) *Firm Intentions: Cities, Private Sector Jobs and the Coalition* London: Centre for Cities

15. Glaeser E (2011) *Triumph of the City* London: Macmillan

16. For example, the correlation between the percentage of the population with no formal qualifications and economic inactivity rates for UK cities for the period 2004/09 is 0.70. Interestingly there is a much weaker correlation between the former variable and those currently inactive but want a job.



### 3. Governance for growth: the role for mayors

This section sets out four key governance challenges to economic policy making, and investigates to what extent the directly elected mayoral model as currently proposed can use the formal and informal powers afforded to it to overcome these challenges. These formal and informal powers are set out in more detail in Box 2. It finds that although a directly elected mayor can improve on the current approach to these governance challenges, a broader set of powers and a wider geographical remit could improve the impact of a mayor in supporting economic growth.

#### Box 2: The formal and informal powers of directly elected mayors

##### Formal powers

The Localism Bill proposes the creation of directly elected mayors in local authorities in eleven cities outside of London to add to the 14 directly elected mayors already in office in England. If the Bill receives Royal Assent referenda will be held in these eleven local authorities to decide whether a mayoral system will be introduced. Other cities can also vote to move to this system on this same day. Where cities vote “yes” mayoral elections will then be held.<sup>17</sup>

Unlike cabinet leaders, the mayors proposed in the Localism Bill will:

- Be elected on four year terms, during which they will not be able to be removed by the council, unlike council leaders.<sup>18</sup>
- Only need one third of councillors to agree the budget and local policy frameworks, in contrast to the majority required by the council leader.
- Have greater administrative power due to the merging the role of the mayor and the chief executive.

The Localism Bill also seeks to give the Secretary of State the ability to confer a broad range of additional policy powers on the mayor of a local authority using secondary legislation. However, details remain vague at the time of publication. We make some recommendations about what these additional powers should be in Section 5.

##### Informal powers

Although difficult to measure, mayors have a number of soft powers – which can be defined as “the ability to get what you want through attraction rather than coercion”<sup>19</sup> – at their disposal. The root of this soft power comes from direct election. Indeed, a directly elected mayor is voted in on a manifesto by the electoral base that encompasses their whole mayoralty which lends legitimacy to the mayor’s role. This also gives the mayor a mandate from the electorate to ensure their manifesto becomes a programme for implementation, and the mayor, as a visible and accountable leader, will be held personally responsible for non-delivery of this manifesto.<sup>20</sup>

17. DCLG (2011) *Localism Bill: Creating Executive Mayors in the 12 Largest English Cities Impact Assessment* London: DCLG

18. Both mayors and council leaders operate on a four year term. Although a council leader can be removed within this term a mayor cannot be removed unless he or she breaks the law.

19. Nye J (2004) *Soft Power: The Means to Success in World Politics* New York: Public Affairs

20. Stoker G (2004) *How Are Mayors Measuring Up? Preliminary Findings – ELG Evaluation Team* London: Office of the Deputy Prime Minister (ODPM)

“A broader set of powers and a wider geographical remit could improve the impact of a mayor in supporting economic growth”



**“The current structure of local government means that it can be difficult to take tough timely decisions of strategic importance that would benefit a local economy”**

The importance of soft power that is afforded to a mayoral position was a strong theme in the interviews undertaken in previous research by the Institute for Government. A mayor’s visibility, ability to convene organisations outside of his/her direct remit and ability to broker deals between these organisations were common responses in relation to the informal power that mayors use. The quotes below illustrate how mayors themselves feel their position grants them powers beyond their formal remit.<sup>21</sup>

*“I would say that my role is largely influencing, lobbying, persuading, networking, bringing people together, and seeing possibilities.”*

*“Influence is the key... people want to talk to a directly elected mayor because they accept that you’re in position because of the result of an election in which everyone had the opportunity to take part.”*

*“You can lead the community in a more legitimate way. I guess the area, the partnership area, becomes somewhat different from what it was, you’re dealing with people in a different way. Because there’s an understanding of your legitimacy so then you’re operating at a different level. I think you’re leader of the borough not leader of the council.”*

#### **A. Mayors can take tough strategic decisions**

The current structure of local government means that it can be much more difficult to take tough timely decisions of strategic importance that create winners as well as losers but would benefit a local economy overall. This can act as a brake on economic growth. A mayor’s direct election, strong executive position and greater security of tenure mean that he or she has the potential to push through decisions of strategic importance which, whilst being contentious, would benefit a city economy. Congestion charging in London is a good example of this.

#### ***The current model makes it difficult to take tough but beneficial decisions***

To support economic growth cities will need to develop evidence-based growth strategies which respond to the specific opportunities and challenges for their area. Often these strategies will contain priorities which require decisions to be made which, whilst being ‘difficult’, are in the interests of the local economy. There are numerous reasons why a local authority may find it difficult to make tough strategic decisions, including a lack of capacity, local discretion, and financial incentives. But local authorities are also placed in a tough political position as the only body that is directly accountable to the local population. Councils cannot simply implement a tailored growth strategy; they have to bring their citizens with them.

Councillors, and council leaders, who are accountable to a ward rather than the whole local authority, are perhaps placed in the toughest political position as they have to balance the strategic priorities of the area, and the wider city view, against the political demands of their ward. The bias built into the system means that the rational outcome here for a councillor would be to protect the interests of the

21. Institute for Government (2011-forthcoming) *Making the Most of Mayors*



people he or she has been elected to serve over the interests of the wider area. Council leaders have the added consideration of party politics – a mayor can not be unseated by his or her party group due to the process of direct election.<sup>22</sup>

As the Mayor of Lewisham has previously stated “as a council leader I was always conscious of having two constituencies...there was the actual ward, the small area you represent, and then there was your party group. Now I only really have one constituency and that’s everyone in the Borough who votes. That changes the way you look at things, and the way you think.”<sup>23</sup>

Councillors have the added difficulty of operating in a system of “election by thirds”. Election by thirds is the process of re-electing one third of the councillors in a local authority in three years out of four. This creates constant change within the council chamber, and as Table 2 shows, can also create a constant change of leadership.<sup>24</sup> As a result, the ability of a council to focus on taking longer term strategic decisions which support economic growth is undermined.<sup>25</sup>

“Local political tensions are often played out in planning”

**Table 2:**  
**Leadership churn in the 11 cities holding referenda on elected mayors and Leicester**

City	Number of leaders since 2007	Years of no overall control
Bristol	7	5
Leicester	6	1
Leeds	5	5
Coventry	4	3
Newcastle	4	0
Sheffield	4	3
Bradford	3	9
Liverpool	3	0
Nottingham	3	0
Birmingham	2	6
Manchester	1	0
Wakefield	1	0

Source: Institute for Government own calculations

The view of one consultee during the Institute for Government’s recent Mayors Tour was that the current political model resulted in yearly elections that generated “three months of political paranoia” before the election and “three months of political exhaustion afterwards” leaving only six months of productive time each year.

