

**COME TOGETHER, RIGHT NOW:
LIVERPOOL IS DOING**

**Professor Michael Parkinson CBE,
Executive Director Heseltine Institute**

**One Public Estate Conference
Liverpool 2017**

ANSWER 6 QUESTIONS

1. What is the Liverpool story?
2. Why do city regions matter?
3. What happened in Liverpool's crisis 1970s & 80s?
4. What happened in boom 1992-2007
5. What happened in the recession 2007-2017?
6. What is to be done? – come together right now!



1. WHAT IS THE LIVERPOOL STORY?

- A grip on peoples' imaginations – you never know where the story is going
- A city reinventing itself – constantly
- We're not English - we're Scousers
- 19 century 2nd city richest Empire world – 1990 poorest city w. Europe
- 1960s - post war ambitions cars
- 1970s & 80s - economic, fiscal, political, social decline Bishop & Arch Bishop crucial role
- 1990s - starting again Europe, partnership
- 2000s – lift off Liverpool Vision, public expenditure, revived city markets and investment, Capital of Culture
- 2008 - Hurt in the recession
- 2017 Devolution, northern powerhouse, city region - sunny uplands or false dawn?



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LIVERPOOL ON THE BRINK



Michael Parkinson

POLICY JOURNALS

Proud city down in the dumps

Can rubbish-strewn Liverpool clean up its act, asks Michael Parkinson as refuse men prepare to vote today

In 1880 Liverpool had more millionaires than any provincial city in Britain. By 1984, the European Commission calculated it was one of the poorest cities in western Europe as measured by population loss, job losses and unemployment levels. Only cities in southern Italy fared worse.

After the drastic decline of Liverpool's port, good times seemed to be on the way again in the 1960s, when 25,000 jobs were created in Ford and Vauxhall car works. But the 1970s and 1970s destroyed its branch plant economy.

It was this second disappointment that led to a degree of cynicism entering the public life of the city. The politics of frustration was created. That frustration spawned Militant, which filled the vacuum left by the Liberals and the right of the Labour party. The final straw was the rise of Thatcherism in the 1980s, which guaranteed confrontation between left and right.

The city council has been the focus of all Liverpool's conflict because of its role as employer. With the loss of vital private sector jobs, council employment increasingly became seen as a form of outdoor relief, rather than as the means to provide services to the ratepayers. Although Liverpool's population has declined by 10,000 a year for the past 40 years (it is now 450,000), the city has a council workforce appropriate to a much larger population.

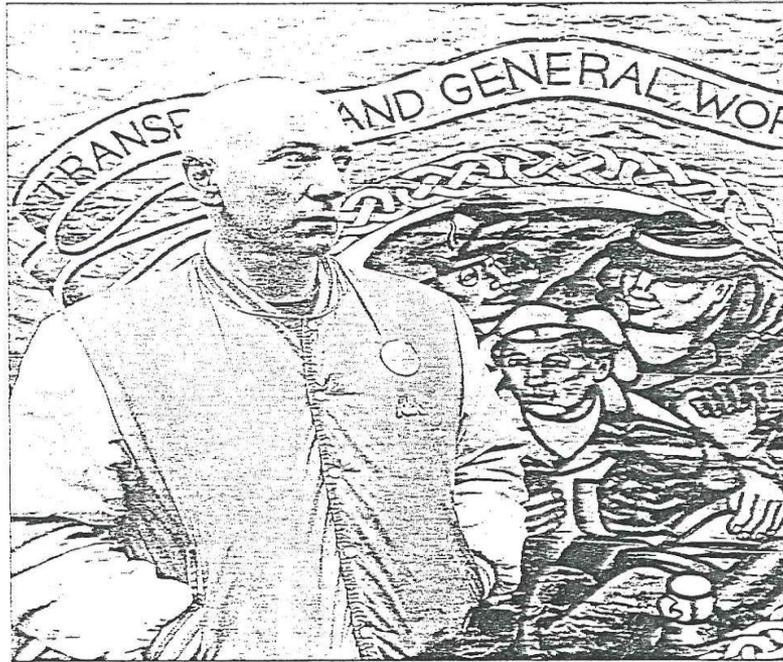
Despite the undeniable evidence of decline, the city is stuck with a post-mental illusion of economic greatness, and suffers from a grossly exaggerated sense of its own political importance. Not only has it failed to change with circumstances in simple everyday ways such as merging and closing schools with falling

rolls — it really thought it could bring down the Thatcher government by confrontation in the 1980s. And this year it thought it could deflect Neil Kinnock from his ambitions to reform the Labour party.

Responsibility for the council's long-term financial problems must be shared. The Militant regime of the mid-1980s — before it was disqualified — rallied with some justification against the creative accounting of the Liberal and coalition governments of the 1970s, which tried to hold down the rates but never balanced the books by reducing the council workforce. But Militant worsened the account. Huge loans taken out during 1980s for housing are now due for repayment.

The leadership that succeeded in 1987 promised change but its nerve failed. Finally, the poll tax, the exhaustion of creative accounting and compulsory competitive tendering meant the council had at last to grasp the nettle and begin sacking council employees. Hence the conflict with the bin men, and the piles of rotting garbage.

