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CORE CITIES SUMMIT, BRISTOL

Speech by Dermot Finch, Director of the Centre for Cities at ippr, 26 June 2006

I've been asked to respond to Ruth Kelly's speech, and to the London and Core Cities Shared Platform – which Ken Livingstone and Richard Leese have just presented.

Ruth set out the tantalising prospect of greater powers for those cities and city-regions that go for a directly elected mayor. She said: “We need to ensure that leadership and accountability arrangements are commensurate with the powers on offer.”

That means more powers for mayors. Which is exactly what the Centre for Cities called for earlier this year, in our *City Leadership* report. More on that later.

Ken and Richard set out their new agenda for cities, with a renewed focus on the “Big 9” city-regions of London and the Core Cities. I agree with this focus on the Big 9. They are the real drivers of our economy.

But I have two major concerns. First, a “governance gap” is opening up between London and the Core Cities. As Ken gets more powers – and so he should – the Core Cities are being left behind. They need more powers too.

Second, there is a “performance gap” between London and the Core Cities – as well as within our major cities. Devolved powers would help our Core Cities perform better.

I agree with two key points in the Big 9 Discussion Document. First, the need to work across local authority boundaries. And second, the need for clear and visible leadership with sufficient powers and resources.

But cross-boundary working is difficult. Our cities need real financial incentives to work across boundaries. That's where city-regions make sense. We propose that local authorities within a city-region should be able to pool and spend a slice of business rate revenues on key transport projects.

Clear and visible leadership is essential. The Core Cities are now coming forward with plans for city-regional executive boards, involving the component local authorities and regional agencies. These are valid and sensible proposals, but may not be radical enough. And as Ruth suggested earlier, they may not unlock the powers that city-regions need.

Will the Government give Core Cities the same powers as London's Mayor? I think this is unlikely, without an elected mayor in place.

Our *City Leadership* report made the case for financial devolution to city-regions with elected mayors. City-regions make economic sense. The Treasury's recent Budget paper endorsed the city-region approach.

But giving city-regions political and institutional form is very difficult. As Ruth Kelly said, there's no single definitive blueprint. There's also a real concern about how city-region entities would take shape. How would they fit in with existing regional agencies?

We propose radical financial devolution for our biggest city-regions, starting with Greater Manchester and Greater Birmingham. City-region contracts of around £600 million per year, devolving big budgets for transport, skills, regeneration and housing. And new revenue-raising powers, with the proceeds going towards crucial transport projects.

Our biggest city-regions need these powers. And these powers would best be handled by an elected mayor. Elected mayors pass four key tests. They have democratic legitimacy. They are highly visible. They have strategic vision. And they have the power to deliver.

As Ruth Kelly has just suggested, the Government should offer greater powers for those cities and city-regions that go for an elected mayor. The more accountable cities are, the more powers they should get. Elected mayors, with a "clear mandate to take tough decisions across a city or wider metropolitan area", should be rewarded with tax and spending powers.

But there is little appetite for mayors outside London. As Ken said earlier, the British political culture prefers committees to mayors. That's partly why the Core Cities are taking the more modest option of executive boards. And we understand that elected mayors are not the only answer. There is no single blueprint. But before going for executive boards, Core Cities should give serious consideration to the mayoral model.

Ruth's speech today should trigger a renewed debate on city leadership. There is a window of opportunity now for empowered city-regions. We will be pressing for the Local Government White Paper to be as bold as possible – to include a clear menu of the powers and tools that would be available to elected mayors in our Core Cities.

We need to bridge that governance gap. Because with greater powers, our Core Cities will perform better. I look forward to continuing this debate with you.