### ***This is a particular problem for strategic planning***

These local political tensions are often played out in planning. Local residents, who bear the cost of developments, are likely to resist planning proposals that have

22. Leach S *et al* (2005) *Local political leadership in England and Wales* York: Joseph Rowntree Foundation

23. Fenwick J, Elcock H & McMillan J (2006) ‘Leadership and Management in UK Local Government: A Role for Elected Mayors’ *International Review of Administrative Sciences* 72(3): 431-447

24. All local authorities in the table operate election by thirds aside from Leicester and Nottingham who operate whole council elections. [www.communities.gov.uk/localgovernment/local/governanceelections/electionarrangements/](http://www.communities.gov.uk/localgovernment/local/governanceelections/electionarrangements/)

25. Leach S *et al* (2005) *Local political leadership in England and Wales* York: Joseph Rowntree Foundation



city-wide benefits. For example, the New Homes Marketing Board commissioned a survey that found that although 81 percent of people believed that Britain needs more housing just 50 percent wanted more homes in their own neighbourhoods.<sup>26</sup> Such attitudes can create a clear conflict for councillors between doing what's best for the wider local economy and representing the views of their ward constituents.

A topical example is the on-going dispute over proposals to move Bristol City Football Club's stadium to a nearby site in the city and develop new housing, restaurants and a hotel.<sup>27</sup> The development is forecasted to generate around £150 million of private sector investment for the city.<sup>28</sup> But despite being granted planning permission, local residents (who fear a rise in local congestion and a loss of green space) have stalled progress of the development by applying for Town and Village Green status for the land. As a result the future of the development is now in question.<sup>29</sup>

### The role for mayors: strategic decision making

Through their security of tenure, executive powers and local authority-wide mandate to act, mayors have the potential to push through decisions of strategic importance which whilst being contentious would benefit the city economy.

Direct election by residents from across a city, not just a single ward, will encourage strategic decision making. This is because mayors will be elected to represent the interests of a city as a whole. Although at a larger spatial scale, the ability of the Mayor of London to introduce congestion charging compared to the difficulties faced in Greater Manchester outlined in Box 3 below illustrates how mayors have the potential to take difficult decisions that are of benefit to the economy.

#### Box 3: Congestion charging: London versus Manchester

Ken Livingstone adopted congestion charging as a key element of his successful 2000 election manifesto. The impacts of the scheme have been beneficial, reducing traffic delays inside the zone between 20 and 30 percent.<sup>30</sup> This is in contrast to the experience of Manchester, whose proposed charge would have entitled Manchester to a £3billion in central government funding to help fund transport improvements including a Metrolink expansion. Although seven out of Greater Manchester's ten councils supported the charge, which was first proposed in May 2007, a referendum was called after all ten councils could not agree on whether to introduce the charge. The referendum was rejected in December 2008 by nearly 80 percent of voters. The unwillingness of political leaders to commit to potentially unpopular decisions was a crucial element of this failure: in fact, a review of road pricing in England revealed how strong or weak political advocates can speed or delay pricing plans.<sup>31</sup>

26. Twinch E (2010) 'Nimby views harden despite housing need' Inside Housing, 1 December 2010

27. 'Bristol City Football Club: New stadium at Ashton Vale; Planning Application Number 09/02242/P. See [www.bristol.gov.uk](http://www.bristol.gov.uk)

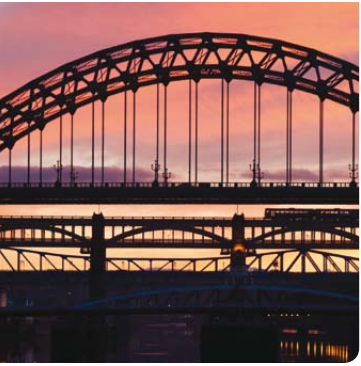
28. [www.westerneye.net/sports/2011/02/ground-vs-green-part-1/](http://www.westerneye.net/sports/2011/02/ground-vs-green-part-1/)

29. 'Ashton Vale - Application for Town and Village Green Status Inspectors Report' See [www.bristol.gov.uk](http://www.bristol.gov.uk)

30. Transport for London (TfL) (2008) *Central London Congestion Charging: Impacts Monitoring Sixth Annual Report: July 2008* London: TfL

31. Richards M (2008) 'Congestion Charging: An Idea Whose Time Has Come - But Not Yet, At Least Not In England' *Transportation Research Record: Journal of the Transportation Research Board* Issue 2079: 21-28

“Mayors have the potential to push through decisions of strategic importance which whilst being contentious would benefit the city economy”



**The process of direct election gives mayors a mandate from the electorate to ensure their manifesto becomes a programme for implementation.**<sup>32</sup> One mayor interviewed by the Institute for Government stated “*You’ve got the mandate to do it and nobody can argue really. And that’s quite powerful, I mean no council leader has that respect. It is hugely different, which is not to say that some council leaders don’t act like they do, but that’s not the issue... it’s the democratic mandate.*”

Furthermore, mayors will be held accountable locally for failing to deliver on their manifesto. One study found that 25 percent of voters in London would hold the Mayor of London accountable for transport (over which he has clear responsibility) whereas only seven percent would hold him accountable for police (where responsibility is less clear).<sup>33</sup>

**The greater security of tenure mayors will enjoy will reduce political instability and facilitate difficult strategic decision making.**<sup>34</sup> By operating on a four year term mayors will reduce the churn in council leadership and bring greater stability to councils where councillors are elected by thirds. The positive impact of this was highlighted many times in the course of the Institute for Government’s interviews. A consultee in one city felt that it might encourage a situation where “*harder decisions [are] being taken rather than avoided.*” And in another city it was stated that a mayor “*would do away with their crippling political instability*” a result of there being no overall control of the council from 2003/07.

Therefore, the executive position, mandate and security of tenure of the elected mayor puts them in a stronger position than a current cabinet leader to decisively respond to pro-growth opportunities. But a mayor will only be able to act decisively over issues that he or she has a formal remit.