The financial options were terribly restricted, but it still took nerve on the part of the ruling Labour group to face up to the need to add to the 30,000 unemployed in the city. However painful it is, politicians must govern — not simply follow or be intimidated. Liverpool's Liberal Democrats too should recognise this and put the city's interests before short-term political gains. At present they are failing to ally themselves consistently with the Labour camp, sometimes voting with the hard left. And whatever the hard left may claim, its larger strategy can only lead the city down a financial and political cul-de-sac. Socialism is a fantasy if you can't empty the bins. And to do that managers must be



Face of the Liverpool left: the city has an exaggerated sense of its political importance, critics say

allowed to manage. The lack of administrative leadership during the last 15 years has been almost as decisive as the city's political failings. At least this has now been recognised by politicians and officers in the city.

Many old industrial and port cities in Europe have been through the trauma of serious economic decline yet managed to revive their fortunes. Ham-

burg, Rotterdam, Dortmund and Barcelona were all based on declining industries such as steel, coal, and shipbuilding, and experienced unemployment rates of up to 25 per cent — as bad as Liverpool's. But all four have been transformed. They have modernised their economic bases by moving away from heavy industry and attracting knowledge-based, high-tech industries in-

stead. They have formed coalitions with local businesses and universities to invest in their human capital, clean up their environments and look forward.

What are the chances of Liverpool achieving such a transformation? Unfortunately its location is more peripheral than the four cities mentioned, its politics is unremittingly inward looking, its workforce is

underqualified and its service industries are less well developed. But there is potential. The waterfront, the city centre, the science and business parks, and the culture, tourism and leisure industries have taken modest but real steps in the past five years.

Two possible large-scale developments are exciting: British Aerospace is exploring whether it can develop the airport as a European hub-and-spoke operation to rival Manchester, and there are plans for a barrage across the Mersey which would generate electricity. The airport project would provide 5,000 construction jobs immediately. The barrage could create an upstream lake for tourist development, as well as selling electricity.

Strategy, vision, partnership seem empty words in Liverpool today. Words will not be enough, but they give a clue to what is needed. There are signs of hope. The city council is not the only representative of the city. Other public and private leaders are struggling to forge a partnership.

Should anybody but those of us who live and work here care what happens? Of course. This is an endlessly interesting city with architecture, culture, history, a river, argument and people — life — that stun even its critics when they come and see it. Whatever its failings, Liverpool remains a test case of national policy for our cities. It cannot be left to twist in the wind. If local politicians must exercise responsibility, the obligation upon national government is equally compelling. Economic regeneration is long and expensive, and Liverpool does not have the money. The government, whatever it may say, has taken more from the city council's programmes since 1979 than it has put back through special initiatives. If Liverpool rises to Mr Heseltine's city challenge will he rise to ours? If the bin men clean up the city, can we start with a clean sheet?

The author is director of the Centre for Urban Studies at Liverpool University.

The background of the slide is a blurred, low-angle shot of several construction cranes against a clear blue sky. The cranes are rendered in a light blue, semi-transparent style, creating a sense of depth and movement. The overall color palette is monochromatic, dominated by various shades of blue.

make no little plans

The regeneration of Liverpool city centre 1999 - 2008

Professor Michael Parkinson CBE

UK city-regions in growth and recession:

How are they performing at
home and abroad?

Michael Parkinson, Richard Meegan, Jay Karecha

*The State of Liverpool
City Region Report:*

MAKING THE MOST OF DEVOLUTION





1. WHAT IS LIVERPOOL STORY TODAY?

- Liverpool good news story after difficult period change
- Increased achievements and ambitions
- Looks and feels very different place
- Improvements key drivers performance
- Huge physical regeneration, especially Liverpool city centre
- Mood music good – better than statistics
- Some external & Government more positive than internal
- Baseline higher, trend positive

Much Done

‘The image of the city is transformed. The environment has been transformed. Tourism, the port, the city centre are huge achievements.’

Private sector leader

Confidence is higher

‘The big shift is in confidence levels. We do not whinge anymore.’

Private sector leader

Liverpool is different.

‘The city has huge international traction. There is a vibrancy and idiosyncrasy simply not found in other provincial cities. We have got something really substantial to draw upon internationally.’

Academic leader

‘Liverpool is cool and investors want to be associated with cool. Make them a business proposition.’

London investor

1. WHAT IS LIVERPOOL STORY TODAY?

- But not underestimate challenges
- Well off our knees – but not out of woods
- Rise from low baseline
- Other places improved
- Recession has hurt
- Gap best in UK & Europe still big & could get bigger
- Leaders must be ambitious to succeed
- But we know that



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2017

Liverpool City Region
has achieved a lot and there
is a lot to build upon.
With the right leadership,
capacity and ambition,
it could achieve even
more in future.

COME TOGETHER RIGHT
NOW



2. WHY DO CITY REGIONS MATTER?

- City regions are back!
- Won intellectual battle last decade
- Winning political battle
- Not drains on economy or basket cases
- Assets not liabilities
- Wealth of nations
- Drive national & European economy
- Agglomeration & urban assets crucial successful modern economies

2. WHY DO CITY REGIONS MATTER?

- Place where people want and have opportunity live, work & play
- What characteristics such a city ?

