

CAEE

The case for agglomeration economies in Europe

Targeted Analysis 2013/2/1

Appendix C2: Manchester Case Study | 30 June 2010



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1. Introduction and orientation

This is one of four case studies that underpin the CAEE study, part of the ESPON 2013 programme that is devoted to ‘targeted analyses’ and falls under category (2), ‘targeted analyses based on user demand’. The study, overall, has sought to link together two vigorous debates that have taken place, in academia and policy-making circles, largely independently, in recent years. The first focuses on the importance of ‘new’ agglomeration economies to patterns of European spatial economic change and especially the apparent ‘stretching’ of national and international urban hierarchies (i.e. growing differences in the economic performance of urban areas). The second concerns claims that are made for the emerging importance of governance arrangements for ‘natural economic areas’, as opposed to more arbitrarily-defined administrative ‘units’, in facilitating effective adaptation to economic change.

In bringing these two debates together, the CAEE study has attempted to go beyond a ‘black box’ approach to this positive correlation which tends to assume that beneficial economic effects are generated by city-regional/metropolitan tiers or units of governance *of any sort*. Instead, it has attempted to assess which characteristics of city-regional/metropolitan governance, if any, enable and shape agglomeration economies and with what effect by examining the experiences of case study metropolitan areas/city-regions and examining the particular forms of cross-jurisdictional governance - comprising various institutions, elected and non-elected, and different sorts of relationship between agencies and tiers of government and between public and private sectors – that apply in each case. It was only by attempting to understand *what* city-regional/metropolitan governance comprises, *how* it matters and *to whom* that the study could hope to improve upon existing knowledge and fulfil its aspiration to inform debates about policy choices and institutional design.

The case studies were designed to help identify what was contained within the ‘black box’ of metropolitan/city-regional governance and to examine the extent to which the activities associated with these governing arrangements were designed,

or could feasibly claim, to influence agglomeration economies. In adopting this focus, the CAEE study took care not to assume that the field of metropolitan/city-regional *governance* is defined entirely by metropolitan/city-regional *institutions*. Whilst institutions at this scale are important to varying extents, their competencies and capacities differ widely across, and even within, national contexts and their scope and influence depends, in all cases, on relationships with other levels of government and governance (local, regional, national, international) and between public agencies and non-statutory interests and organisations.

Specifically, the case studies posed a series of key questions, as follows:

- How has the geography of economic activity within the case study metropolitan areas/city-regions changed over time and to what extent have changes been characterised by the clustering of different economic activities?
- What institutional capacity and levels of autonomy are present within the case study areas at the metropolitan/city-regional scale and how have these changed over time?
- Is there evidence to suggest that public policies and public expenditure have played a key role in the promoting and shaping the pattern of agglomeration economies?
- To what extent have metropolitan/city-regional institutions and forms of governance contributed to the total public sector effort?, and
- What lessons can be learned from the experience of metropolitan or city-regional governance arrangements in the case study areas, how transferable are they, and how might their capacity to understand, promote and manage the benefits of agglomeration economies develop in future?

This case study report addresses each of these questions with respect to Greater Manchester. It argues that the metropolitan/city-regional institutions that have

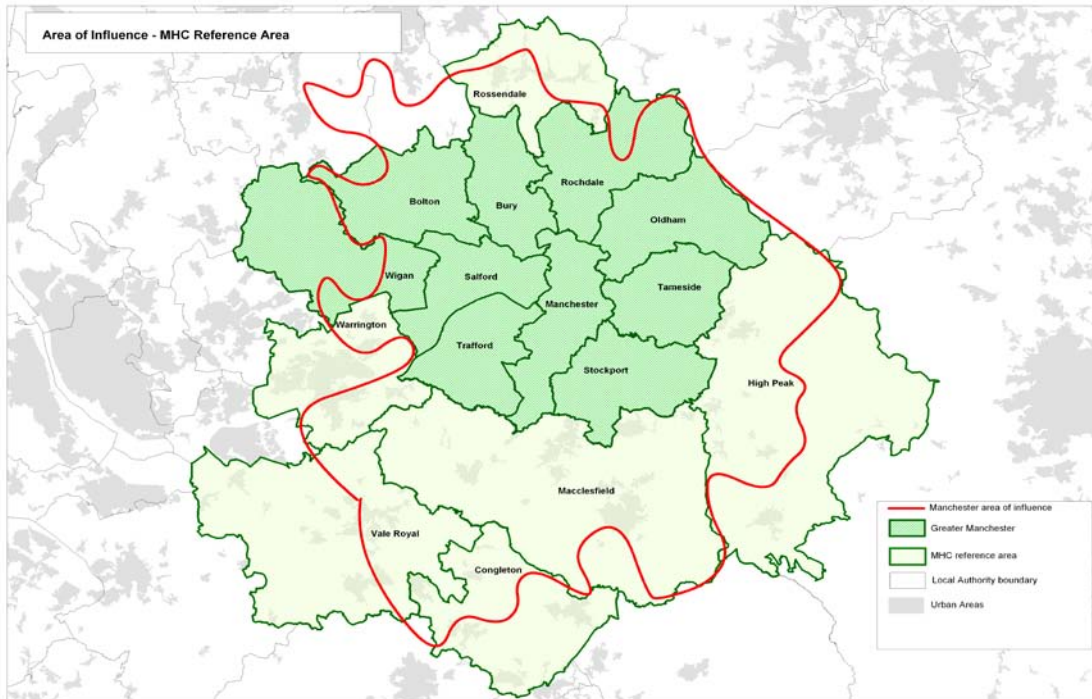
been created in recent years have not driven agglomeration economies nor been the central mechanism through which public policies have influenced them. Rather, they are part of an ongoing effort to create the capacity and autonomy that is needed to build horizontal and vertical coalitions which can influence the choices of firms and individuals on which agglomeration benefits ultimately rest.

Before turning to them, however, it is necessary to be clear about the area being discussed. Since 1974, when a major national re-organisation of local government was completed, the UK has had some of the largest local authority units, by population size, in Europe. Large though local authority areas are, it is still inevitably the case in the most densely populated urban areas that the boundaries of a single local authority rarely cover the continuous built up area centred upon the relevant 'core' city (the 'metropolitan area'), far less the more extensive urban fringe and rural areas with which the core urban area has significant interaction (the 'city region'). As Figures 1-4, below, illustrate in various ways, this is clearly the case for Manchester, whose boundaries are largely meaningless in anything but administrative terms. It is also the case, though, that neither the metropolitan area centred on Manchester nor (at least one understanding of) the city region is entirely or neatly captured by a combination of local authority areas clustered around the administrative City of Manchester.

Figure 1 shows the ten local authority districts of Greater Manchester – those shaded in dark green – that were once covered by the 'strategic', upper tier, ostensibly 'metropolitan' authority (Greater Manchester [Metropolitan] County Council) created in 1974. The red line on the map shows the area from which at least 15% of the economically active workforce, as at the last census (2001), travelled to work within the central employment area of the conurbation, which is largely contained within the City of Manchester but also includes the commercial parts of the neighbouring local authority areas of Salford and Trafford that are closest to Manchester city centre. As the figure shows, this area does not map directly onto local authority areas in that it contains parts of districts to the north, east and (particularly) south of Greater Manchester. These entire districts, along with the ten Greater Manchester authorities, are sometimes seen to comprise the 'Manchester City Region' in functional terms. In political terms, however, because

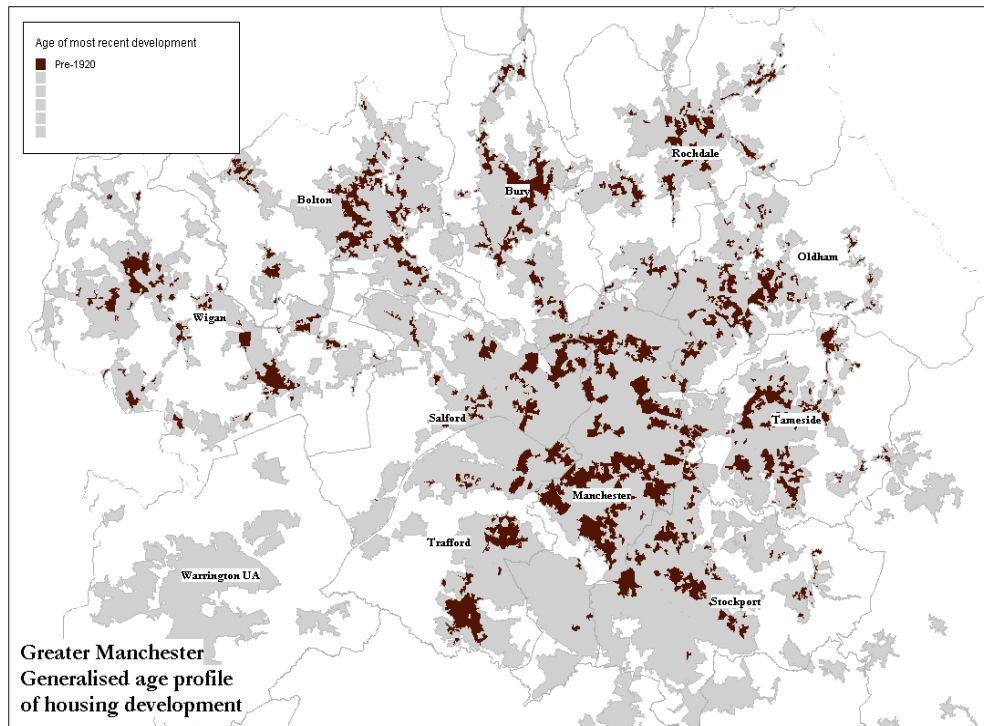
of the history of administrative relationships between the authorities, it is the ten Greater Manchester districts that are taken to comprise the city region.

Figure 1



The picture becomes more complex still when the conurbation's built form is taken into consideration. As Figure 1 showed, labour market connections to the westernmost local authority in Greater Manchester (Wigan) are weaker than to certain districts beyond it. Figures 2-4 help illustrate why. The darker shaded areas of Figure 2 represent the extent of residential development in the present-day districts that make up Greater Manchester as at 1920. At that stage, the city of Manchester was clearly the largest of the urban areas but only a relatively small part of what is now its inner city area was 'built out' and the variety of townships, particularly to the north of Manchester, which now form part of Greater Manchester remained relatively isolated and independent in physical, if not functional terms. (Since the industrial revolution, Manchester has always been the principal commercial centre for a substantial hinterland: it was home to the cotton exchange, warehouses, as well as some of the textiles mills).

Figure 2



By the early 21st century, however (Figure 3), successive waves of new suburban housing development, enabled by steady expansion of transport infrastructures and growing personal mobility, had effectively witnessed the creation of a large metropolitan area in which there were no significant breaks between Manchester and many of the formerly separate townships (especially in the present day districts of Salford, Trafford, Stockport, Tameside and Oldham) and each of the more northern townships were connected to their metropolitan neighbours via well developed urban corridors. These physical connections are weakest in the case of Wigan, which is more tenuously linked into the metropolitan core than areas (shown in grey in Figure 3) technically outside Greater Manchester, particularly to the south and east of the city. The pattern of dense interaction between the most inter-connected parts of the metropolitan area and weaker but still significant relationships with the northern townships (of which Wigan is the starkest example) is reinforced by transport systems.