This remit is relatively narrow compared to other mayors around the world. In New York City, the Mayor runs all of New York’s public services, while the Mayor of Paris has vast powers over transport, planning, housing and primary schools with a current budget of approximately £6billion.<sup>35</sup> In addition, U.S. mayors also have far more financial powers which give them greater influence when they negotiate with other interest groups, as well as a direct mechanism to respond to opportunities for economic growth.<sup>36</sup>

Mayors in English cities do not have similar policy levers. The English mayor’s ability to effect action is limited by the low level political powers granted to councils in England.<sup>37</sup> Mayors will need to represent their place and communicate the reason why other actors should support the city’s growth agenda. The paper now turns to address this challenge.

32. Stoker G (2004) *How Are Mayors Measuring Up? Preliminary Findings – ELG Evaluation Team* London: ODPM

33. IPPR & PricewaterhouseCoopers (PWC) (2009) *Who’s accountable? The Challenge of Giving Power Away in a Centralised Political Culture* London: PWC

34. Leach S et al (2005) *Local political leadership in England and Wales* York: Joseph Rowntree Foundation

35. Crerar P (2010) ‘Boris Johnson to get ‘superpowers’ if Tories win election’ London Evening Standard, 30 April 2010

36. Hambleton R & Sweeting D (2004) ‘U.S.-Style Leadership for English Local Government?’ *Public Administration Review* 64 (4): 483

37. Copus C (2009) ‘English Elected Mayors: Developing a new form of local political leadership in England or moving on in the same old style’ In Delwit P et al (eds) *Local Political Leadership in Europe: Town Chief, City Boss or Loco President?* Bruges: Vanden Broele Publishers, 29-57

“The greater security of tenure mayors will enjoy will reduce political instability and facilitate difficult strategic decision making”



## B. Mayors can act as the representative of their city

Cities need to engage a range of different audiences, in particular central government and business communities, around their vision for the economy. Despite moves towards greater devolution of power from Whitehall to local government, cities will need to continue to lobby central government to use key policy levers held at a national level for the benefit of their local economies. They must also continue to reduce the bureaucracy that businesses face when interacting with local government.

The visibility, legitimacy and mandate that direct election gives to mayors allows them to communicate what their area needs to develop economically.<sup>38</sup> This could allow them to more persuasively argue their case to Whitehall and interact more effectively with businesses.

### ***Cities need to interact with a range of stakeholders, including central government***

Cities need to have an ongoing relationship with central government.<sup>39</sup> Even in a more devolved system, Whitehall will continue to retain some of the policy levers that have a direct impact on local economic growth. In part this is because it is more sensible to make some policy decisions at a national level. But it is also because the UK is the most centralised country in Europe – the UK’s local authorities raised just 17 percent of their income from local taxation in 2005 compared to the OECD average of 55 percent.<sup>40</sup>

Cities will also need to continue to strengthen and refine their links with the private sector to get a better understanding of the barriers that may be hindering growth in their economies. Bureaucracy, jargon, slow decision making, tick box consultations, the raft of organisations businesses have to navigate and the number of different boards and partnerships asking them for their time are key frustrations for business when engaging in local policy making.<sup>41</sup> The importance of having a single point of contact is a key concern in the business community, with eleven of the twelve Chamber of Commerce senior officials interviewed by the Institute for Government in the mayoral cities suggesting they would welcome a figurehead who could provide a focal point for business relations.

### ***Transport policy is an area where central government retains significant influence***

Transport serves as a good example of the impact of this governance challenge. Although local authorities currently hold some powers over transport,<sup>42</sup> approval is still needed from the Department for Transport for projects over £5 million. This means that local authorities are required to put a strong case to central government for any transport policies over this threshold.

38. Randle A (2004) *Mayors Mid-Term Lessons from the First Eighteen Months of Directly Elected Mayors* London: NLGN

39. Leach S et al (2005) *Local political leadership in England and Wales* York: Joseph Rowntree Foundation

40. Blöchliger H & Petzold O (2009) *Taxes of Grants: What Revenue Source for Sub-Central Governments?* OECD Economics Department Working Paper, No. 706. France: OECD Publishing

41. Hinchcliffe S (2009) *Tackling Worklessness a Series of 'How To' Guides for Councils and their Partners Engaging Business to Create Healthier and Wealthier Communities* London: IDEA; BCC (2009) *Local and Regional Government Policy Brief* London: BCC and BCC (2009) *Back to Business: Local Solutions* London: BCC

42. As set out in the *Local Transport Act 2008* London: The Stationery Office

“Cities will need to continue to strengthen and refine their links with the private sector to get a better understanding of the barriers that may be hindering growth”



The basis on which local authorities are able to do this is, however, is variable. One respondent from interviews conducted by the Institute for Government suggested that his city had lost out in the “beauty contest” of cities bidding to the centre for transport funding in particular. This then has an impact on the local economy – previous Centre for Cities research estimated that investing in transport links into Leeds city centre would deliver economic benefits of £65 million,<sup>43</sup> and investing to improve links between centres within the Leeds City Region would bring similar levels of economic benefit.<sup>44</sup>

## The role for mayors: act as an advocate and figurehead

### There is a role for mayors to act as advocates to central government.

Mayors can advocate because they are directly elected and have the visibility, legitimacy and mandate to communicate<sup>45</sup> what their area needs from central government to implement successful local economic development policies. Evidence suggests that leadership from the core local authority of a city economy is key in terms of exerting influence on central government.<sup>46</sup>

The case study of Crossrail in London below highlight how the mayor was able to lobby for transport policies that he believed would bring economic benefit to the London economy as a whole.

#### Box 4: Securing central government support: Evidence from Crossrail in London

Crossrail demonstrates the role a local advocate can play. Originally proposed in 1989, Crossrail was not able to secure funding until nearly twenty years later when former mayor Ken Livingstone was able to convince central government of its importance to London’s economy. Critically, he was also able to convince local businesses to provide funding for the scheme through a Business Rate Supplement Tax.<sup>47</sup> More recently, the efforts of current mayor Boris Johnson ensured central government’s continued financial support for Crossrail despite significant cuts to public spending in 2010.