- Economic diversity
- Human capital, skills
- Innovation
- Connectivity – internal and external
- Place quality
- Strategic leadership, political maturity, governance capacity





3. WHAT HAPPENED IN LIVERPOOL'S CRISIS 1970'S & 80S

- Long time making – port not industrial city, casual workforce, militancy
- Multi nationals, large employers, low skills, little entrepreneurialism
- Sectarian politics - last big city Labour 1950s
- Loss population, firms, jobs
- Loss confidence, loss way, hope
- Lost decade - coalition politics
- Thatcherism - cuts public sector
- Rise Militant response bankruptcy and chaos
- Collapse Labour
- City political pariah



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4.WHAT HAPPENED TO LIVERPOOL IN THE BOOM?

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make no little plans

The regeneration of Liverpool city centre 1999 - 2008

Professor Michael Parkinson CBE

LIVERPOOL AT BEGINNING OF BOOM

'Only now can we admit how bad it was. It was like Poland. Markets had stopped working.'

Sir Terry Leahy, CE Tesco

'As we entered the city centre, my wife was silently weeping.'

Alastair Machray, Editor, Liverpool Echo



4.WHAT HAPPENED TO LIVERPOOL IN THE BOOM?

- Part national story renaissance
- City regions back, government backing them
- Liverpool was lagging
- Now in mainstream
- Changed beyond recognition -physically, economically, politically, culturally
- Politics, people, place all better

4.WHAT HAPPENED TO LIVERPOOL IN THE BOOM?

- Regeneration city centre
- World class waterfront
- Proper business district
- Raised retail game
- Place visit
- Began knowledge & cultural quarters

4. WHAT HAPPENED TO LIVERPOOL IN THE BOOM?

- A big plan and commitment
- Raised aspirations
- Attracted private sector
- Brought in money
- Brokering and networking
- Focused on city centre

4.WHAT HAPPENED TO LIVERPOOL IN THE BOOM?

- Robust national economy
- Commitment partners
- Old and new developers
- Liverpool Vision
- Capital of Culture 2008
- Leadership
- European programmes
- Private sector investment markets

What Physical Changes Liverpool?