Figure 3

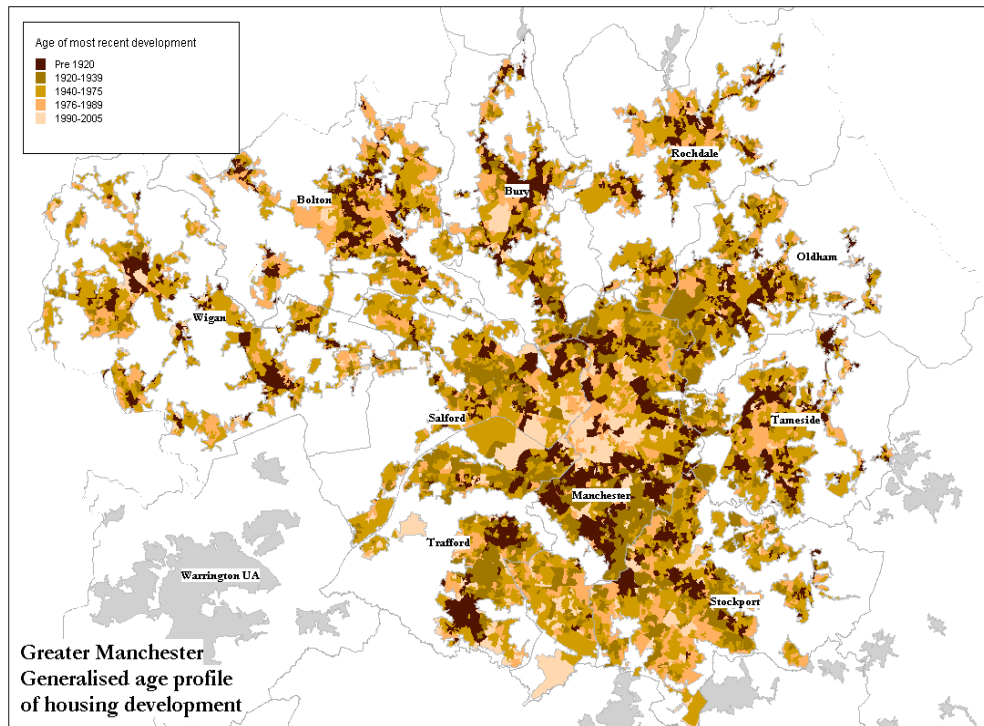


Figure 4 shows there to be radial road, heavy rail and tram routes that connect outlying parts of the metropolitan area to the city centre and an orbital motorway system (the M62/M60) which runs through each of the seven local authority areas with which the city of Manchester shares a border, as well as through the southern parts of the city, but effectively separates the two westernmost local authority areas from the rest. Of the two, Bolton is connected to the rest of the metropolitan area via a separate motorway (the M61) which links to Manchester's orbital route. The M61 runs along the fringes of the Wigan local authority area, too, but its main motorway route is the M6, which runs north-south through the area – and through Warrington, further south - some 10 miles west of Manchester city centre. Unlike the rest of the metropolitan area, which relies upon Manchester as the principal public transport interchange, Wigan and Warrington are also served by trains that run directly to London.

Figure 4



This report focuses largely upon Greater Manchester, the ‘metropolitan’ area created by the 1974 local government re-organisation, which more recently, and confusingly, has been referred to as the ‘Manchester city region’. The ten districts together contain a little over two and a half million residents of which the administrative city’s estimated share, as at 2009, was 484,000. It is important to remember, though, that some areas within Greater Manchester, thus defined, have weaker functional and transport connections with the central city than do others, especially to the south of the city, that nominally lie outside it. If these additional suburban areas were ‘counted’ part of the city-region, its population would exceed 3 million.

The remainder of the report is organised into three main sections. Section 2 assesses the way in which the geography of sector-specific economic activity has changed in the transition from a late industrial to a knowledge based economy. Section 3 then reviews the evolution of metropolitan/city-regional governance arrangements, paying particular attention to the degree of autonomy and capacity that has been created at (or for) these scales through successive institutional and

policy reforms. Section 4 then attempts to link the two preceding sections together by assessing the extent to which public policies and the activity of public agencies *in general* can feasibly claim to have shaped agglomeration economies before describing the way in which the institutions and governance arrangements described in Section 3 have contributed to this process. It concludes with an assessment of the strengths and weaknesses of current metropolitan/city-regional governance arrangements and consideration of the way in which they are likely to change in future.

2. The ‘new’ agglomeration and spatial economic change in Greater Manchester

In its conceptual and methodological review of the academic literature on agglomeration, the CAEE study identified two alternative traditions which are associated with rather different assessments of the in-principle ways in which the co-location of economic activity brings benefits to firms and households. The two broad traditions of agglomeration analysis speak, on one hand, of ‘localisation economies’, whereby firms are argued to benefit from localised supply chains, technological and knowledge ‘spill-over’ effects and the creation of pools of specialised labour skills whose attributes are well matched to the needs of a particular industry or set of related industries. On the other, they refer to ‘urbanisation economies’ and make claims about the advantages gained by households as well as firms, regardless of sector, from intense concentrations of economic activity. Urbanisation economies are partially based on economies of scope which offer agents located in densely populated markets the opportunity to take advantage of positive externalities, such as those associated with knowledge spillovers across firms as well as within industries, the presence of a more extensive division of labour or increasing returns owing to firm-level economies of scale and improved firm-worker matching. The variety of employment opportunities available within dense labour markets also maximise the possibility of job-switching and career acceleration, provides workers with insurance against under- and unemployment and introduces ‘barriers to exit’.

In the draft final CAEE report we speculated that, based on the evidence of our international econometric analysis, we might expect to find evidence of urbanisation economies having become increasingly significant within service sectors in our case study areas. Specifically, we expected to observe a tendency for employment in key, high growth and high value sectors to cluster and expand in those locations that offer the best environment for them. Depending upon the scale of growth and the capacity of the areas in which they are located to absorb further economic activity, we also expected, over time, to see evidence of the decentralisation or peripheral growth of lower value activities that are pushed or priced out of ‘hotter’ locations and/or are unwilling to pay the price of agglomeration diseconomies (congestion, high land, property or labour costs).

These expectations are largely borne out in the case of Greater Manchester when we analyse more recent employment change patterns at a scale below the metropolitan area/city-region. It should be noted that the decade's worth of job growth examined here represents the first time for forty years that employment has grown across the metropolitan area as a whole. Previous to this period, employment in the City of Manchester had been in constant decline – precipitously so during the recession of the early 1980s – and job numbers in the metropolitan area, having declined sharply during that recession, had remained broadly stable, albeit growing and shrinking in line with national economic cycles. It was only from the late 1990s that the balance of structural change within the metropolitan economy – between manufacturing decline and growth in services (financial/business, personal and public) – became increasingly positive.

Table 1 shows overall trends in employment in each of the local authority areas that make up the Greater Manchester NUTS 2 area between 1998 and 2008. What emerges very clearly is that those local authority areas that cover the traditional employment core of the conurbation – the so-called 'regional centre' which straddles the Manchester, Salford and Trafford local authority areas – has clearly witnessed the highest net addition of employment during the period and, together with Stockport, the fourth of the five local authority areas in Greater Manchester South NUTS 3 area, experienced the highest average annual growth rates. It also shows that these areas proved more resilient than their neighbours once the economic boom conditions experienced between 1992 and 2007 began to unwind and the national economy tipped into recession, thereby contradicting initial expectations that it would be those areas which had grown quickly on the basis of service sector job creation – and particularly financial services – which would be hit hardest by the downturn. These trends confirm that the Greater Manchester economy has become increasingly 'south-facing' in recent years and that vulnerability to economic shocks and the effect of ongoing structural change is concentrated in Greater Manchester North. In the rest of Greater Manchester, employment growth was modest or negligible over the full period and four of the other six local authority areas, in which manufacturing industry remains more important, lost employment in the early phase of the economic downturn.

Table 1: Employment change in Greater Manchester local authority areas, 1998-2008

Area	1998	2006	2008	1998-2006		2006-2008		1998-2008	
	No.	No.	No.	Change	% per year	Change	% per year	Change	% per year
Manchester	267,841	305,586	306,685	37,745	1.7%	1,099	0.2%	38,844	1.4%
Salford	101,279	114,312	117,539	13,033	1.5%	3,227	1.4%	16,260	1.5%
Stockport	112,994	121,855	127,030	8,861	0.9%	5,175	2.1%	14,036	1.2%
Trafford	113,728	124,547	122,419	10,819	1.1%	-2,128	-0.9%	8,691	0.7%
Wigan	92,755	102,127	98,524	9,372	1.2%	-3,603	-1.8%	5,769	0.6%
Bury	58,481	62,031	62,192	3,550	0.7%	161	0.1%	3,711	0.6%
Rochdale	71,491	76,562	73,931	5,071	0.9%	-2,631	-1.7%	2,440	0.3%
Bolton	106,734	104,702	107,106	-2,032	-0.2%	2,404	1.1%	372	0.0%
Tameside	68,220	71,740	68,495	3,520	0.6%	-3,245	-2.3%	275	0.0%
Oldham	77,463	76,600	77,211	-863	-0.1%	611	0.4%	-252	0.0%
Grtr Manchester	1,070,986	1,160,062	1,161,132	89,076	1.0%	1,070	0.0%	90,146	0.8%
North West region	2,772,389	3,004,012	2,991,606	231,623	1.0%	-12,406	-0.2%	219,217	0.8%
Great Britain	24,144,261	26,174,234	26,493,605	2,029,973	1.0%	319,371	0.6%	2,349,344	0.9%

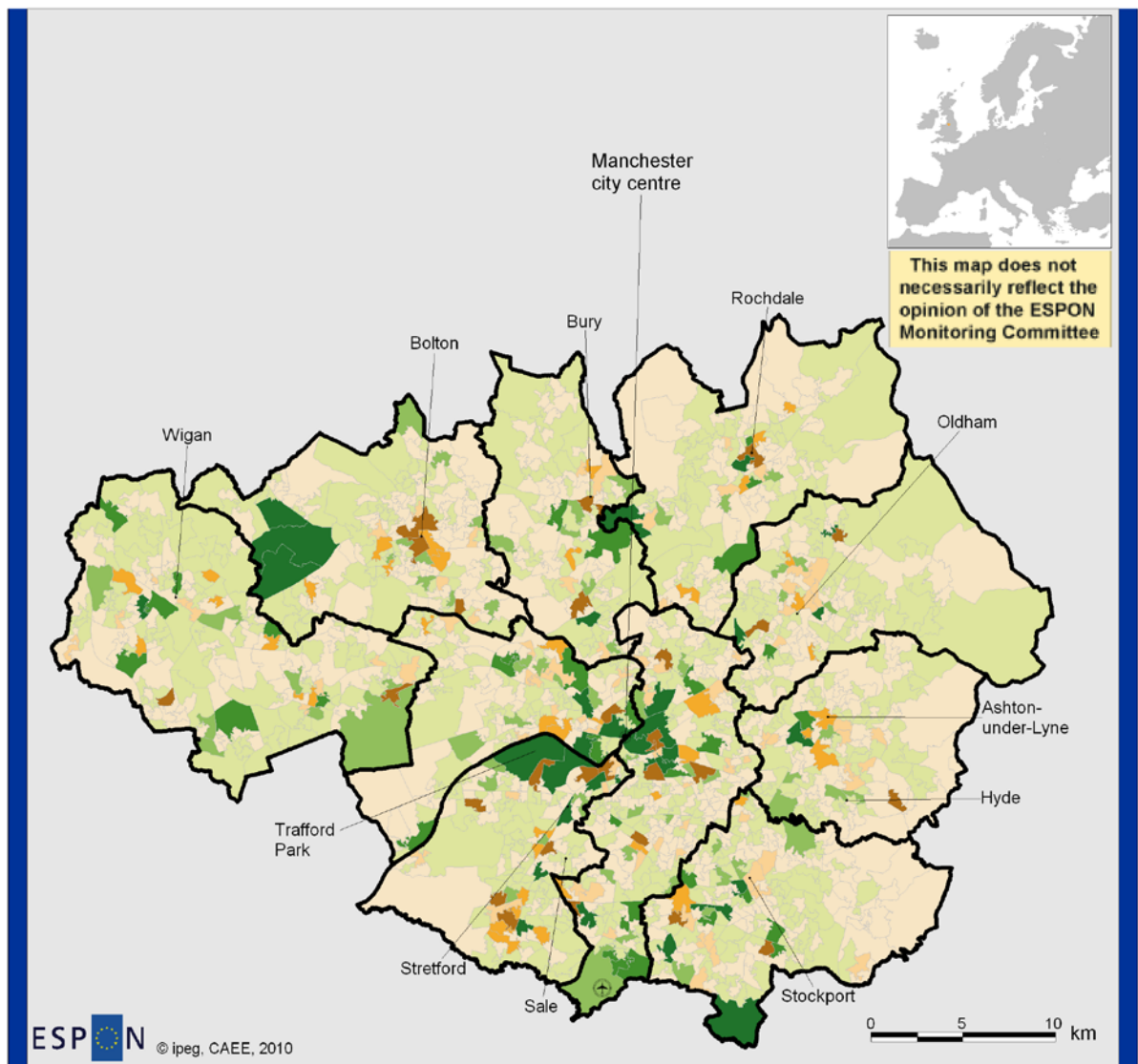
The picture is even starker once employment trends at a finer spatial scale – so-called ‘super output areas’ – are examined. Because consistent data at this level of aggregation are only available from 2003, the following figures examine employment change between 2003 and 2008, which inevitably understates the scale of change that has occurred over a longer period. They nonetheless make it clear that an analysis of employment trends by local authority area overlooks the degree to which key employment ‘hot spots’ dominate the metropolitan economy.