**The mayor’s greater visibility can also help to create a more obvious interface between the public and private sectors** in a local authority than is currently the case. Having one point of contact for businesses can ease the burden of bureaucracy that the private sector currently faces when interacting with the public sector.<sup>48</sup> Indeed, the 2007 evaluation of New Council Constitutions concluded that “*the mayoral option [as introduced in the 2000 Local Government Act] appears to*

43. Benefits expected in 2016 had the investment packages been implemented in 2006. Data in 2002 prices.

44. Marshall A & Webber C (2007) *The Case for Better Transport Investment: Agglomeration and Growth in the Leeds City Region* London: Centre for Cities

45. Randle A (2004) *Mayors Mid-Term Lessons form the First Eighteen Months of Directly Elected Mayors* London: NLGN

46. Harding A, Rees J & Sensier S (2010) *Agglomeration and Governance: Greater Manchester in a European Perspective* Manchester: New Economy Working Papers

47. Gannon M (2010) *A Pilot Study to Assess the Representation of Political Support in the Business Case for Public Transport Capital Projects in the UK* Corby: Chartered Institute of Logistics and Transport

48. FIAS (2008) *Special Economic Zones: Performance, Lessons Learned, and Implications for Zone Development* Washington DC: The World Bank Group

“Evidence suggests that leadership from the core local authority of a city economy is key in terms of exerting influence on central government”





*provide a clearer structure for the exercise of community leadership with respondents from mayoral authorities more likely to indicate that the new arrangements enable better relations with partners*".<sup>49</sup> Having a single point of contact and a clearer administrative structure are also key in enabling better relations with partners including the business community. The case study of the Mayor of Indianapolis indicates how this could be done.

#### **Box 5: Stephen Goldsmith (Mayor of Indianapolis 1992-2000)**

Former mayor of Indianapolis Stephen Goldsmith consulted extensively with businesses in order to understand their needs and inform local development initiatives. His Existing Industry Task Force surveyed thousands of manufacturers and distributors and led a series of town hall seminars in which executives and plant managers provided their views. The Task Force allowed political leaders to learn about key issues facing industry leaders regarding the burden of taxes and regulations, infrastructure needs, and workplace development. He also increased the amount of information available to local businesses via a "local development alliance" between the local development corporation, utility providers, and businesses. Indianapolis received national accolades for the business-friendly climate that emerged as a result of these initiatives: vacancy rates were half the national average, new construction projects had begun all over the city, and unemployment fell to a record low of 2.1 percent when Goldsmith left office.<sup>50</sup>

**"Cities need to be able to champion their growth agenda to different audiences including central government and the business community"**

Cities need to be able to champion their growth agenda to different audiences including central government and the business community. The greater visibility of an elected mayor, being identified as 'leader of the place', and the ability to act as a single point of contact, which, in turn, can act decisively and get things done, puts elected mayors in a unique position to champion the city's interests.

However, actors upon whom a local growth agenda depends are unlikely to be attracted to a city if there is a significant disjoint between the pro-growth agenda the city leader is championing and the actions of the rest of the public service landscape. Thus, this paper now turns to address the challenge of bringing coherence to the public service landscape.

### **C. Mayors can bring coherence to public services**

There are many different arms of the public sector that operate in a local authority, often independently of each other. This leads to duplication of effort which is both very costly to the taxpayer and creates confusion for the end user.

The strategic oversight of the mayor, driven by a clear vision, can help to reduce some of this inefficiency by encouraging different parts of the public sector to better understand the role that they play in wider public service provision within a local authority.

49. ELG Research Team (2007) 'The New Council Constitutions: the Outcomes and Impact of the Local Government Act 2000' DCLG: London

50. Reingold J, Wootton J & Hahn A (2000) *The Indy Story. Urban Systems Reforms and Community Revitalization in Indianapolis During the Stephen Goldsmith Years (1992 - 1999)* Baltimore: The Annie E. Casey Foundation



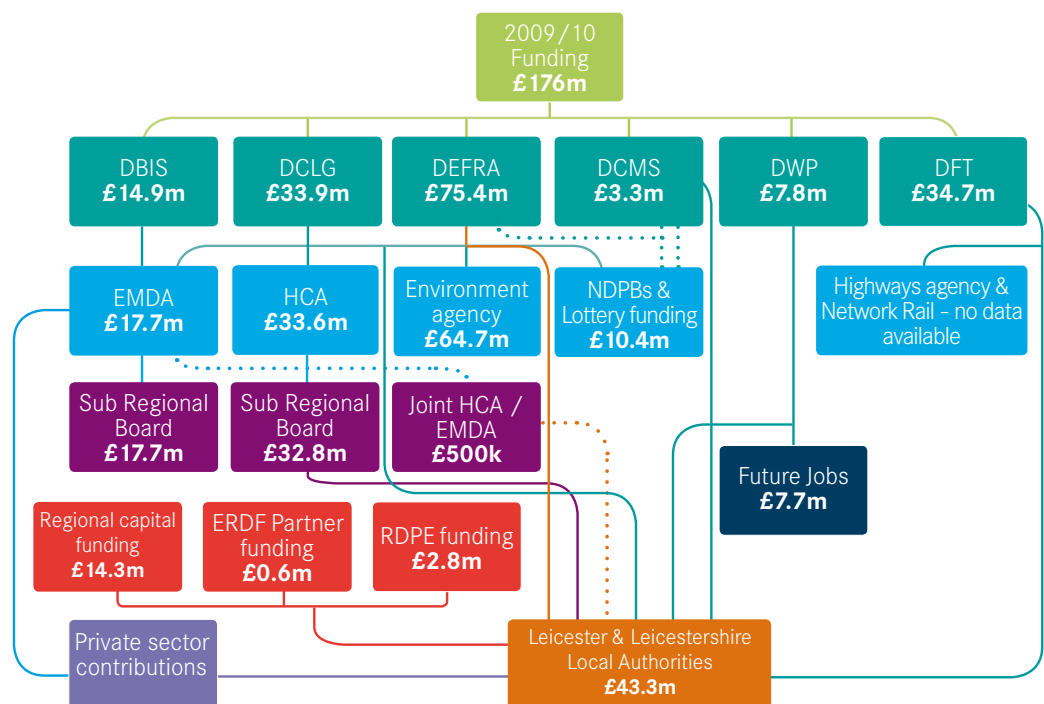
## Coherence failures in the public sector waste taxpayers' money

The lack of coherence between the various organisations that operate within a local authority often leads to inefficient policy delivery and service provision. The array of public sector organisations that operate within a local authority include JobcentrePlus, the NHS and further education colleges, among others. Many of these bodies operate within separate funding streams and accountability frameworks meaning they often pursue separate or conflicting objectives. The result, as the Total Place pilots highlight, is duplication and overlap.<sup>51</sup>

City leaders need to pull local public services together behind their local growth strategy and ensure that actors over which they have a legitimate influence support the growth strategy. Without doing so, policy development can be disjointed. Unfortunately the multitude of planning frameworks that have been developed in the past have sometimes compounded these problems – for instance long term priorities contained in Sustainable Communities Strategies often have not adequately been reflected in Local Development Frameworks (LDFs).<sup>52</sup> To reduce this confusion, city leaders need to ensure that different, inter-related strategies, from transport to housing, are coherent.