Waterfront Then





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WATERFRONT NOW



Office District Then



Office District Now



Office District Now



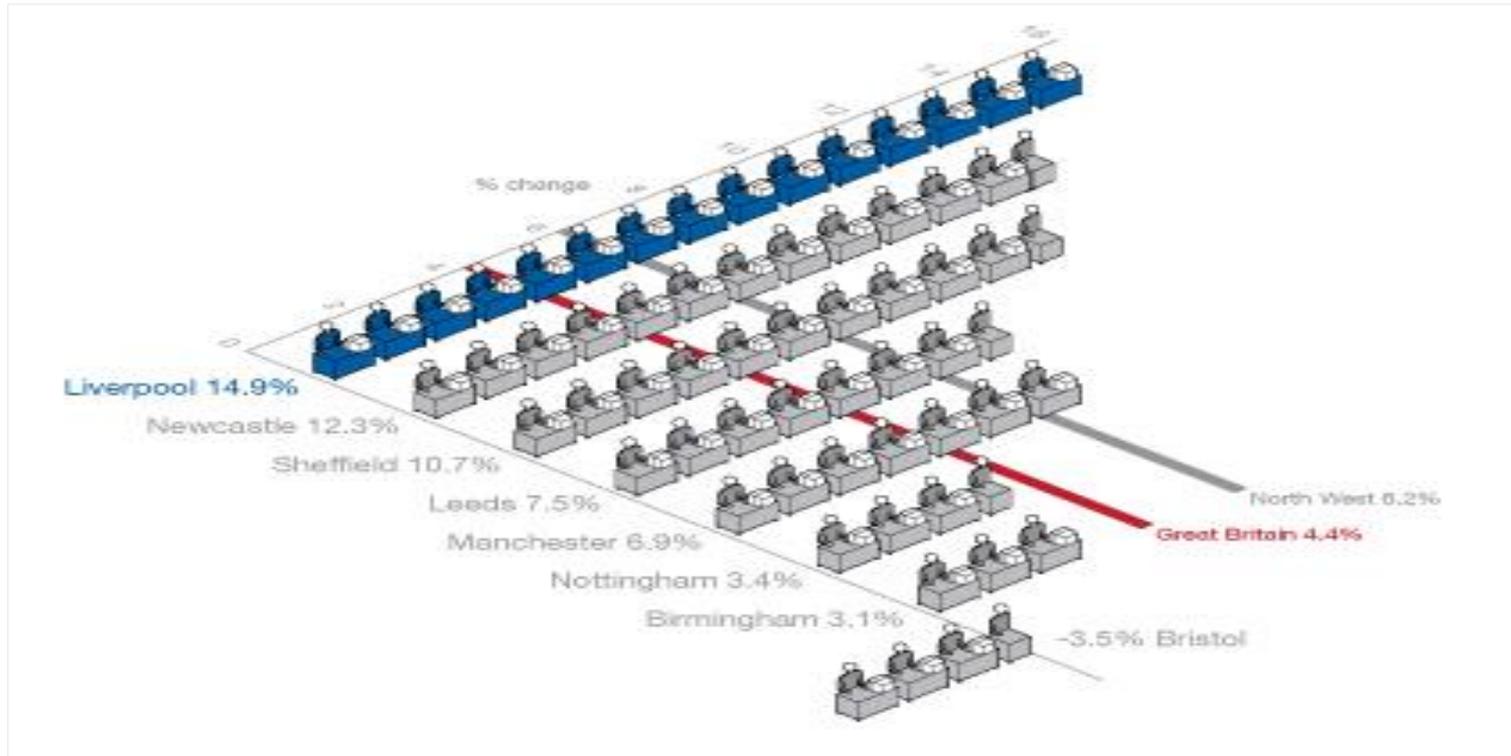
Paradise Street / Shopping Then



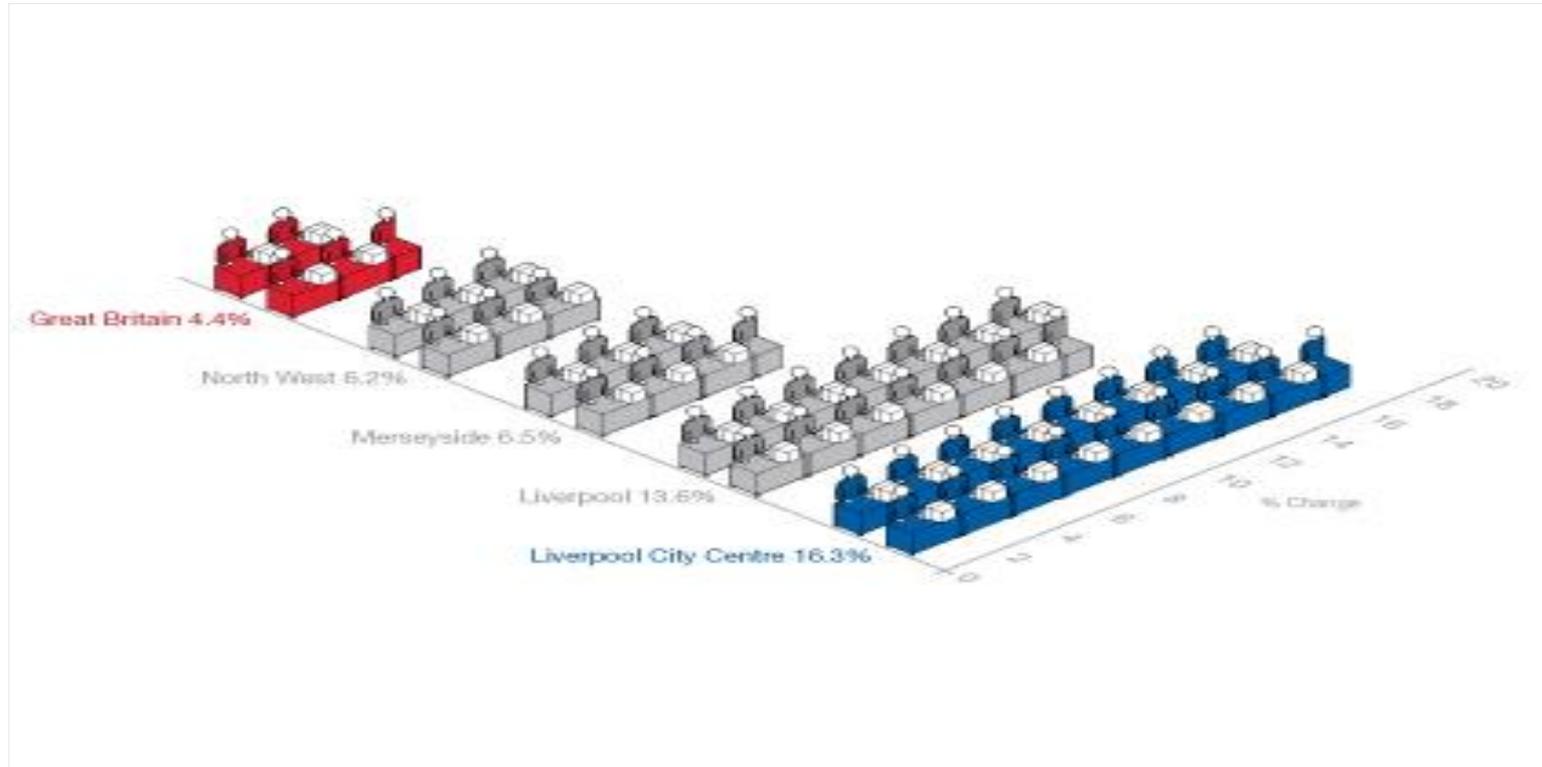
Paradise Street / Shopping Now



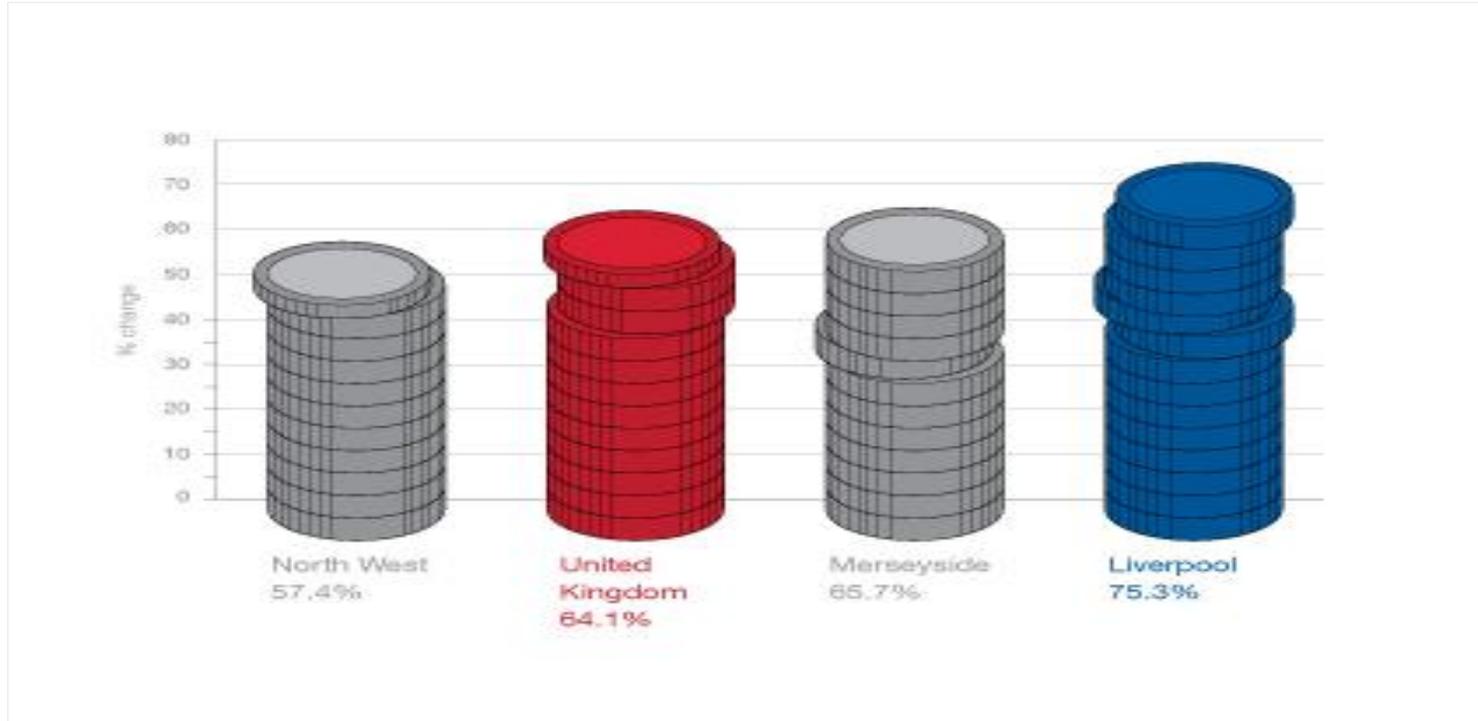
Job Growth Liverpool 2000-6



Job Growth City Centre 2000-6



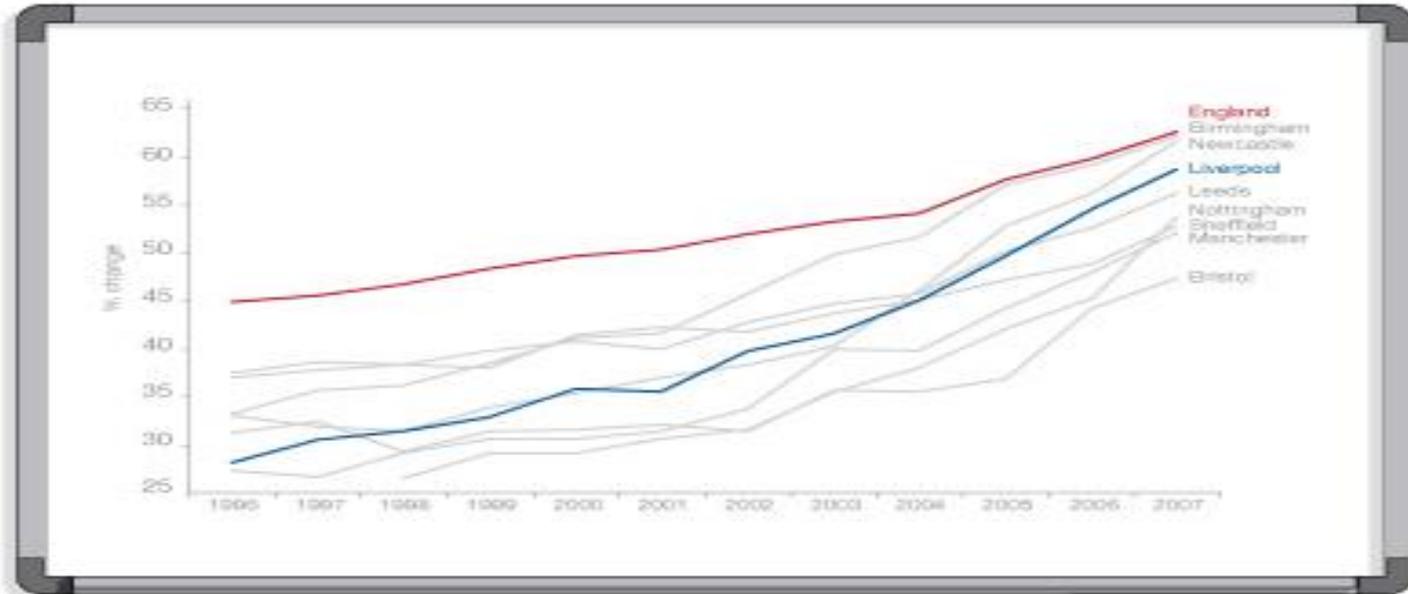
Increase Wealth 1995-2005



Wealth Liverpool & City Centre 1999-2005



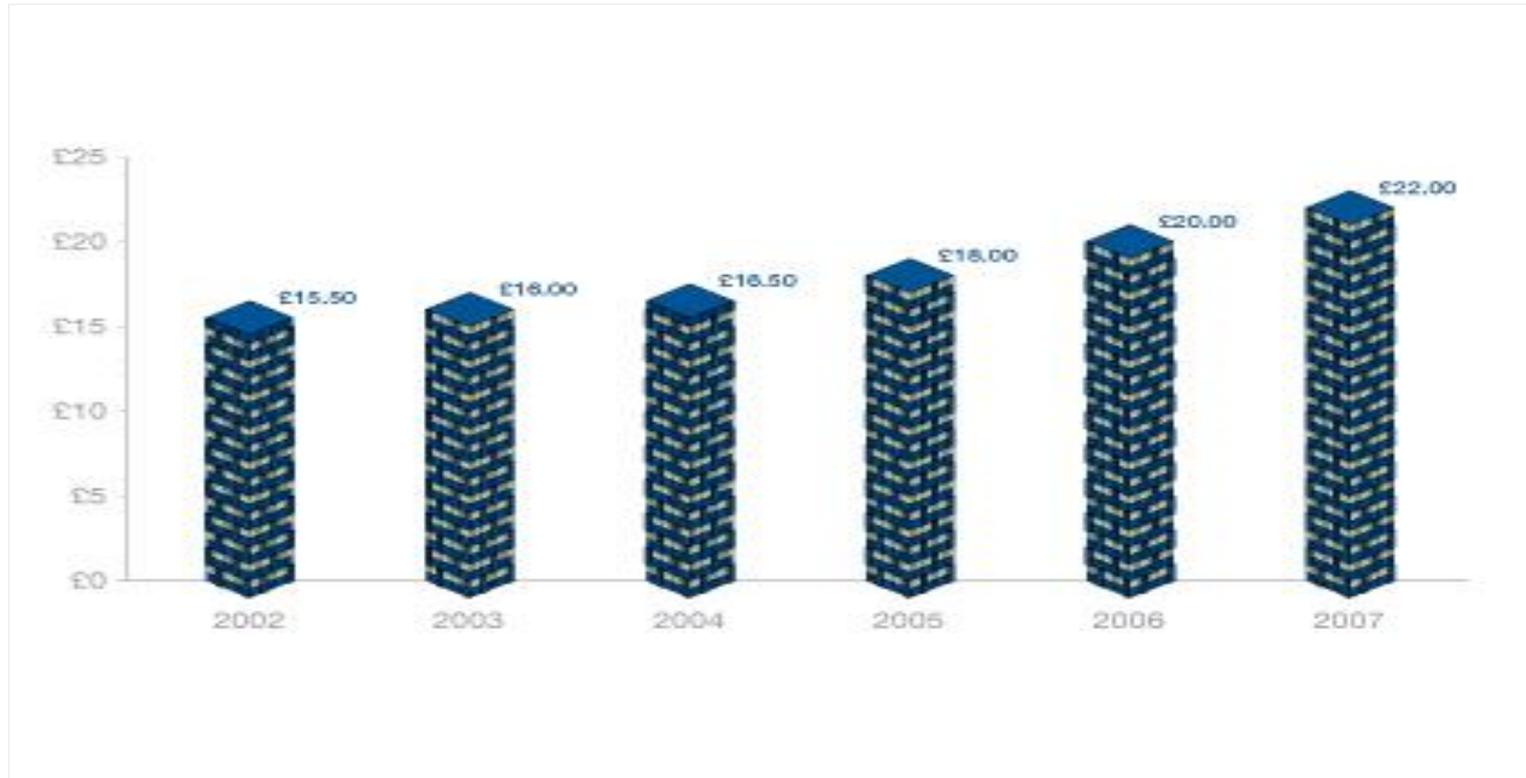
Improvement GCSE Scores 1996-2007



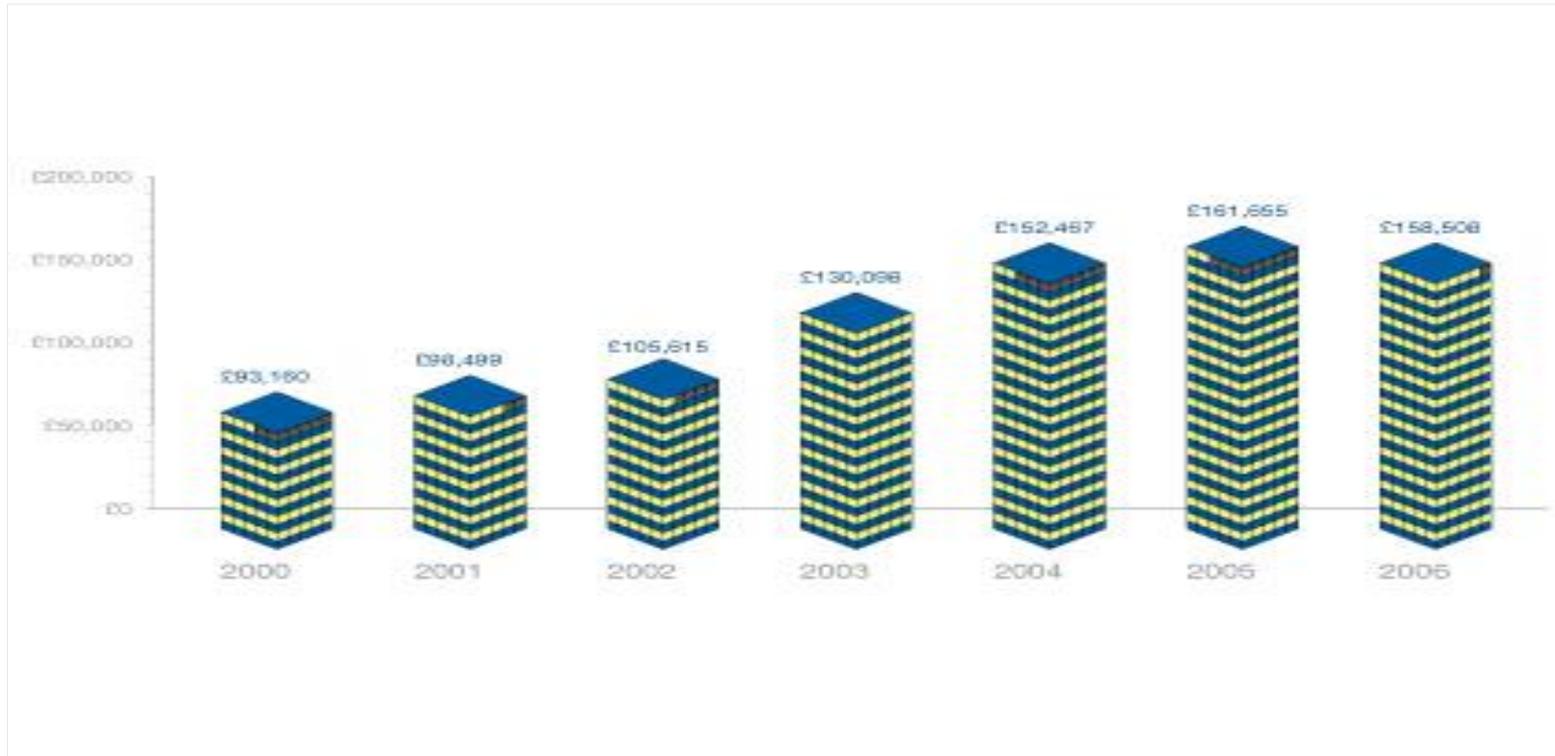
Population Increase 2000-5



Office Rents 2002-7



Apartment Prices 2000-6



5. WHAT HAPPENED TO LIVERPOOL IN RECESSION?