Figure 5 presents data on employment growth by super output area in the relevant period. It offers a powerful visual representation of the extent to which the ‘regional centre’, covering Manchester city centre and the inner areas of neighbouring Salford (especially Salford Quays) and Trafford (especially Trafford Park) have benefited most from recent employment growth. The clustering of high employment growth around Manchester’s international airport at the southern tip of the conurbation is the other key feature which helps explain both why the Greater Manchester South local authority areas perform well in terms of employment change compared to their northern neighbours and, to some extent, why the NUTS 3 area of Cheshire, further south, has achieved substantial GVA growth over the last decade. The other high employment growth areas within this figure tend to be focused upon the conurbation’s

smaller town centres, where the expansion of public employment has played a significant role, and a small number of business parks and successful industrial/commercial development areas.

Figure 5

Employment change 2003 to 2008 - all sectors



Change in Employment 2003-2008
All Sectors

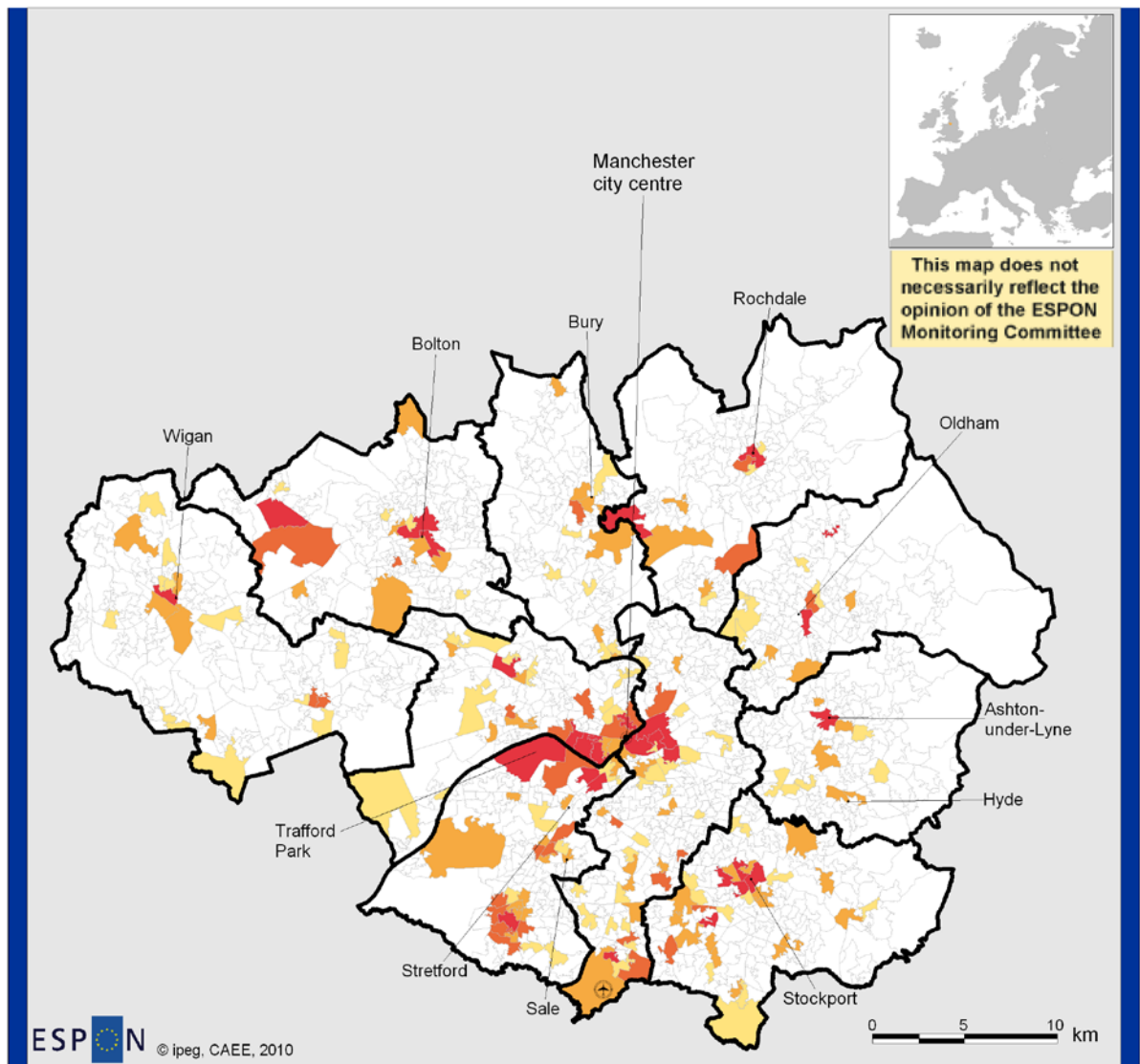
1,000 and above (33)	-250 to 0 (701)
500 to 1,000 (34)	-500 to -250 (81)
250 to 500 (65)	-1,000 to -500 (43)
0 to 250 (661)	Below -1,000 (28)

- Local authority boundary
- Super output area boundary
- Manchester Airport
- Major Greater Manchester town/city

Figures 6-11 illustrate how these overall trends have unfolded within three illustrative commercial and industrial sectors: financial and professional services; creative, new media and digital industries, and; engineering. Two maps are presented for each sector, the first a 'snapshot' of employment distribution as at 2008 to show areas of employment concentration, the second showing how employment change between 2003 and 2008 was distributed. The picture for the two service sector samples (Figures 6-9) is similar in that the snapshot figure highlights the key role of the regional centre as a dominant location and the change figure demonstrates the extent to which the largest sectoral employment gains have been concentrated within the same broad area. In the case of financial and professional services, the regional centre's leading role has been accentuated by recent employment change whereas the smaller town centres in the north and east of the conurbation, which still retain relatively high levels of employment, have seen job numbers shrink in the most recent period. Whilst agglomeration advantages appear to accrue to service sector firms operating within the core of the conurbation and, to a lesser extent, near the airport, there is less evidence that the clustering of high value activity in these locations has resulted in the decentralisation or independent growth of lower value activity in more peripheral locations. The presence of a small number of high employment growth areas in financial and professional services, particular but not exclusively in the south of the conurbation, supports a number of interview-based observations that skilled workers in these fields who have worked in the regional centre during the early part of their careers have a tendency to found or join related businesses nearer to their homes if they wish to remain part of the commercial life of Greater Manchester. Again, the south of the conurbation has advantages in this respect as the southern suburbs (and beyond) provide the choice of housing, environmental quality, schooling and accessibility that such workers tend to prefer.

Figure 6

2008 Employment in Financial and Professional Services



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Regional level: NUTS3; LAU1; MSOA
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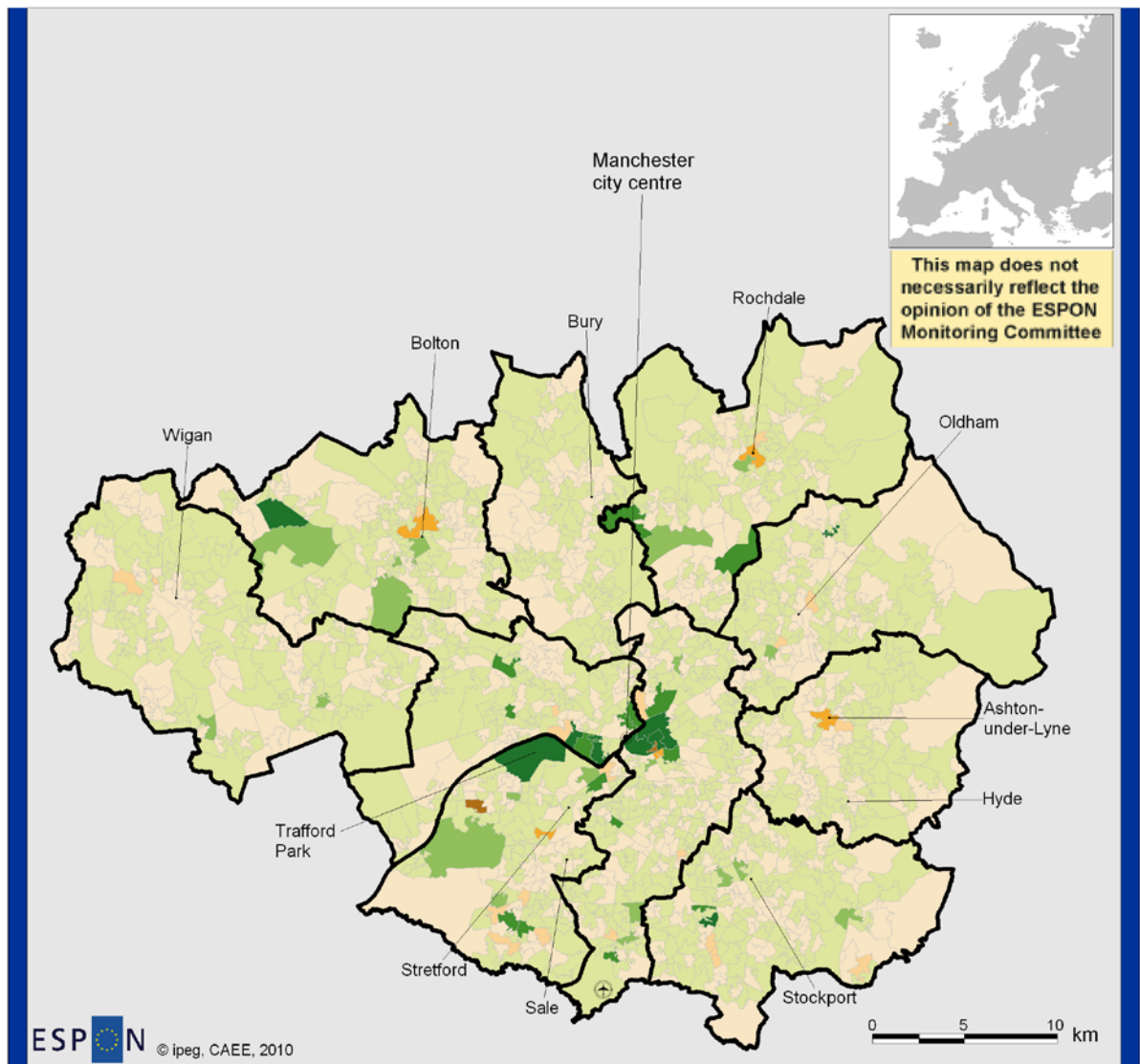
2008 Employment in Financial and Professional Services

	1,000 and above	(28)
	500 to 1,000	(30)
	200 to 500	(72)
	100 to 200	(86)
	0 to 100	(1430)

- Local authority boundary
- Super output area boundary
- Manchester Airport
- Major Greater Manchester town/city