This lack of coherence is costly. A joint National Audit Office and Audit Commission report estimated that for every additional layer of administration that is present within a delivery chain, up to 20 percent of funding is lost. Leicester estimated that for economic development (excluding education, skills and housing) it costs £135 million in overheads to spend £176 million on projects in Leicester and Leicestershire. Figure 2 shows the myriad of funding streams for economic development in the area for 2009/10.

**Figure 2:**  
**Economic Development Funding Map in Leicester and Leicestershire**



Source: Leicester and Leicestershire Total Place Final Report (2010) Leicester and Leicestershire Public Service Board

51. HM Treasury (HMT) (2010) *Total Place: A Whole Area Approach to Public Services* London: HMT

52. DCLG (2006) *Strong and Prosperous Communities The Local Government White Paper Volume One* London: The Stationery Office



In addition to creating inefficiency and increasing costs, the duplication in service provision creates confusion for users. Public sector services are available to residents and business through a variety of different channels with no ‘one stop shop’ from which all services can be accessed. And as with the lack of one point of contact, as highlighted above in representation, having many different points of entry for similar services can create confusion. This issue was highlighted in the Total Place pilot areas. In Leicester and Leicestershire alone around 450 face-to-face service points, 65 call centres and 75 websites providing customer services were found to be in operation.<sup>53</sup>

### ***This is particularly a problem for publicly funded skills provision***

Adult skills provision in England is widely derided for being complicated and inefficient. A survey of skills providers in Birmingham, for example, showed that there were 10 different public sector bodies for post-16 education alone.<sup>54</sup> Not only is this likely to generate a great deal of waste, it has also created a great deal of frustration for employers and individuals in accessing a system that the head of the UK Commission for Employment and Skills recently described as “*mind-blowingly complex*”.<sup>55</sup>

### **The role for mayors: creating coherence in public service delivery**

**Mayors are likely to be able to play a strategic role overseeing multiple arms of the public sector.** This is because of the strategic oversight function afforded to the mayoral position and the legitimacy granted by direct elections that allow mayors to influence and unite local actors behind a coherent pro-growth approach.<sup>56</sup>

#### **Box 6: Networked leadership**

*“I would say that my role is largely influencing, lobbying, persuading, networking, bringing people together, and seeing possibilities.”*

*“[I see my role as] being a like a thread which runs through the place drawing together different actors, helping them communicate and work together.”*

*“Influence is the key... people want to talk to a directly elected mayor because they accept that you’re in position because of the result of an election in which everyone had the opportunity to take part.”*

*“The challenge now is to secure the right conditions for the economy to create the jobs and prosperity of the future. And that requires partnership working. The role of the mayor is key.”*

Mayors can bring coherence to the public sector landscape by leveraging their soft powers. The mayors interviewed on the Institute for Government’s *Making the Most of Mayors* project (Box 6) suggested that being directly elected gave them the

53. HMT (2010) *Total Place: A Whole Area Approach to Public Services* London: HMT

54. Although not exhaustive, the skills providers in Birmingham included Apprenticeships, Train to Gain, Jobcentre Plus, Local Employment Partnerships, Grad Central, Graduate Advantage, Manufacturing advisory Service, Leadership and Management project, Graduate Works, Workplace Learning Centres, as well as various projects co-financed by the European Social Fund.

55. Turner D (2008) ‘*Executives Attack State Skills Bodies*’ *Financial Times* 26 June 2008

56. Schaap L, Daemen H & Ringeling A (2009) ‘*Mayors in Seven European Countries: Part II - Performance and Analysis*’ *Local Government Studies* 35(2): 235 – 249

**“Wider evidence suggests that international mayors attach great importance to their networking functions”**



legitimacy to be influential outside their direct remit. This wider, informal, influence allows the mayor to act as a networker and convenor of local partnerships, shaping and influencing a range of actors and organisations into broader coalitions of interest and alliances around key local issues.<sup>57</sup> This is further supported by wider evidence which suggests that international mayors attach great importance to their networking functions, spending much of their time meeting local business, trade unions and voluntary group leaders.<sup>58</sup>

The Mayor of London does not have to rely only on his wider influencing powers to bring about coherence however. As Box 7 shows, the position also has a range of formal roles over different parts of public service provision, such as chairing

Transport for London and appointing London's Transport Commissioner. Of particular importance are the mayor's strategic powers exercised through the London Plan, and his oversight of a range of delivery organisations exercised both through chairing and appointing members of their boards. Under the proposed model a directly elected mayor will not have this same formal representation and so is likely to have a lower impact than the Mayor of London currently has in aligning the actions of the public sector within his or her local authority.

#### **Box 7: The coordinating role of the Mayor of London**

The Mayor of London illustrates how the mayor can bring coherence to public sector service provision. Firstly, the Mayor of London has a very wide sphere of influence, chairing for example the London Skills and Employment Board (LSEB), Transport for London (TfL) and the Homes and Communities Agency (HCA) London Board.<sup>59</sup>

Secondly, the London Plan (and other plans required by statute) overcomes a lack of overarching strategic direction by providing a framework and set of priorities which the 33 London Boroughs are signed up to and work towards. Finally, and with regards to planning specifically, the Boroughs and City of London have to refer planning applications of strategic importance to the Mayor of London for approval, which includes large scale development of more than 150 flats/houses.<sup>60</sup> This helps ensure that the local authorities work within the framework defined by the Mayor.

In order to have a coherent policy approach to a local economy, the public sector needs to work as one unit not only within local authority boundaries but between them too. We now turn to the requirement for cross boundary working to support economic growth.

57. Copus C (2004) 'Directly Elected Mayors: a tonic for local governance or old win in new bottles' *Local Government Studies* 30(4): 576-588 ; Schaap L, Daemen H & Ringeling A (2009) 'Mayors in Seven European Countries: Part II - Performance and Analysis' *Local Government Studies* 35(2): 235 - 249

58. Elcock H (2008) 'Elected Mayors drawing lessons from four countries' *Public Administration* 86(3): 795-811

59. Register of Interests, <http://www.london.gov.uk/who-runs-london/mayor/boris-johnson/register-interests>

60. The Town and Country Planning (Mayor of London) Order 2008

**“In order to have a coherent policy approach to a local economy, the public sector needs to work as one unit not only within local authority boundaries but between them too”**



## D. Mayors can help develop collaboration between neighbouring local authorities

The economic footprints of cities usually stretch beyond local authority boundaries and to support economic growth effectively policies should be implemented across this spatial scale. The implementation of policies across smaller areas can lead to fragmented policy design which can hinder economic growth. Transport policy is an example of where this problem often arises.