UK city-regions in growth and recession:

How are they performing at home and abroad?

Michael Parkinson, Richard Meegan, Jay Karecha

Proximity to London helps cities prosper

Devolved powers also key, says report Size less important than location

By Andrew Bounds, North of England Correspondent

Devolution of powers and proximity to London are the two main success factors for UK cities, according to new research.

A report by Michael Parkinson, an expert on urban economics at Liverpool university, has found that cities outside the south are falling further behind London and its satellite towns, and gains made since 2000 are in danger of being lost.

In turn, British cities are being overtaken by international rivals.

"In the good times we invested and you saw benefits. We are now disinvesting and the gains are at risk," Professor Parkinson told the Financial Times.

'Other countries are investing in second-tier cities and we will fall behind if we don't'

He presents his report, which looked at growth and jobs in 29 towns in the north and Midlands and 17 in the south, to the Treasury today.

"There is a relationship between national economic performance and the performance of smaller cities. That requires a level of decentralisation and deconcentration."

He said the aim should not be to curtail London's growth but to foster the strongest economies, such as the US and Germany, "had more than one cylinder in the engine".

London's contribution to UK gross domestic product has grown from 20.7 per cent before the recession to more than 22 per cent.

Unlike most other countries, performance of cities in the UK depended on population rather than size, found the research by the European Institute for Urban Affairs at Liverpool John Moores University, which Prof Parkinson reviewed.

don and financial services had brought little action so far, he said. "Other countries are investing in their second-tier cities and we will fall behind if we

Between 2008 and 2012 the proportion of UK jobs accounted for by northern cities fell from 30.1 per cent to 28.5 per cent. In the south it rose from 31 to 31.8 per cent.

In the same time, the gap in gross value added per head in the north and south grew from 34 to 35 percentage points.