Figure 7

Employment change 2003 to 2008 - Financial and Professional Services



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Regional level: NUTS3; LAU1; MSOA
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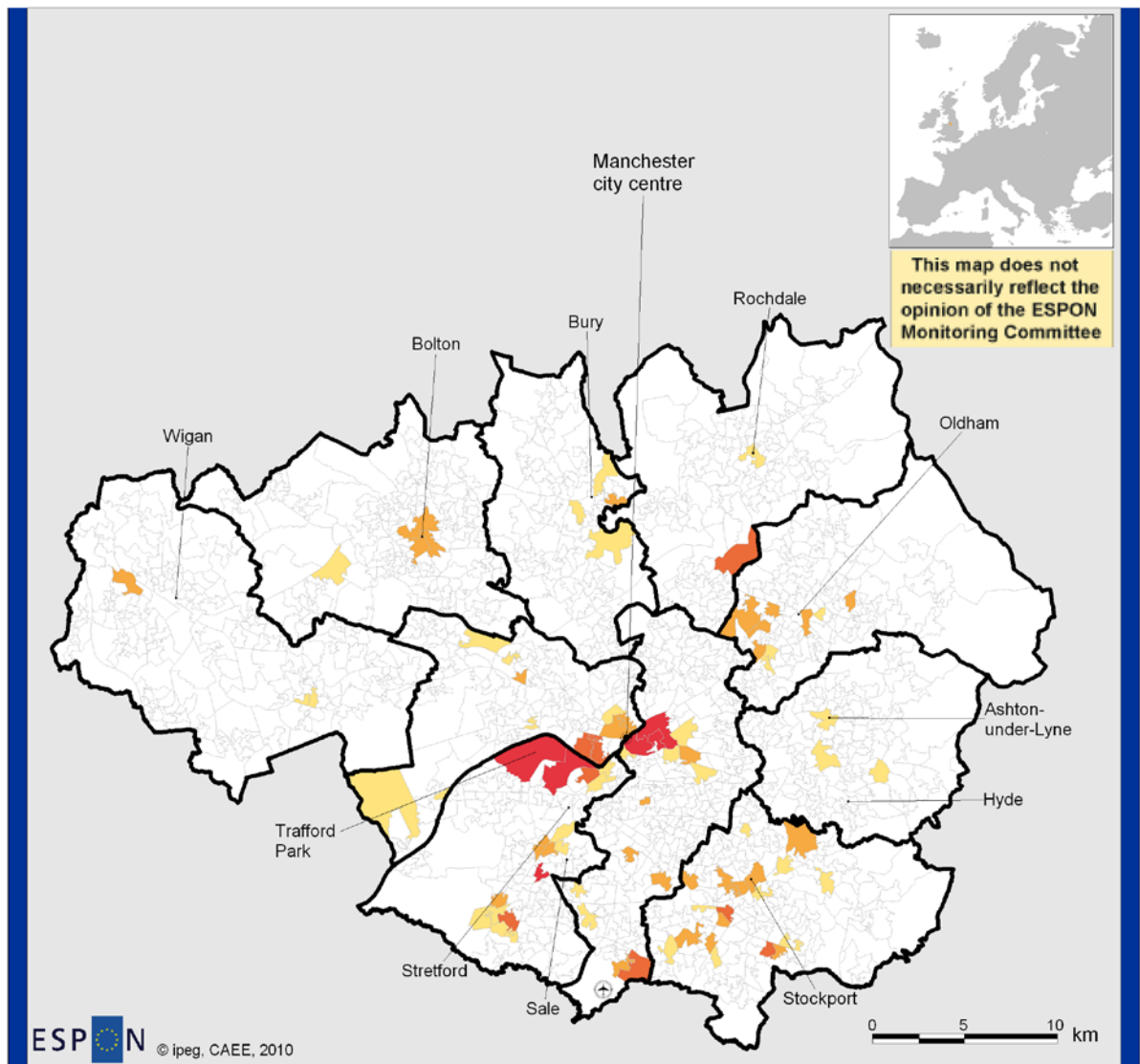
Change in Employment 2003-2008
Financial and Professional Services

1,000 and above (9)	-250 to 0 (638)
500 to 1,000 (15)	-500 to -250 (20)
250 to 500 (20)	-1,000 to -500 (5)
0 to 250 (937)	Below -1,000 (2)

- Local authority boundary
- Super output area boundary
- Manchester Airport
- Major Greater Manchester town/city

Figure 8

2008 Employment in Creative / Digital / New Media



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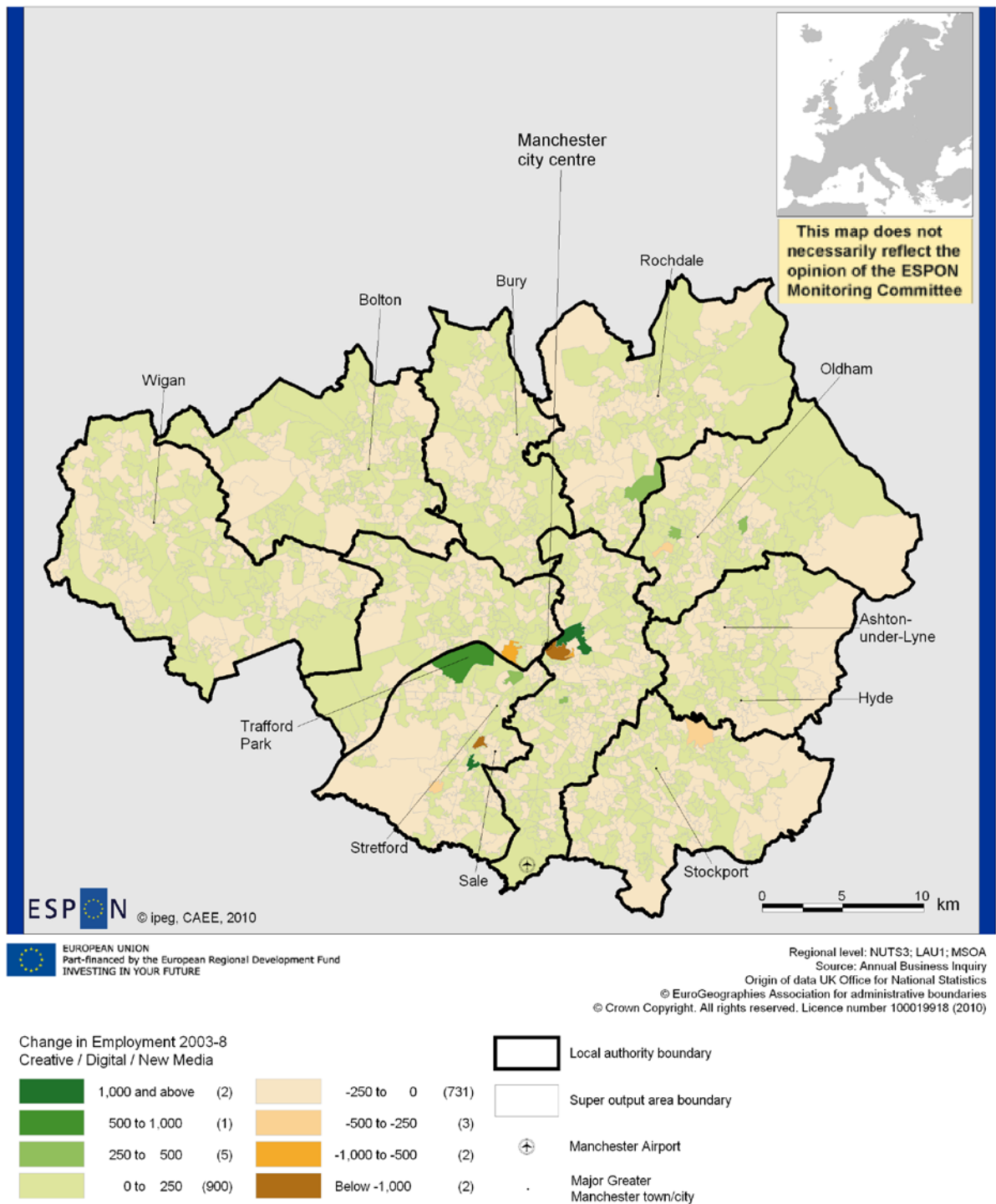
2008 Employment in Creative / Digital / New Media

	1,000 and above	(6)
	500 to 1,000	(8)
	200 to 500	(33)
	100 to 200	(41)
	0 to 100	(1558)

- Local authority boundary
- Super output area boundary
- Manchester Airport
- Major Greater Manchester town/city

Figure 9

Employment change 2003 to 2008 - Creative / Digital / New Media

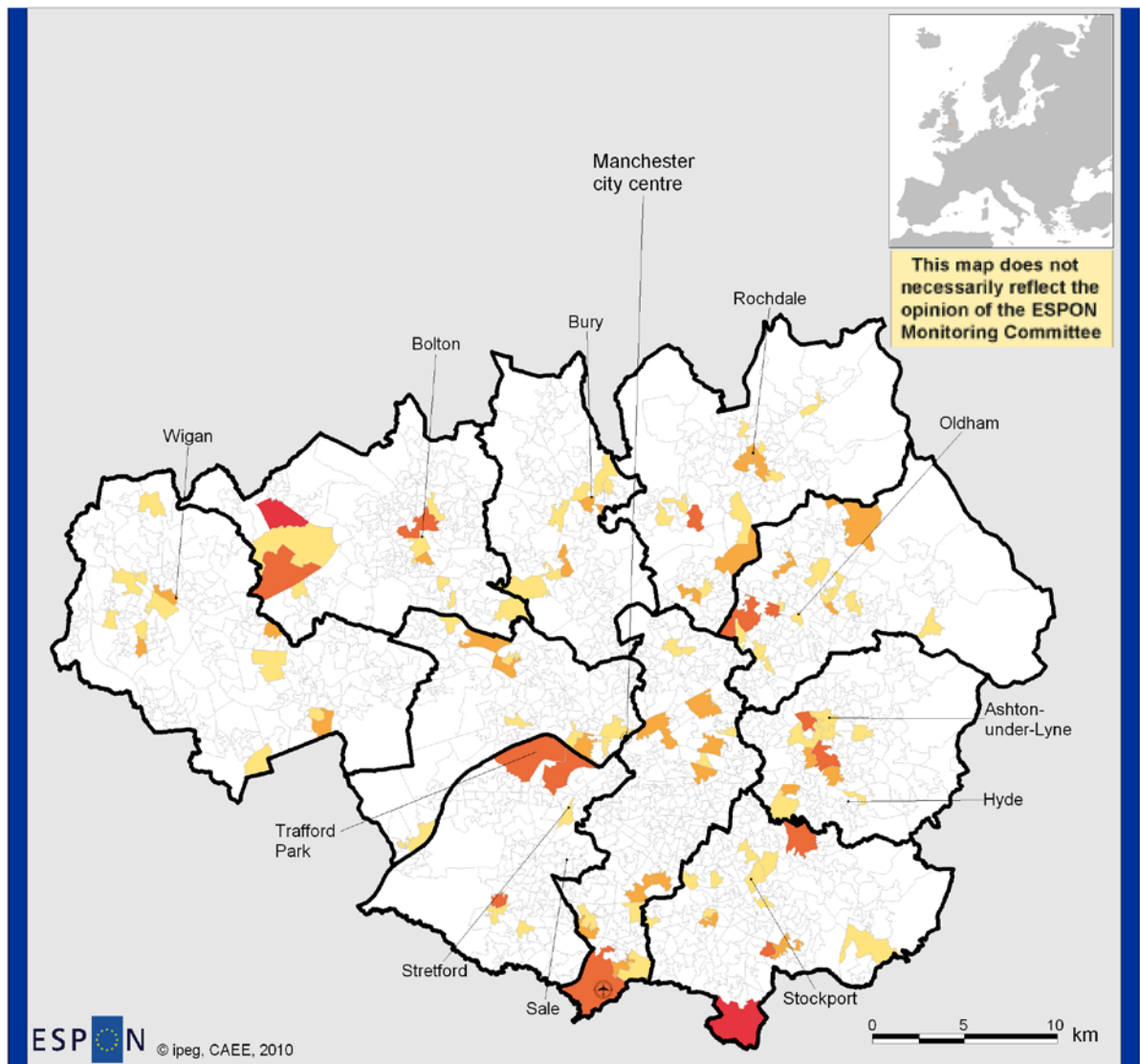


The picture for the engineering sector is substantially different. Whilst the regional centre and, especially, the airport, remain important locations for engineering activity,

employment in this sector is distributed more widely across the conurbation (Figure 10) and the pattern of recent employment change (Figure 11) suggests that growth – of a much lower order than is the case for key service sector activities – has occurred mainly in peripheral areas, close to key road infrastructures. Taken together, the evidence suggests that the Greater Manchester economy has been through profound change, particularly at the core of the conurbation, but that this area has largely been able to adapt to and absorb new commercial activity.