As the leader of the ‘economic hub’ of a city – the area containing the vast majority of a city-region’s businesses and jobs – a mayor is likely to have some legitimacy to lead the wider area. However, cross boundary working will have limitations under the local authority mayoral model as the mayor will not have a direct mandate to govern the wider area that a city economy covers.

### ***Policies are not implemented across functional economic areas, which can hinder growth***

The functional economies of cities often go beyond the administrative boundaries of local authorities. For example, the urban core of Liverpool goes beyond the boundaries of Liverpool local authority to encompass Sefton, St Helens, Knowsley and West Lancashire too.<sup>61</sup> Ideally any policy designed to influence economic growth should act over the same spatial scale as the economy itself – it is much more difficult to implement a transport policy, for example, if you have to stop your planning at the boundaries of the local authority rather than basing it on how people journey to work. However, current local economic policy tends to be implemented with respect to administrative boundaries rather than economic boundaries. This creates a fragmented approach to policy design that is likely to hinder rather than foster growth.<sup>62</sup>

The challenges to successful cross boundary working are well known. Work by the Department for Communities and Local Government found that long-standing difficult relationships between neighbouring authorities and the logistics of organising joint working given staffing, timing and other resource constraints provided barriers to cross local authority collaboration.<sup>63</sup> The failure to implement a congestion charge in Manchester compared to the success in London described earlier in Box 4 illustrates this point.

Greater Manchester has tried to overcome this problem initially by setting a city wide agenda through the Association of Greater Manchester Authorities, and more recently through the establishment of a Combined Authority,<sup>64</sup> and the development of a shared evidence base, the Manchester Independent Economic Review. This approach is innovative and an important step forward but still has its challenges; for example, some feel that aspirations for the city don’t always flow through to key partner organisations or outward to key local stakeholders.<sup>65</sup>

61. This is the Travel to Work Area definition of Liverpool as used in *Grand Designs? See Webber C et al (2010) Grand Designs? A new approach to the built environment in England’s cities* London: Centre for Cities

62. Cheshire P & Magrini S (2009) ‘Urban Growth Drivers in a Europe of Sticky People and Implicit Boundaries’ *Journal of Economic Geography* 9(1): 85-115

63. O’Rourke T (2008) *Cross boundary working: Spatial Plans in Practice: Supporting the Reform of Local Planning* London: DCLG

64. The Greater Manchester Combined Authority will have powers over issues that cross local authority borders, such as such as transport and elements of economic development and housing.

65. Harding A, Rees J & Sensier S (2010) *Agglomeration and Governance: Greater Manchester in a European Perspective* Manchester: New Economy Working Papers

“Current local economic policy tends to be implemented with respect to administrative boundaries rather than economic boundaries - creating a fragmented approach to policy design”



### ***This is a particular problem for transport policy***

Transport is a very obvious area of public policy that stretches across local authority boundaries, linking residents to jobs within a city economy. Unfortunately, our major cities' **transport networks suffer from fragmented governance, poor integration and under investment** which has led to poorly performing transport systems. For example, a study in 2006 found that in one area up to ten metropolitan authorities and the Passenger Transport Authority (now known as a Passenger Transport Authority) are required to cooperate to deliver the city's bus priority measures. Having so many bodies involved is likely to increase costs and can slow or even stall the progress of transport improvements.<sup>66</sup>

As a consequence of these factors, in 2008/09, for example the average speed travelled in Greater Manchester during the morning rush hour was just 14 miles per hour.<sup>67</sup> And most of the major cities outside of London saw a decline in bus patronage between 2002/03 and 2007/08.<sup>68</sup> At a national level, the cost of congestion for businesses has been estimated at €31.20 per hour in urban Britain compared to €12.10 in urban France.<sup>69</sup>

### **The role for mayors: encourage collaboration**

Many of the mayoral cities are the economic hub of their wider economic area. For example, half of jobs in the Liverpool and Leicester functional economies are located in the core local authority. **Being leaders of the 'economic hub' of the economy could lend legitimacy to mayors to encourage collaboration between local authorities over the wider city economy.**<sup>70</sup> The case study of Denver mayor John W. Hickenlooper below shows how a combination of formal powers combined with softer persuasive tactics can enable successful cross boundary collaboration. In London, bus passenger journeys increased from 2002/03 to 2007/08 by 33 percent in contrast to declines of 15 percent in Tyne and Wear and 5 percent in Merseyside.<sup>71</sup> This contrast is due at least in part to London being the only city to retain tight central control over its bus network across the functional economic area through Transport for London. Other cities however, have suffered from more fragmented transport governance structures.

The required approach needed to encourage cross boundary working is likely to vary from city to city due to very different political landscapes in their areas. The Institute for Government's *Making the Most of Mayors* research<sup>72</sup> found that the general acceptance of Bristol's position as the urban core of the wider local economy puts any potential mayor in a strong position to lead cross boundary working between local authorities in the area.

66. Eddington R (2006) *The Eddington Transport Study The Case for Action: Sir Rod Eddington's Advice to Government* London: The Stationery Office

67. The average person journey time per mile was 4.43 minutes, see: Department for Transport (2010) Local Authority Congestion Statistics – National Indicator 167 (variant 1)

68. Preston J, Marshall A & Tochtermann L (2008) *On the Move: Delivering Integrated Transport in Britain's Cities*, London: Centre for Cities

69. Leape J (2006) 'The London Congestion Charge' *Journal of Economic Perspectives* 20 (4): 157-176. Data in 2002 prices.

70. Harding A, Rees J & Sensier S (2010) *Agglomeration and Governance: Greater Manchester in a European Perspective* Manchester: New Economy Working Papers

71. Preston J, Marshall A & Tochtermann L (2008) *On the Move: Delivering Integrated Transport in Britain's Cities*, London: Centre for Cities

72. See <http://www.instituteforgovernment.org.uk/tour-of-english-cities-expecting-elected-mayors/> for more information

**“Being leaders of the ‘economic hub’ of the economy could lend legitimacy to mayors to encourage collaboration between local authorities over the wider city economy”**



The opposite is the case in Newcastle – the close proximity of Sunderland means that Newcastle’s role as the urban core of the wider economy is much less clear.<sup>73</sup> This would make it more difficult for a mayor of Newcastle to take the lead on cross local authority working.

#### **Box 8: John W. Hickenlooper (Mayor of Denver 2003-2011)**

John W. Hickenlooper’s approach to cross-boundary working was critical to the success of FasTracks, a \$4.7 billion mass-transit plan for Denver and one of the largest in the USA. In order to persuade voters to support a sales tax increase to fund the scheme, Hickenlooper convinced all 32 mayors in the Denver metro area of the plan’s merits.

Hickenlooper’s efforts were successful because they were part of a larger effort to reach out to suburban leaders that included tactics like partnering on inward investment efforts as well as symbolic gestures like replacing iconic Denver-related images at City Hall and the airport with ones that reflected the region as a whole. Hickenlooper says the newfound political unity “*demonstrates the region is acting like a city-state and getting over petty differences about who gets a slightly bigger piece of the pie*”.<sup>74</sup> Indeed, Hickenlooper’s work reduced competition between Denver and suburban areas which had previously bragged about the jobs and businesses they had poached from Denver.

**“A mayoral system certainly needs to build in appropriate checks and balances, and there must be compelling reasons for cities to adopt such a model”**

Local Enterprise Partnerships offer an opportunity for mayors to help coordinate economic development policy across a city economy. The partnerships have been tasked with overseeing economic development in their area, and mayors should aim to work with the partnerships to align local economic policy. But given the political sensitivities outlined above it is likely that cross boundary working will continue to have its challenges under the local authority mayoral model. A mayor can only take you so far when he or she has a mandate for as single local authority only. This will limit the success of mayors’ potential attempts to take a city regional approach to policy making. These political realities need to be recognised.

73. The Northern Way (2009) *City Relationships: Economic Linkages in Northern city regions Tyne & Wear City Region*, Newcastle: The Northern Way

74. Greenblatt A (2005) ‘Governing Magazine Names Denver Mayor One of 2005 Public Officials of the Year’ *Governing Magazine*, November 2005



## 4. Challenges in bringing in mayors

The mayoral model is a way to solve many of the problems associated with the local economic policy making. But there are limitations to what can be achieved, especially if there are serious underlying problems failings in the local political system. A mayoral system certainly needs to build in appropriate checks and balances, and there must be compelling reasons for cities to adopt such a model.

### Mayors can solve many, but not all, problems

The introduction of directly elected mayors is not a new policy. The Local Government Act 2000 gave local authorities the chance to introduce a directly elected mayor with either a cabinet or an appointed council manager. The response was not overwhelming – only 37 local authorities held referenda, of which only 12 voted for mayors.<sup>75</sup>

Most of these mayors have been effective. The two cases to the contrary – Stoke and Doncaster – are both local authorities with previously weak, even dysfunctional, local leadership.<sup>76</sup> In these two cases mayors have not solved the underlying problem, but neither are they its cause. However, Hackney and Middlesbrough are also cases when a mayor was created to tackle dysfunctionality in the local council; in these cases it has clearly succeeded. Of the twelve mayors established in 2002 the decision to establish around three quarters of these reflected some sort of dissatisfaction with the previous regime.<sup>77</sup>

### Sufficient checks and balances are required

As argued above, a benefit of the mayoral model is the greater ability to take strategic decisions which may create costs for some individuals but have a wider economic benefit. However, there need to be sufficient checks and balances. The London Assembly provides this counter balance to the Mayor of London, and similar function should be performed by councillors where a directly elected mayor is installed. The Institute for Government's forthcoming publication *Mayors and the Localism Bill* makes more detailed recommendations on appropriate overview and scrutiny arrangements.<sup>78</sup>

### There must be compelling reasons to adopt a mayoral model

The Mayors Tour conducted by the Institute for Government discovered resistance to the mayoral model was largely concentrated in the current local government of the cities that will hold a referendum on a directly elected mayor. Some of the reasons cited were that mayors are unlikely to have an impact and that the current governance structure works well as it is.

75. Hope N & Wanduragala N (2010) *New Model Mayors: Democracy, Devolution and Direction* London: NLGN

76. Stoker G (2004) *How are Mayors Measuring Up? Preliminary Findings - ELG Evaluation Team* London: ODPM

77. Stoker G (2004) *How are Mayors Measuring Up? Preliminary Findings - ELG Evaluation Team* London: ODPM

78. Adonis A & Smith S (2011-forthcoming) *Mayors and the Localism Bill: A Letter to the Department for Communities and Local Government* London: Institute for Government

“Ultimately we see a merging of the mayoral and AGMA models as the best way forward, creating a directly elected mayor for Greater Manchester”





Part of this antipathy towards a mayor is likely to be because of the shortcomings of the proposed model as highlighted above. A mayoral model that had the formal powers and geographical remit of the Mayor of London would be likely to be much more appealing to cities because it would represent a much greater departure from the current structure of local government.

### **A mayor is only one type of governance model**

A mayor is not the only form of governance that has the potential to overcome some of the governance challenges set out above. The local authorities of Greater Manchester have worked together for the last 25 years as the Association of Greater Manchester Councils (AGMA). This has culminated this year in forming the Greater Manchester Combined Authority which is tasked with addressing policies such as transport that have an impact wider than one local authority.

The progress that AGMA has made has been very impressive, particularly in terms of overcoming the barriers associated with cross boundary working. The AGMA model is likely to be the only way to generate successful cross boundary working even with local authority directly elected mayors. But this relationship has taken many years to develop and, as we have seen above with congestion charging, is not without its difficulties. This long, and still unfinished, process of consensus building was necessary because Manchester lacked any representative political institution covering the whole of its local economy. There must be questions about the sustainability of a model that does not have firm institutional roots. Ultimately a merging of the mayoral and AGMA models, creating a directly elected mayor for Greater Manchester, would couple the advantages of a mayor with an economy-wide remit.

**“The current structure of local government means that it can be difficult to take tough timely decisions of strategic importance that would benefit a local economy”**



## 5. Conclusions and recommendations

The Localism Bill has proposed the introduction of a mayor at the core of eleven cities in England. Mayors have the potential to help improve the economic performance of these cities by overcoming four governance challenges that often hamper policy making at a local level. As well as a stronger executive position, a mayor's direct election as the civic leader of a city gives him or her a direct mandate, visibility and security of tenure not currently afforded to the cabinet leader of a local authority to overcome these challenges. By overcoming the governance challenges mayors have the potential to better support economic growth in their cities by primarily focusing on developing transport, planning and skills policies which are tailored to their area's unique circumstances.