Figure 10

2008 Employment in Engineering



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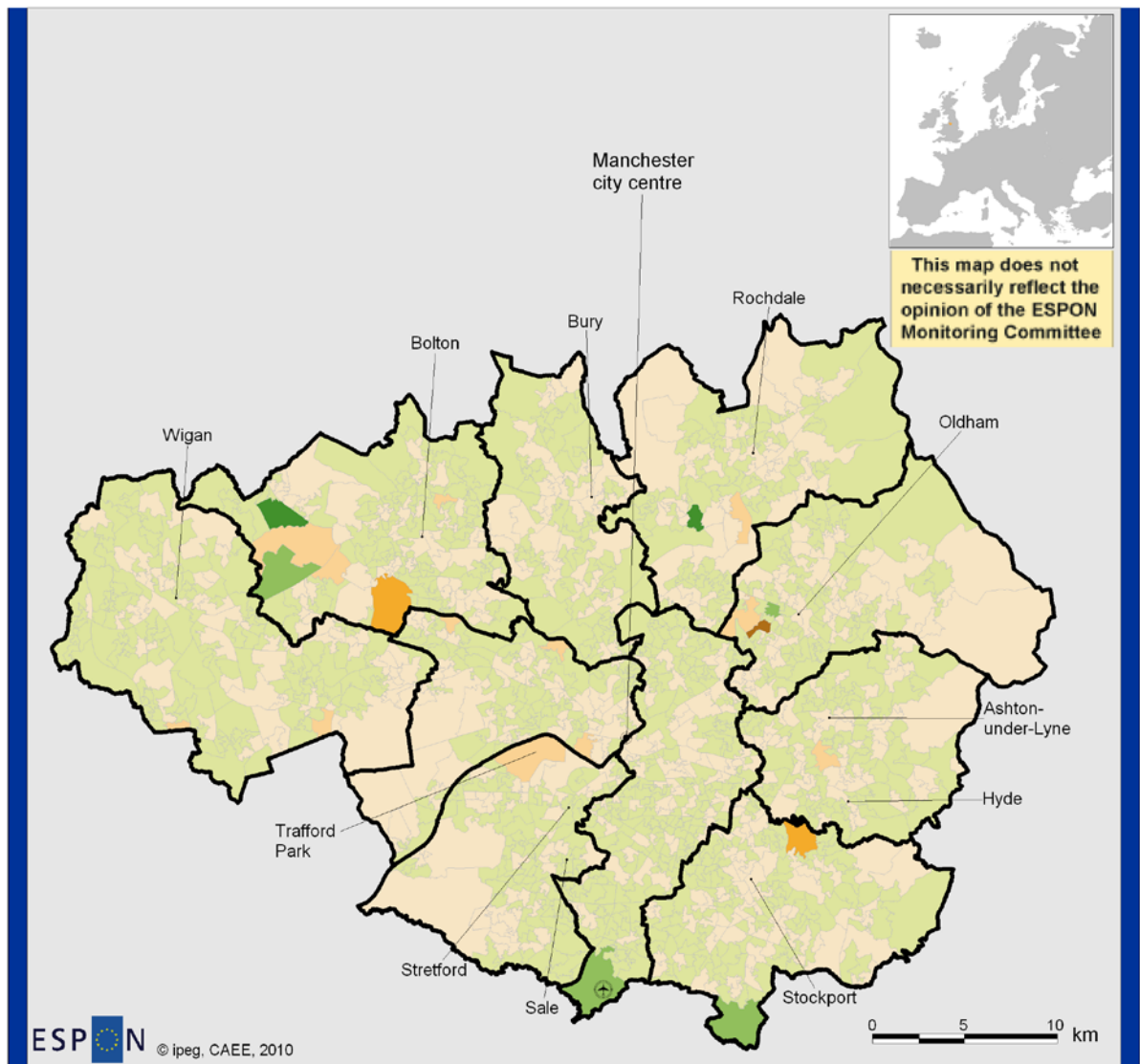
2008 Employment in Engineering

	1,000 and above	(2)
	500 to 1,000	(13)
	200 to 500	(33)
	100 to 200	(73)
	0 to 100	(1525)

- Local authority boundary
- Super output area boundary
- Manchester Airport
- Major Greater Manchester town/city

Figure 11

Employment change 2003 to 2008 - Engineering



Change in Employment 2003-2008
Engineering

	1,000 and above	(0)		-250 to 0	(567)		Local authority boundary
	500 to 1,000	(2)		-500 to -250	(12)		Super output area boundary
	250 to 500	(4)		-1,000 to -500	(2)		Manchester Airport
	0 to 250	(1058)		Below -1,000	(1)		Major Greater Manchester town/city

3. The evolution of metropolitan/city-regional governance in and for Greater Manchester

Metropolitan/city-regional governance for Greater Manchester has developed through three broad phases over the course of the last four decades and it is only recently that a distinctive approach to ‘city-regionalism’ as a concerted attempt to understand and jointly manage agglomeration economies and their spatial consequences has begun to emerge. The broad context in which each of these phases have operated is one in which (a) national government has provided the bulk of funding (currently around 70%) for local government through a mixture of general and specific grants, (b) there has been considerable flux in national governments’ approaches to sub-national development policy and the way it is targeted and delivered, (c) local authorities are constitutionally inferior bodies whose forms, functions and funding can be amended by national legislation and policy, and (d) a concern with economic development and change, although of increasing concern to local authorities, has only recently become an issue that they have statutorily been required to consider. Local authorities, therefore, have relatively little ‘vertical’ autonomy, i.e. formal independence from the central state.

In the first phase, beginning in the late 1960s, the focus of debate, at a time when continued population growth and industrial expansion were confidently predicted to continue, was on the need for comprehensive reform of a fragmented local government system which had survived, relatively unchanged, for almost a century. The twin challenges of the reform programme were not related in any direct way to economic performance. Rather, they were to devise a system of local government in which the constituent units were large enough, in terms of population, to enable local authorities to be effective (through economies of scale) but small enough to be accessible and responsive to citizens. The Royal Commission (an independent, expert advisory body appointed by Government) that was given responsibility for developing the reform proposals considered two main options. One was for a uniform, single tier of local government in which all services within a particular area would be delivered by a single local authority. The other was the creation of a two tier system whereby an upper tier authority, responsible for ‘strategic’ services, would co-ordinate and

oversee a number of lower tier authorities, covering smaller areas, responsible for mainstream services that demanded engagement with citizens.

A dissenting member of the Commission argued for a two tier solution based on the principal of city-regions whereby the size of the population covered by the strategic authority would vary, depending upon ‘the realities of social geography’ and the size of the areas of influence centred upon particular urban settlements, and the number of lower tier authorities within any one city-region, in order to be able to standardise population sizes at this level, would also vary. The majority report prepared by other Commission members advocated a primarily unitary (single tier) system that made an exception only for the three largest English cities outside London at that time – Birmingham, Liverpool and Manchester – where a two-tier solution was favoured. The Government that implemented the reforms, however, departed from both sets of recommendations and created a countrywide two-tier system based on a broad distinction between strategic and personal local government services and functions. This principle was applied most strictly, and came closest to a city-regional approach, in the case of six (rather than three) new ‘metropolitan counties’, covering ten new lower tier district authorities in the case of Greater Manchester. However it was partially ignored for all other areas of the country where new or established counties, whose geographies rarely corresponded with metropolitan areas or city-regions, were given additional responsibilities for education and social services and all other mainstream services were given to district authorities.

The first phase of the development of metropolitan/city-regional governance for Manchester from the early 1970s to the late 1980s was, in one sense, the most formally institutionalised. However the new Greater Manchester County Council, created in 1974, survived for just twelve years, during which time it was responsible for metropolitan public transport, police, fire and strategic planning services and, during the 1980s, created some limited economic development programmes, largely designed to cope with the environmental consequences of industrial decline and recession. It was abolished, along with the other metropolitan counties and the Greater London Authority, in 1986 at a time when relationships between a Conservative central government and many Labour-controlled urban local authorities had become strained and antagonistic as a result of the uneven impact of national economic

recession and attempts by national government to constrain local government spending (Boddy and Fudge, 1984). Some of the functions that the metropolitan county had undertaken – in transport, police and fire services – were transferred to new, single purpose, metropolitan functional bodies. Others, unusually in areas where metropolitan authorities were abolished, were taken on by a consortium of the ten Greater Manchester district authorities. Critically, these included the airport, but also functions that were incidental to the service delivery responsibilities of local authorities – e.g. in research, archeological services, Pension Fund management – that the ten authorities agreed should continue to be provided through joint arrangements. The Association of Greater Manchester Authorities (AGMA) was established to oversee these joint arrangements and provide a forum for local authority leaders and chief officers to consider issues that affected Greater Manchester as a whole (Hebbert and Deas, 2000).

The Conservative government's approach to economic development during the 1980s was partly driven by a perceived need to respond to the impact of national recession on key, formerly manufacturing-dominated urban areas and partly by a distrust of local government as an instrument for economic modernisation. As a result, its urban economic development initiatives increasingly bypassed local government and were delivered through various Government-appointed agencies, including two Urban Development Corporations which were established in Greater Manchester in fringe areas of Manchester City Centre and the Trafford Park industrial area (Harding et al., 2004). Following a generational change within the ruling local Labour Party, Manchester City Council was among the local authorities that formed part of a prominent 'local socialism' movement during the mid-1980s that rejected the idea of competitive economic development policies and saw the protection and growth of public employment as a more desirable alternative (Gyford, 1985).

During the second phase in the evolution of metropolitan/city-regional governance, from the late 1980s to the early part of this century, institutional capacity at the metropolitan scale remained fragmented, relatively weak and low profile and the potential for a new round of collaboration was built up slowly, largely as a bi-product of the City's radically different and increasingly successful approach to economic development and regeneration. The City's earlier municipal socialist strategy was

quickly abandoned after a third successive Conservative national election victory in 1987 and the prompt collapse of any collective resistance to national government strategy (Quilley, 2000). From that point on, the council's approach to economic development and regeneration became overtly driven by a pragmatic desire to work more closely with potential investors and partners – public and private – on the upgrading of the city's asset base (Peck and Tickell, 1995). There followed a number of projects, many of which – e.g. new and improved visitor attractions (concert and conference halls, museums and galleries), reconversion of industrial heritage areas for residential use, the regeneration of particular deprived and poor quality neighbourhoods – were entirely Manchester-focused and delivered through partnerships with the private sector and the inflow of competitively-allocated Government funding in which the main contribution of the City Council was through brokerage, providing land, planning permissions and support through mainstream services (Harding, 2000; Cochrane et al., 1996). Others, however – two successive bids to host the Olympic Games (leading, ultimately, to the staging of the 2002 Commonwealth Games), the expansion and upgrading of the airport, completion of the motorway ring around the conurbation, the development of the UK's first modern tram system – demanded co-operation and joint work with neighbouring authorities as well as government and private sector support (Peck and Ward, 2000).

This cross-district, implementation-level co-operation, combined with the City's need to sell the attractions and potential of the conurbation, and not just the Manchester local authority area, internationally, and the evident successes that the City's strategy began to produce for the attractiveness of the city to businesses and visitors, particularly once mid-1990s national economic upturn encouraged a new wave of (unsubsidised) market-driven developments in the city, enabled joint responses to new opportunities to be considered. Thus, for example, when the Conservative government of the mid-1990s encouraged key cities to come forward with strategic visions and action plans ('City Pride Prospectuses') that integrated diverse economic development and regeneration programmes more effectively, Manchester was not only one of three cities on the final invitation list, it was able to broker a joint response with southern Greater Manchester neighbours (Williams, 1995). Similarly, when the Urban Development Corporations were wound down around the same time, a new inward investment promotion agency (MIDAS) was created, initially involving

the three authorities covering the ‘regional centre’ (but subsequently extended to encompass all ten authority areas) to continue the business promotion activities of one of them (Trafford Park) and an international marketing body (Marketing Manchester) was created, with support from all ten authorities, the airport and the private sector, to continue the tourism promotion work that the other (for Central Manchester) had developed, largely through its work in support of Manchester’s second Olympic Games bid (Deas and Ward, 2000). What had begun as an attempt by the City to enlist the support of national government, Government-sponsored public bodies and key private sector interests in the modernisation of the urban asset base was therefore developed, over time, into a more metropolitan strategy underpinned by a new family of Greater Manchester institutions (Table 2).

Table 2: the “Manchester family” of organisations

Organisation	Geographical Scope	Role	Annual budget (08-09) and Funding Source
AGMA 1986-	GM 10	Local authority association for Greater Manchester	£18.4m 10 local authorities
Marketing Manchester 1996-	GM 10	A ‘tourist board’ for Greater Manchester	£7.9m 10 local authorities, airport, private sector contributions
MIDAS 1997-	GM 10	Inward investment	£3.2m NWDA, 10 local authorities, private sector
Manchester Knowledge Capital 2002-	Manchester and Salford	Innovation, knowledge transfer	£0.5m + project funding. Manchester and Salford Universities and City Councils
Manchester Enterprises (2003-08), thereafter Commission for the New Economy 2003-2008	GM 10	Economic development and strategy	£6.5m NWDA, 10 local authorities

The budgets of these economic development-focused metropolitan institutions, along with others created after the abolition of the metropolitan county council, are not huge by comparison with local authorities. Revenue spending by Manchester City Council alone, for example, is well in excess of £700m per year. The financial and executive strength of Greater Manchester's metropolitan institutions is nonetheless considerably greater than that for any other metropolitan area/city-region outside London, for which a new, directly-elected strategic authority and mayor was (re-)created in 1999.

A dual approach to opportunities, whereby Manchester responds individually as a City to some and collectively, as part of Greater Manchester, to others, continues, and the same is true of other authorities. Both benefit, however, from the cumulative successes and reputational benefits that were built up, primarily by the City, from the late '80s. Thus, for example, the City's successful application to host the 2002 Commonwealth Games built on the development of new sports facilities and the plans for a new stadium that were triggered by the second Olympic Bid. The stadium, and the sporting and retail facilities that surround it, in turn, form a core element of a huge regeneration programme for ex-industrial east Manchester. Similarly, the relationships established with developers and financiers through a series of commercial development schemes from the late 1980s onward were critical to the City's response to the extensive bombing of the city centre in 1996 and the subsequent redesign of the retail core of the city (Peck, 1995; King, 2006).

Since the turn of the century, however, the third phase of the evolution of metropolitan/city-regional governance has been characterised by a much higher level of institutionalisation and a more thoroughgoing attempt to develop an overarching strategy for the ten local authority areas in which a developing understanding of the importance of agglomeration has played a key role. This latest phase reflects a substantial, but incomplete, re-orientation of national policy towards spatial development and governance in which the Labour governments of 1997-2010, having originally seen economic development primarily as a regional function, increasingly looked to encourage sub-regional and city-regional capacity. During the first Labour government, non-elected Regional Development Agencies (RDAs) were created in each of the standard administrative English regions, ostensibly as the first step towards more thoroughgoing devolution. Paradoxically, RDAs gave further impetus

to the institutionalisation of city- and sub-regional governance arrangements insofar as most of them quickly realised that the regional economic strategies they were established to formulate and deliver, in what for the most part are very diverse territories that do not form natural economic areas in any sense, could only have traction and be coherent if they were seen as collection of sub-regional and city-regional strategies (Deas and Ward, 2000). In Greater Manchester's case the ten authorities responded to the RDA's need for sub-regional delivery capacity by establishing a further city-regional body, Manchester Enterprises (as was), an economic strategy-development body that partly acts as an agent for the delivery of the regional strategy and partly as the strategic economic development body for Greater Manchester (Table 2).

When the next intended phase of the Government's regional devolution plan failed in 2004, though, as the first of several planned referendums on the creation of directly elected regional assemblies produced an emphatic 'no' vote in the North East region, a fundamental rethink was needed. In the three years it took Government to produce a revised approach to sub-national economic development and regeneration, a loose campaign linking academics, think tanks and the Core Cities group of local authorities (of which Manchester is a leading member) formed around the idea of a more selective approach to national policy in which the larger city-regions, in light of their important role in recent patterns of economic change, should play a more prominent role (Burch et al., 2008). As a result there was a period of Core City-based policy formation for the city-regional scale, resulting in City Regional Development Plans published in 2005. More detailed City Region Business Plans followed in 2006. Both focused squarely on the acceleration of economic development through improved connectivity, higher education, science and research, and business growth in particular in key sectors of financial services, life sciences, advanced manufacturing, and creative and cultural industries. A notable feature of Manchester's city regional spatial imaginary at this point was a wider functional definition encompassing the commuter hinterlands to the South of the conurbation. In practice, though Manchester's brand of 'city-regionalism' has been taken forward with the ten authorities that made up the former metropolitan county area.

In the North of England, city region policy formulation partly took place under the auspices of the Northern Way, a pan-Regional grouping of the three northern England Regional Development Agencies. The Northern Way itself emerged in 2003 with the publication of the Sustainable Communities Plan by central Government. The ongoing articulation of the Plan, which was dominated by Growth Areas designed to relieve pressure on the overheated Greater South East, acted partly as an expression of a spatial development policy alternative after the collapse of the centrally orchestrated regional project. This was the backdrop to a crucial period in which Greater Manchester, partly independently and partly with the Core Cities group of local authorities which represents the largest cities outside London, began to 'raise its game' through a more assertive insertion into the policy debate following the end of formal regionalism. The campaign had some success insofar as the policy statement produced in 2007 opened the way to the development of a number of mechanisms whereby sub-regions, covering 'natural economic areas' can be encouraged to co-operate on economic development strategy and governance arrangements and bargain directly with national departments on ways in which they can be delivered. In principle, the opportunity exists for any sub-regional grouping of local authorities to take advantage of the mechanisms that have been developed and put in place by new legislation.

Evidence of Manchester's increased confidence in the articulation and indeed direct (though largely non-public) development of national spatial policy is necessarily difficult to uncover, but interviews conducted for this project indicate the importance of lobbying to create the conditions, favourable to Manchester, for a national policy that would facilitate the institutional development at the city-regional scale and facilitate the further devolution of functions and powers. Important to this was the favourable access of Manchester's political elite to Government Ministers, based on mutual regard and personal links as well as respect for Manchester's ability to deliver the types of projects listed above. Manchester moved steadily away from responding *reactively* to national policy initiatives, instead *anticipating* developments through the creation of new governance arrangements which signalled an increased confidence and capacity within the city region. Of note here was the development of plans in 2007 to create seven Greater Manchester-wide functional Commissions and a Business Leadership Council in advance of discussions with Government around a

‘Multi-Area Agreement’ (MAA) – the principal mechanism through which Government anticipated dealing with city-regional and sub-regional groupings of local authorities - in 2008. The ability to create these arrangements itself was a reflection of Manchester’s ‘institutional thickness’ and capacity to act. In entering negotiations with Government on an MAA, Manchester was unusually insistent in its dealings with Government, demanding access to high ranking civil servants and eschewing the timorous language of ‘asks of Government’ used by other localities in framing policy negotiations. Again this reflected a greater maturity in leading policy debate.

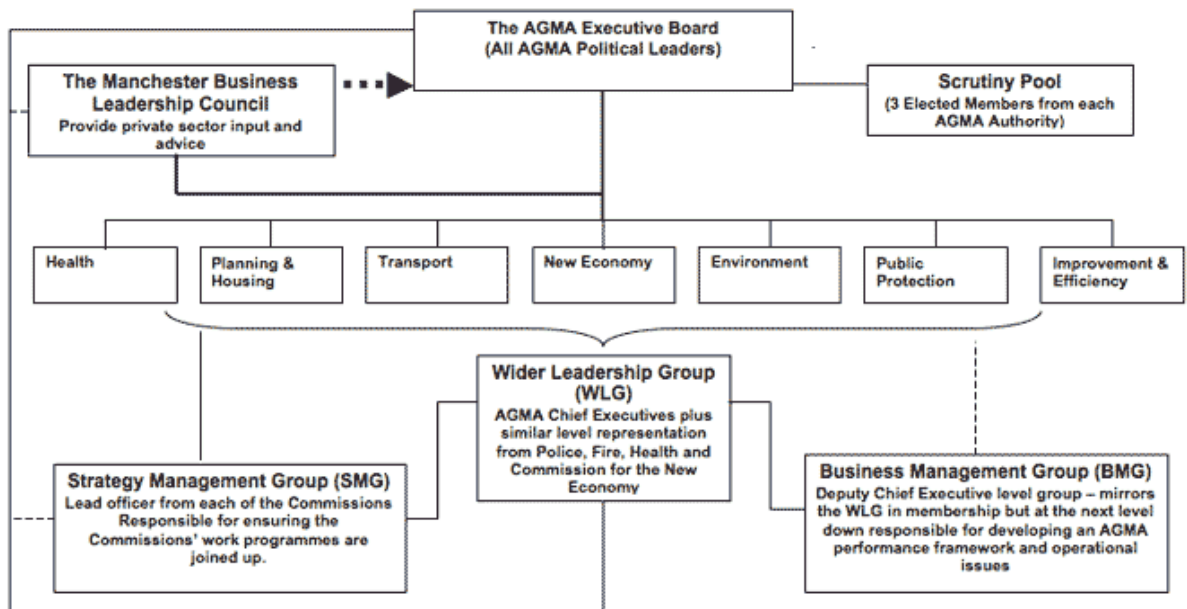
In an indication that Government was prepared to go further with selected city-regions, though, the most recent mechanism to be developed involves the designation of two ‘pilot city-regions’. Greater Manchester was one of the two pilot areas designated in 2009, helped by the fact that it had gone through the process of organising an independent economic review (MIER, 2009), which looked specifically at the issue of agglomeration economies in the Manchester city-region in comparison with other UK cities and developed a series of policy implications from the work, and begun a further round of institutional reform designed to enhance city-regional delivery capacity through the seven joint-authority Commissions. Again, the development of the City Region Pilot (CRP) concept was a reflection of Manchester’s impatience to create a city regional entity with ‘real powers’ rather than a mere talking shop. But an equally important dynamic was the unwillingness of Government Ministers to see the devolution of powers to sub-national entities that lacked delivery capacity or sufficient accountability to local people. Partly this was a recognition of the political reality that in a still highly centralised polity, perceptions of local incompetence or error can become a media-driven problem for Ministers. In addition, it reflected Government’s ambiguity over the extent to which policy, which to date had had a weakly enabling, and at least formally spatially even-handed character, had fully worked through the consequences of more profound devolution powers to city regions. The most obvious consequence, for example, might be growing spatial disparities, which conflicted with formal policy commitments. Hence, a key theme of the most recent developments in the city region has been the reform of existing governance mechanisms to establish institutions that are acceptable to both Government and local politicians.

At the heart of Manchester's most recent moves towards more robust and autonomous city regional governance has been a process of internal capacity development, reform of governance arrangements, and ongoing negotiation with central Government. The Multi-Area Agreement has been widely seen as the first serious and effective vehicle for the development of city regional governance. First outlined in the 2006 Local Government White Paper, the concept was further developed through the Sub-National Review (SNR) process in 2007 and Manchester put in the initial expression of interest in MAA to Government in late 2007. MAA guidance from national Government was both short and deliberately non-prescriptive, yet Manchester's bid, covering the 10 AGMA authorities, was seen as broad and ambitious in comparison to other English sub-regions. Central to the process of 'agreement' which was officially signed in summer 2008 was a series of negotiated priorities around specific actions, to be carried out by Manchester, that depended on agreement by central Government to various forms of devolution. In policy terms the MAA focussed on a number of actions to reduce long-term worklessness, improve adult skills provision, provide skills and training to 14-19 year olds at the city region level, and improvement of business support, innovation, and infrastructure. Each of these policy themes required particular actions on the part of Whitehall departments to 'let go' and devolve functions to the city region, but also to break down 'silo' distinctions. Hence, the MAA, rather than being a static or definitive policy document, was instead a tool or concordat to lock in agreement to ongoing devolution.

The establishment of the Commission for the New Economy based on the old Manchester Enterprises happened in parallel to the development of the MAA, creating the most important and well-staffed of the seven Commissions (see Figure 12). Most of the actions contained in the MAA, being focused on the realm of economic development and labour market policy, came under the remit of the Commission for the New Economy. In addition a Business Leadership Council had been promised as a precondition of positive private sector involvement in further public sector governance change that did not result in theory, in more 'bureaucracy' or a 'talking shop'. Taken together these significant changes to city-regional machinery added momentum to the need for changes to AGMA's constitution and working practice. In particular the existing constitution was considered 'not fit for purpose' because it did

not provide for delegation to the Commissions, furthermore, there were constraints on what could be realised under existing legislation. The AGMA Leaders agreed a number of principles for future city region governance in late 2007, and on this basis in 2008 the AGMA constitution was revised and agreed. A key principle was not to create a separate local authority and that the ten local authorities remained ‘sovereign bodies’, and that functions undertaken at the city region level were jointly agreed to. The new constitution established the Executive Board as the primary accountable body for the city region. In addition to unlocking delegation the changes to the constitution included new voting, scrutiny and call in arrangements.

Figure 12: The Manchester city region governance arrangements in 2010. Source: www.agma.gov.uk



Ultimately, the changes to the constitution were only a partial, interim solution, both because the arrangements within the city region continued to develop and there was the prospect of further legislative change, which Manchester continued to influence. The more ambitious and wide ranging governance powers – and particularly in enabling the work of the Commissions – faced the considerable legislative limitations in the existing provisions of the Local Government Act 1972. Manchester therefore considered it important to shape new legislative developments that might emerge from the SNR. In particular the two key issues from a Manchester perspective were delegation of funding and responsibility from RDAs to sub-regional bodies and local authorities and the possibility of statutory sub-regional economic development

authorities with pooled economic development resources and responsibilities. In fact the latter – in the form of statutory Economic Prosperity Boards – was confirmed in the Government’s response to consultation on the SNR in autumn 2008, subsequently going into the draft Local Democracy, Economic Development and Construction (LDEDC) Bill.