The Government's agenda for devolution will give local authorities some extra flexibility allowing them to better respond to the varied challenges faced in different areas. Ultimately however, a stronger executive position and the benefits derived from direct election mean mayors have greater potential to overcome the governance challenges.

In order to overcome the governance challenges we recommend that new mayors use their security of tenure, executive position, visibility, mandate and local accountability derived from direct election to:

- Focus on taking long term strategic decisions that, whilst often being difficult, will support economic growth.
- Engage in negotiations with central government for what their area needs to develop economically and to continue to strengthen links with business.
- Influence and convene partnerships of public sector bodies who influence economic growth in their city and to bring coherence to a wider network of public sector actors. These organisations include the Skills Funding Agency, Young People's Learning Agency, JobCentre Plus and the Work Programme providers.
- Encourage collaborative working across the wider city economy using a leadership style which suits the political environment.

But mayors, as they are currently proposed, will not be able to overcome all of these governance challenges, and must seek further devolution of power from central government to account for this. In particular, mayors will require further formal powers and positions to help shape policy that has an economy wide impact. Given this, we also recommend the Localism Bill enables mayors to:

- Ensure the Core Strategy of the Local Development Framework (LDF) is a broad strategic spatial plan for their area which also looks beyond administrative boundaries, similar to the London Plan. The LDF as a statutory plan would hold weight setting the direction for all other plans and provide a basis for joint working with neighbouring local authorities on matters of strategic importance. The mayor should take decisions relating to policy and planning applications for development of strategic significance which have an impact on economic growth and employment. The planning committee of the authority would determine all other planning applications.

**“From an economic perspective, the proposed mayoral model should allow for mayors covering the whole of city economies”**



- Chair the Integrated Transport Authority. This would afford the mayor greater strategic influence over transport policy both within their local authority and across the natural economic area.
- Co-chair the Local Enterprise Partnership. This would enable the mayor to: affect decisions of strategic importance within the remit of the Local Enterprise Partnership like Enterprise Zones; coordinate the activities of other organisations both within their local authority and across the natural economic area; communicate to central government the needs of their area; and better engage with business.

### **From an economic perspective, the Localism Bill should also allow for metro mayors covering real economic areas**

Our review of evidence suggests that directly elected mayors will deliver benefits because they will be able to strengthen local governance. However, the efforts of local authority mayors to support economic growth will be focused on and therefore potentially limited to the area that they represent. As noted above, city economies often stretch far beyond the boundaries of their core local authorities. This means that a local authority mayor is likely to have a less influential role in economic development policy compared to a mayor that has authority for an extended area which relates to the wider local or regional economic area.

The picture could be most complicated in Leeds City Region where there is the possibility for a mayor in each of Wakefield, Leeds and Bradford, all operating in one Local Enterprise Partnership. In contrast, the Mayor of London does not suffer from this problem because of the wide geographic area that he covers that more closely reflects the economic area of London, encompassing 33 local authorities.

Ultimately we would like to see the best aspects of the London mayoral model made available to all of England's largest cities. This would focus on providing metro mayors with strategic powers over transport, planning and skills in all of England's largest cities. It will also be important to remain aware of the expansion of the London mayoral powers and consider where these should be applied to other metro mayors. A metro mayor could take strategic decisions at a spatial scale which reflects the real economy, improving the coherence of plan-making and decision taking. In addition, a metro mayor would be able to shoulder more powers and be a better advocate for their area both to central government as they would be elected from a larger base.

The Localism Bill should enable cities to choose to hold referenda for either metro mayors or local authority mayors in 2012. This would enable cities, where there is political appetite, to introduce a metro mayor. Where politics make this difficult a local authority mayor could still be introduced. This flexible approach would allow cities to progress with the implementation of a mayoral system at a speed appropriate to local circumstances. These additional powers may also make the metro mayoral model worth the disruption that moving to a new system of governance will inevitably cause.

**“Ideally mayors should cover functional economies and hold powers akin to the Mayor of London”**



More specifically, we recommend that metro mayors have the same powers to those identified for local authorities mayors but over a wider area, creating the opportunity to reduce duplication and streamline policy making and local authority services.

Over and above this, the Secretary of State should also give metro mayors powers to:

- develop a strategic spatial plan for their area similar to the London Plan, which local planning authorities must have regard to when developing or updating their LDFs;
- determine planning applications of strategic significance whilst all other decisions would be taken by the planning committee of the relevant local authority;
- chair the Integrated Transport Authority and appoint the board;
- co-chair the Local Enterprise Partnership and appoint the board.

Enabling metro mayors to assume these positions, particularly with regards to Local Enterprise Partnerships, would reduce the complexity of the economic development landscape.

***“We recommend that metro mayors have the same powers to those identified for local authorities mayors but over a wider area”***



## Authors

Paul Swinney & Rachel Smith, Analysts at the Centre for Cities.  
Kate Blatchford, Research Analyst at the Institute for Government.

## Acknowledgements

We would like to thank the following individuals for providing their professional opinion: Stephen Aldridge, David Brown, Anthony Browne, Christina Dykes, Dermot Finch, Nigel Hugill, Andrea Lee, James O'Shaughnessy, Alex Plant, Barry Quirk, Tony Travers, Ed Turner and Richard Wakeford.

Special thanks also to Christiana Gailey at the Centre for Cities and William Trott at the Institute for Government.

All views expressed in this report are those of the Centre for Cities and the Institute for Government and do not necessarily represent the views of those we interviewed.

### **Centre for Cities**

**The Centre for Cities is an independent, research and policy institute, committed to helping Britain's cities improve their economic performance.**

Centre for Cities  
Enterprise House  
59 - 65 Upper Ground  
London SE1 9PQ

**020 7803 4300**  
**info@centreforcities.org**  
**www.centreforcities.org**

Centre for Cities is a registered charity (No 1119841) and a company limited by guarantee registered in England (No 6215397)

### **Institute for Government**

**The Institute for Government is an independent charity with cross-party and Whitehall governance working to increase government effectiveness.**

Institute for Government  
2 Carlton Gardens  
London SW1Y 5AA

**020 7747 0400**  
**enquiries@instituteforgovernment.org.uk**  
**www.instituteforgovernment.org**

The Institute is a company limited by guarantee registered in England (No 6480524). Registered Charity (No 1123926)