However, a greater potential prize for Manchester was announced in the Pre-Budget report, as Government indicated it would choose two pilot city-region ‘forerunners’ which it would announce in the 2009 Budget. Manchester and Leeds were duly selected from the bidders and Manchester’s submission to Government for City-Region Pilot status, through AGMA, set out the city region’s case for real devolution of powers to the city regional level with the quid pro quo being enhanced and more robust governance arrangements. At this point Manchester was still considering the adoption of the Economic Prosperity Board model, but its developing confidence, bolstered by the publication of the MIER in early 2009, meant that Manchester’s selection as a City Region Pilot was a staging post rather than destination – particularly in the search for the type of arrangement which suited the city region. Negotiations with Government continued after the budget, eventually culminating in the formal signing of the CRP in December 2009. A further three drivers emerged in this period further weight to governance reforms. Firstly, the 2008 Transport Act provided the basis for review of transport governance concentrating on making arrangements more coherent. Secondly, there were continued negotiations with central Government on the Statutory CRP which culminated in the agreement being signed in December 2009. Finally, the enactment of the LDEDC Act in November 2009 provided a single framework for a formal review of governance in relation to economic development, regeneration and transport. These provided the platform for a further round of revision to AGMA’s constitution and city region governance.

Shortly before the most recent national election, Greater Manchester agreed a series of priority actions with Government, through the city-region pilot process, established the seven Commissions, each of which is responsible for a particular policy area related to economic development¹, amended the constitution of AGMA to enable

¹ Though at the time of writing five are actually functional.

majority voting amongst its members on key strategic issues and toward the end of the pilot city region discussions made a proposal to Government for the establishment of a combined authority that will bring together transport, economic development and regeneration powers across the ten authorities through which it can pool resources and provide the capacity for more devolved powers. The signing of the CRP with central Government in December 2009, and the enactment of the 2009 LDEDC Act led to a final round of consultation over governance structures that would be robust enough to satisfy Government that devolved powers – especially those connected to transport – would be forthcoming. During this intense period it emerged that the Combined Authority model was the favoured option, again emphasising Manchester’s ability to influence national policy to their benefit, and a key task for Manchester was to show that the current arrangements were not ‘optimal’ in order to create a Combined Authority. It also reflected the considerable progress made on transport governance which had already seen significant changes with the earlier move to an Integrated Transport Authority (GMITA) and the work done to try to achieve a consensus on congestion charging as part of the Transport Innovation Fund process.

In short, the ‘end game’ for Greater Manchester entailed further public consultation including GMITA and other public stakeholders, in January-February 2010. A final Draft Scheme was then prepared and submitted for approval by the AGMA executive Board in February, then submitted to each of the 10 districts for each to decide whether to proceed with the plans to establish a Final Scheme for a Combined Authority. This was duly agreed, though not before Leaders in some of the councils had threatened to withdraw from the Agreement, after publically expressing doubts about the voting arrangements (simple majority voting) and arrangements for withdrawing from the Combined Authority, and the scheme was submitted to Government in March. It is currently open to public consultation until July 2010 – and will probably require a draft order to be enacted. A large part of the reason for the Combined Authority were the advancements in transport governance – the Scheme proposes that all the functions of the GMITA would be transferred to a joint committee within the Combined Authority and the GMITA will be dissolved (provisionally entitled Transport for Greater Manchester).

In addition, there has been considerable development of activity in other areas of concrete city-regional policy and actions. Much of the policy focus can be traced through from the main findings of the Manchester Independent Economic Review and were developed in the Greater Manchester Strategy. In terms of detail, the Greater Manchester Strategy is the main statement of what the city region intends to prioritise. The early years theme focuses on creating pre-school “universal entitlement” to attempt to break the transmission of deprivation; and to reduce long-term worklessness in deprived areas by better targeting and coordinating centrally allocated funds. There will be 13 small area (5000 households) pilots of ‘reformed’ approaches to public service delivery across the city region. On the transport front, there will be finalisation of the Third Local Transport Plan, delivery of new Transport Fund schemes, and moves towards creating Transport for Greater Manchester. The ‘prize’ in creating this will be, at the city regional scale, much greater powers over and better integration of road, rail and bus travel – levers over which are all currently highly fragmented. Progress has been made on the important skills agenda, with the creation of a statutory Employment and Skills Board, devolution of powers to the city region over 14-19 provision, and greater coherence on skills at the city region level, as well as a GM prospectus on labour market information.

At the time of writing, the new national coalition (Conservative-Liberal Democrat) government is moving towards the abolition of the Regional Development Agencies created by its predecessor and encouraging the formation of new ‘Local Enterprise Partnerships’ (LEPs) by groups of local authorities. The volume of funding that LEPs will be entitled to compete for will be significantly lower than the regional allocations of the previous regime. However the new coalition’s intention to reduce public spending by 25% or more in most policy areas, along with its rhetorical commitment to ‘localism’, is likely to mean that credible proposals for the decentralisation of responsibility for key areas of public service provision are likely to find favour. With relatively few ‘tweaks’, the model of governance and the twin agenda of economic productivity-improvement and public service reform that Greater Manchester partners have developed in dialogue with the outgoing national government appears to be a highly credible basis for close working relationships with the next.

4. Metropolitan/city-regional governance and agglomeration, Manchester-style

If the assumptions made on the basis of the association that is claimed to exist between metropolitan/city-regional governance arrangements and superior economic performance are right, we might expect, in principle, to be able to observe a clear link between the stability, autonomy and executive power of institutions operating at this scale and the economic outcomes that flow from their activities. This link is not easy to establish in a general sense given that it is hard for any study, including CAEE, to identify clear lines of causality between policy choices and economic outcomes, even if the sources of policy are clear and unambiguous. In the case of Greater Manchester it is harder still in that, as was made clear in the previous section, institutional arrangements at the metropolitan/city-regional level have (a) varied substantially in their forms and the extent to which they have been designed to contribute to economic development and related policy aspirations over the last forty years, and (b) only ever been a subset of the total public sector contribution to the economic health of the area they cover.

In seeking to examine whether metropolitan/city-regional governance arrangements have made a substantial difference to the patterns of economic change that were described in Section 2, we need to acknowledge three things. First, and most obviously, the locational behaviour of firms which, largely inadvertently, produces and reproduces such patterns is primarily the consequence of myriad individual firm-level decisions taken for a variety of instrumental reasons and not as a result of the designs or preferences of public policy-makers. It helps public policy-makers enormously to have a sense of what drives these preferences and might cause them to change but it remains the case that they cannot be altered or catered for radically or quickly. Rather, public policy shifts locational behaviour in an incremental, indirect way, albeit occasionally through highly targeted and selective interventions.

Second, if it is right to observe that the public sector in general can only influence locational decision-making indirectly, by contributing to the way in which business environments change, this is emphatically true of metropolitan or city-regional governance arrangements which, because they are not as firmly ‘embedded’ as the

principal institutions of government at the national and local scales, necessarily have to work within a context in which they can, at best, only hope to influence some of the major investment and policy decisions that impact most significantly upon locational behaviour and work within the framework they effectively provide. Examples of major, 'game-changing' factors that can be shaped by the public sector that were raised in the study's interview programme include critical communication infrastructures, the availability of skilled or high potential labour (including the presence of research intensive higher education institutions), international connectivity through a globally connected hub airport, the clarity, decisiveness and speed of public planning processes, and so on.

Third, if the capacity to influence the geography of economic change is distributed, vertically, across different levels of government, they are also separated, horizontally, into different policy areas in which decision-making criteria rarely acknowledge, at least formally, the spatial implications of policy choices and investments. The classic example, here, is transport investment, where major decisions are generally based on considerations of safety and speed and predictions of demand for travel rather than, for example, the effect of a new motorway on the attractiveness of employment sites in its vicinity or of 'landing' one of the stops on a high speed rail network on the locational preferences of firms that rely heavily on the ease of face to face meetings with clients or partners distributed over a wide national or international market.

In the Greater Manchester case, the line of causality that connects institutional development, policy change and economic outcomes is as indirect as we would expect from these observations and the steady, voluntaristic development of institutional capacity at the metropolitan/city-regional scale since 1986 is best interpreted as an ongoing search for 'structured coherence' (Harvey, 1989: 139-155) within a UK policy environment that accords little autonomy to elected local government and, with the exception of London, has been inconsistent in its approach to metropolitan/city-regional governance. The institutional landscape that we see today is largely a bi-product of the City of Manchester's success in capturing the benefits of economic change and leading in the construction of vertical (inter-governmental) and horizontal (public-private, inter-institutional and cross-district) coalitions that have underpinned a range of investments which have positively influenced the business environment

that Greater Manchester is perceived to offer. They represent success in the creation of ‘autonomy to’ achieve economic and related goals in a context in which ‘autonomy from’ the national state has been limited.

The evolution of the jointly-supported metropolitan/city-regional institutions described in Section 3 emphatically does not prevent competition and rivalry between local authorities for external investment. A clear example, here, is the vigorous attempt made by the cities of Manchester and Salford to ‘land’ key departments of the BBC – the national broadcasting authority – when the decision was taken to decentralise them from London. The Salford bid was successful, ultimately, and the realisation of its plans will bring benefits across the metropolitan area, but in this instance, as in others, the existence of metropolitan institutions and policy frameworks was insufficient to prevent competition between metropolitan neighbours. Neither can they prevent occasional ‘governance failure’. A critical example of failure in horizontal co-ordination can be found in the transport field, where an attempt by the Greater Manchester authorities to attract £1.3bn worth of Government investment in the public transport infrastructure in 2009, in return for the introduction of a congestion charging scheme (similar to the one operating in London), failed to produce political agreement to proceed between authorities. As a result, a referendum on the investment and congestion charging package was called which enabled local politicians to put the final decision in the hands of the electorate but led, as was widely expected, to a ‘no’ vote and the loss of substantial national investment.

If the ‘horizontal’ coalitions that underpin emerging metropolitan/city-regional institutions and frameworks can be fragile, so too can the vertical relationships with national government that have underpinned much of the re-adaptation of the regional centre to new economic uses. An example, here, is the Government decision in 2008 not to grant the City of Manchester the licence for the largest of a new generation of casinos even though the City’s case – based on the benefits that a large visitor attraction could make to the regeneration of east Manchester – was ranked the best by the independent panel set up to evaluate rival bids. Such failures are, however, relatively rare and each setback, thus far, has been followed by renewed attempts to strengthen metropolitan/city-regional governing arrangements and/or to find

alternative ways to attract public and private investment into economic development and regeneration schemes.

The notion of agglomeration fits into this story in both substantive and symbolic senses. In terms of substance, the agglomeration processes described in Section 2 that have accompanied structural economic change have clearly benefited the regional centre in particular and the southern parts of the city-region more generally. In this sense, Greater Manchester might be considered lucky in that the efforts that have been made to re-adapt the area to a different sort of economy coincided largely with an unprecedented period of national economic growth. At one level, there is no doubt that the market-driven change, enabled by cheap credit, high levels of consumption and investment in the commercial and residential built environment, which transformed many UK cities from the late 1990s onward would have driven growth in an important regional centre like Manchester. It is equally true to say, however, that the platform on which that more recent growth was built was assembled through the modernisation of urban assets in which the public sector played a critical role and that the public pump-priming of private investment occurred earlier in Greater Manchester, and particularly in the regional centre, than it did in other provincial urban areas.

Interviewees for the case study identified a number of critical aspects of modernisation – infrastructure development (airport, motorways, trams, rail), higher education provision, media and sport, retail and commercial development, cultural and leisure facilities – that were critical to improving the functioning and accessibility of the regional centre and its attractiveness to investors, businesses and visitors. Within that list, there are few which were not influenced substantially by the activities of Greater Manchester local authorities, individually or collectively. As noted earlier, for example, the international airport, uniquely, is owned by the Greater Manchester authorities and they have co-operated on the other major transport infrastructure improvements. Similarly, the City of Manchester was a keen supporter of the 2004 merger of Manchester's two research-intensive higher education institutes to form the largest university in the country and the highest-ranked in terms of research outside Oxford, Cambridge and London. The City, equally, led the masterplanning and redevelopment of the city centre after it was destroyed by bombing in 1996 and

played a crucial role in the development of new sporting, cultural and leisure facilities. It could be argued, in one sense, that the strategy pursued in Manchester, in particular, has followed the arguments made by the likes of Richard Florida that urban attractiveness for highly skilled people, effectively, is the source of urbanisation economies. That, however, would be to ignore the substantial efforts that have been made to regenerate low value, unattractive neighbourhoods that had come to play little or no role in the economic life of the city and where policy was driven by a concern for social cohesion and linking areas of high need with broader economic opportunities.

Agglomeration has also played a symbolic role in that it has latterly played an important role in the analysis that underpins economic strategy at the metropolitan level, for example through an ambitious, large scale research programme – the Manchester Independent Economic Review – that provided the basis for discussion of the latest version of Greater Manchester’s economic development strategy and the development of AGMA’s various Commissions. The notion of agglomeration has thus become part of the narrative whereby a sense of realism is encouraged, within Greater Manchester, about the recent and likely future contributions of areas within the conurbation to future economic dynamism and about its performance relative to national and international comparators.

Within this general picture, metropolitan/city-regional institutions have played a supportive rather than decisive role, building upon the broader improvements in economic performance in a variety of specialised ways, be it through the development of intelligence that can market Greater Manchester, in a targeted way, to potential inward investors (via MIDAS) or establishing the evidence base for, and brokering local authority agreement on, metropolitan/city-regional strategy (through the Commission for the New Economy).

Underpinning the development of institutional structures has been a growing understanding of the inter-related fortunes of areas within the metropolitan area, which its perverse administrative geographies has paradoxically helped, and the maturity of the political and executive leaders of Greater Manchester’s city-region

‘movement’ about the importance of developing and promoting a common view of the area’s strengths, potential and opportunities.

The level of maturity exhibited by the leadership of the relevant metropolitan bodies – most particularly those of the constituent local authorities – is reflected firstly in understanding the economic geography of the metropolitan area and secondly in making the political choices and partnership behaviour necessary to orchestrate the city region. In referring to leadership we are talking about the strong relationships and high levels of understanding and co-operation between political leaders and senior officers of the core local authorities, as well as networked relationships with key actors within the emerging city regional institutions described above. In a very important way these relationships have been forged through the experience of joint working (despite setbacks), the airport, and the successful delivery of the Commonwealth Games. Many interviewees stressed the historical trajectory of these developments, the importance of the relationships that were built up, and the levels of trust implicit within them.

But more importantly for this research, we argue, is that this maturity reflects a real awareness and shared understanding of both the key spatial economic divisions within the city region and the interrelatedness of different places if the conurbation as a whole is to have a more economically successful future. The key spatial division revolves around the gap between Manchester core (Manchester, Salford and Trafford) and its orientation towards a southern axis experiencing agglomeration economies – covering other local authorities (Stockport as well as Tameside to an extent) as well as northern Cheshire – and a much weaker old industrial ‘Northern arc’ including Wigan, Bolton, Rochdale, Oldham and, to a lesser extent, Bury (which has stronger connections to the regional centre due to better transport connectivity). Hence the spatial economic structure of the conurbation underpins a political balancing act. In the case of the core area this calculation is more overtly ‘economic’ reflecting the need to articulate cross-boundary partnership in recognition of the genuine economic interactions within the Southern agglomeration. The externalities and other consequences of growth in the ‘hot’ area are clearly no respecter of administrative boundaries. A good example highlighted by one of the interviewees was the recent realisation that the professional services sector located in the city centre relied on

large industrial clients in Trafford Park: hence the continued success of this sector, and its key demand for high accessibility and low congestion, had become apparent to public sector decision-makers.

Conversely, the relationship that the 'Northern' local authorities have to the core is more political, that is, it reflects an understanding that their future economic and social success depends on the success of the 'hotter' parts of the conurbation and the opportunities it creates for related residential and commercial development within their areas. The position of the leadership of these authorities is to play the 'Greater Manchester card' when it suits them, particularly in promotional activities to external audiences; while recognising that the longer term and more difficult task revolves around strengthening connectivity and movement of workers, and attuning education and skills provision to the future needs of more knowledge-based activities within the conurbation. Essentially, the maturity of leadership we pinpoint reflects the acceptance of the need to cooperate in metropolitan structures and informal alliances despite the tensions inherent in the approach (such as localist claims in the face of spatial trade-offs and perceived threats to local authority sovereignty). Moreover, we suggest that the trajectory described entails a longer term drift towards being smarter about co-ordinating growth and negotiating the trade-offs between places. Somewhat paradoxically the under-boundedness of each local authority has heightened this sense for the authorities of their being interdependent, while equally the relative coherence of the functional economic space of Greater Manchester (monocentric rather than polycentric) has long been a recognised feature of metropolitan cooperation (see ODPM, 2006).

This trajectory, and relatively harmonious relationships have developed despite some considerable political churn in terms of political control of the 10 local authorities in the recent period. As Table 3 demonstrates, the last decade or so has witnessed a familiar trend as local voting has responded to the decline in popularity of national government. Support for Labour was at its highest during the late 1990s, when nine of the ten metropolitan local authorities returned Labour majorities whereas by 2010, and a Conservative national election victory, Labour retained controlled in only four of the authorities.

Table 3: Political party control in the 10 Greater Manchester local authorities

Year	1998	2004	2008	2010
Bolton	Lab	NOC	NOC	NOC
Bury	Lab	Lab	Con	NOC
Manchester	Lab	Lab	Lab	Lab
Oldham	Lab	Lab	NOC	NOC
Rochdale	Lab	NOC	LD	NOC
Salford	Lab	Lab	Lab	Lab
Stockport	NOC	LD	LD	LD
Tameside	Lab	Lab	Lab	Lab
Trafford	Lab	Con	Con	Con
Wigan	Lab	Lab	Lab	Lab

Lab = Labour Con = Conservative LD = Liberal Democrat NOC = No overall control

Source: <http://news.bbc.co.uk/1/shared/election2010/council/html/3778.stm>

Amongst the four authorities, there is remarkable continuity of political and executive leadership in Manchester, which has been a key factor in its consistent approach to economic development and regeneration policy and activity, and political continuity in Wigan, the most ‘detached’ of the ten authorities which has nonetheless played a critical role in its leadership of AGMA.

In a changing political context, the leadership exerted by these two authorities, in particular, has been critical to the steady development of the formal cross-district institutions as essentially ‘technical’ bodies delivering particular functions on behalf of the whole metropolitan area. A good example, it emerged from interviews, is MIDAS, the inward investment body, which is respected because its leadership is highly regarded, it has developed strong market intelligence and because it has been adept at not just reacting but targeting companies, through well researched information about the advantages of a Greater Manchester location and its ‘fit’ with corporate strategy. The key target sectors have been commercial, professional services, media, cultural industries and biosciences. The key advantage has been MIDAS’s ability to create targeted company briefings which are effectively business plans for potential clients and/or investors. So for example MIDAS can have a serious discussion with a large bank about the rationalisation of its business around its existing Manchester hub, and how best to facilitate that so that the bank can realise savings. Within the ‘hot area’, it is about matching different sorts of demands to the right locational ‘product’. More broadly, the essence of Manchester’s strategy is to

attract the kind of relatively footloose companies who are looking for a base in Europe, but who are willing to look at a city which can claim to be a genuine alternative to London. Hence the 'real world' challenges are continuing to ensure that Manchester is a genuine hub airport, and that transatlantic connections are strengthened.

Connected to this, the notion of agglomeration and its applicability and accessibility to decision-makers has been developing. A more serious debate has emerged around a better understanding of the geography of agglomeration in MCR, slowly strengthening the level of intelligence that already existed within the formerly loose coalition described above that was held together by acceptance of economic linkages. MIER was important because it was a serious and unique piece of work understanding the real economic structure and potential of key parts of the city region (MIER, 2009a, 2009b). The headline message from MIER was that although there was evidence of relatively high agglomeration economies within the city region, firms were not exploiting them as effectively as elsewhere in the UK, hence the city region was 'punching below its weight'. The report stressed that the available agglomeration economies emerged from the benefits of being in a large and diverse urban environment – in effect the message codified existing knowledge and galvanised the leadership and policy community. The case study sectoral employment change analysis conducted [Section 2] has allowed us to be rather more specific about the geography of agglomeration within the city region.

To return to the theme of 'maturity', it is almost impossible to overstate the importance of the long history of a 'Mancunian Way' within the core leadership in respect of both 'metropolitan orchestration' and an assertive relationship to central government; a point stressed by many interviewees. The crushing electoral defeat of the Labour Party nationally in 1987 was a symbolically pivotal moment for Manchester: immediately the former adherents of municipal socialism essentially ran up the white flag above the Town Hall. However in reality the key players had already embraced pragmatism, working initially with local entrepreneurs in the gay community and those keen to rehabilitate warehouses and mills into residential apartments. Key to this was control over the planning system and a willingness to engage in deal-making with the private sector that post-1987 was translated into a

larger scale engagement with bigger business, joint ventures with the airport and Co-operative Bank and foreign investors. Into the 1990s adept grantsmanship was certainly one part of the approach – especially recognition of the need for increased access to European funds – but clear evidence of private sector engagement translated into an equally genuine willingness to work directly with Conservative Ministers on high profile schemes. The foremost example of this tripartite approach was the agreement to bid for the Olympic Games, on the principal that the City would front the bid, the private sector would fund the new venues, with an at that time unique level of support from central Government: the bid had its own budget line and ministerial support. What Manchester demonstrated was a blend of stability of leadership and entrepreneurialism, which helped change minds centrally about the credibility and viability of the City, and can be traced right through to the contemporary governance negotiations with Government resulting in the Combined Authority.

From the beginning of the entrepreneurial period Manchester embraced the idea of ‘selling’ the contemporary attractiveness of city, building on any assets including its footballing and pop cultural heritage but equally it was soon realised that external assets, particularly Cheshire’s desirable countryside and villages could be claimed for Manchester – an early form of city region projection. Again, the leadership of Manchester City Council led the way, with Salford following later while the other authorities have had little impact in international profiling. Apart from the well-known sporting events Manchester has attracted regular swimming and triathlon events, supported cultural festivals (most recently Manchester International Festival). Salford’s Lowry Arts Centre is particularly important for the city and has helped to create the conditions for the BBC’s relocation of functions to Salford Quays. Marketing Manchester’s visitmanchester.com website markets assets from across the city region under the Manchester banner. Manchester’s leadership was prominent in entrepreneurial networks such as Core Cities, but it has been a careful role, outwardly cooperative but predicated on an instrumental ‘do anything that makes us look bigger and better’, focused on real outcomes for Manchester. Equally on a European level the Leader of Manchester chaired the Eurocities networks reflecting their ambition to compete at a European level. The enormous legacy of decline facing Manchester was crucial in focussing energy amongst local leaders.

This historical development of city regional leadership – and Manchester’s high visibility and need – has fed directly into a high level of maturity and assertiveness in dealing with central Government departments and Ministers. ‘Team Manchester’ has presence, connections and access in London. But equally interviewees have argued that the Treasury was quick to buy into the actual approach proposed under the aegis of the CRP because ‘public sector reform’ is regarded as central by Manchester. Although this represents continuity with national reform agendas: ‘joining up’ of public sector delivery, integration, added value and efficiency; the local stress is placed on the challenge of enabling residents to be more productive and to benefit from future economic growth. Manchester City Council controls around 15 per cent of the annual £22bn public spend in the city, and the central aim is to extend the authority’s influence over the commissioning of services, particularly in health and unemployment support that determine key outcomes for labour market engagement, in the expectation that they can be better tailored at the local level. In practice this will mean *inter alia* piloting of relatively interventionist approaches for pre-school children in deprived households, and to reducing rates of long term joblessness that tend to exhibit strong patterns of geographic clustering. This is distinct from a purely competitive economic development approach, equally it is a long way from the sort of urban Paternalism associated with the ‘disastrous’ period of decline: these problems instead are cast as ‘wicked’ issues for Manchester. More importantly these changes are part of a reconfiguring of central-local relations even if not often acknowledged as such: no longer only reacting to central Government policy but also pre-empting it. Regardless of its exact content it demonstrates a Manchester ‘vision’ and independence of approach, which might augur a greater degree of autonomy for the city region in the future.

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