Unemployment was generally higher in the north and productivity and output

The research shows that between 2000 and 2008 many cities in the north improved but did not close the gap. Those in devolved regions, such as Cardiff and Belfast, did particularly well.

Since the downturn, between 2008 and 2010, London and Edinburgh are the only UK cities in the world's top 20 per cent by gross value added per head. However, smaller southern and a powerful group of Celtic cities – Aberdeen, Edinburgh and Belfast – have performed very well since the recession.

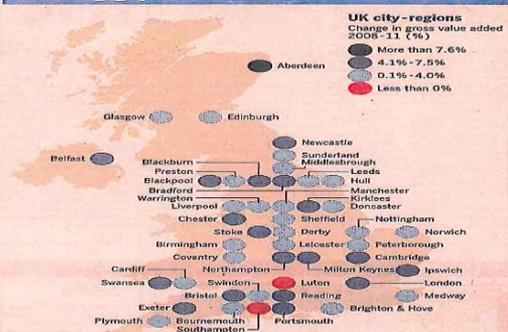
Prof Parkinson said that in London and the devolved administrations, investment and devolved powers had been used to fund regional development agencies were abolished outside London in 2012, private-sector led local enterprise partnerships (LEPs) have been charged with helping create growth, but they have few resources.

A number of reports by authors from Lord Heseltine to the South Institute, a Labour-linked think-tank, have said that handing money and power to local control would boost growth.

Prof Parkinson has signed 'city deals' with London and the devolved administrations, but only Bristol and Liverpool have benefited. Voters rejected the idea in referendum.

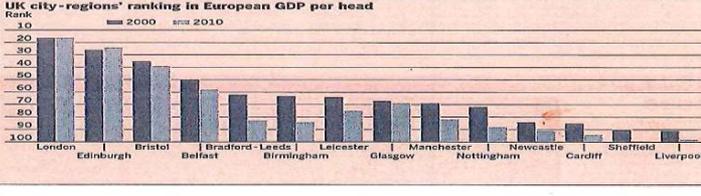
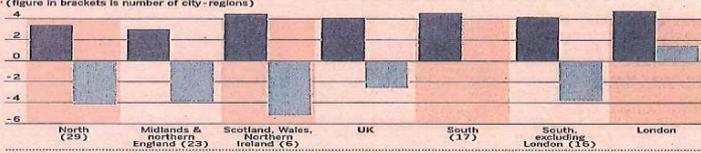
IPPR North, a left-leaning think-tank, has argued that low public spending on skills, transport, research and development and economic development holds back growth in the north and Midlands. It said pending growth per head is more than £1,000 a year in London and the devolved administrations. It is £524 in the West Midlands and £192 in Yorkshire and the Humber.

Widening gap



Source: 'UK city-regions in growth and recession' (M Parkinson, R Meegan & J Kerech, 2014)

City-regions in the north and south



Economic output

Celtic centres are star performers

A "powerful group of Celtic city-regions" in the devolved administrations – Aberdeen, Edinburgh and Belfast – are cited as particularly strong economic performers in Professor Michael Parkinson's research, writes Brian Groom.

London, which has a directly elected mayor and assembly, has also done well. However, there are questions about how much the creation of the Scottish parliament and Northern Ireland assembly in 1999, or the London institutions in 2000, has contributed to their success.

"Given the policy debate about the need to rebalance the UK economy and the argument that London and the devolved administrations have significant policy advantages and tools over cities in northern England, this emerging pattern of performance cannot be ignored," says Prof Parkinson's report.

Aberdeen is booming, with unemployment less than half the UK average and house prices that have more than doubled in a

decade, but that is because of the renaissance of North Sea oil and gas. The factors behind it are high oil prices, technological progress and tax changes by George Osborne, the UK chancellor.

Edinburgh benefits from having the parliament in the city, but Scotland overall has been an average performer since devolution. Economic output per head, measured by gross value added, was 94 per cent of the UK average in 2012, little changed from 1995, according to the Office for National Statistics.

Belfast has become a cosmopolitan tourist city with smart hotels, bars and restaurants. But Northern Ireland overall has struggled to capitalise on the peace agreement in the 1998 Good Friday agreement. Its GVA per head is 75.7 per cent of the UK average, below the 78.1 per cent it had in 1997. Only Wales, which also has an assembly, is lower.

London may have benefited from a well-known mayor pushing for investment, but its economy was growing strongly even before 2000.

FT graphics

*The State of Liverpool
City Region Report:*

MAKING THE MOST OF DEVOLUTION





“The Liverpool City Region faces many social and economic challenges but also boasts a proud history, fascinating cultural heritage and enormous potential.

The ground-breaking devolution agreement we recently agreed with Liverpool City Region's civic leaders offers an unprecedented opportunity for the city to determine its own priorities and to vote in a Mayor that will give it a powerful new national voice. It's an exciting opportunity to accelerate progress and return Liverpool to the world-class city we all know it can be.

“This report poses some tough questions but lays the foundations for a strong and enduring recovery across the Liverpool City Region. This is the Northern Powerhouse in action and something I am sure will be widely welcomed in the city and beyond.”

Prime Minister David Cameron

#Northern Powerhouse

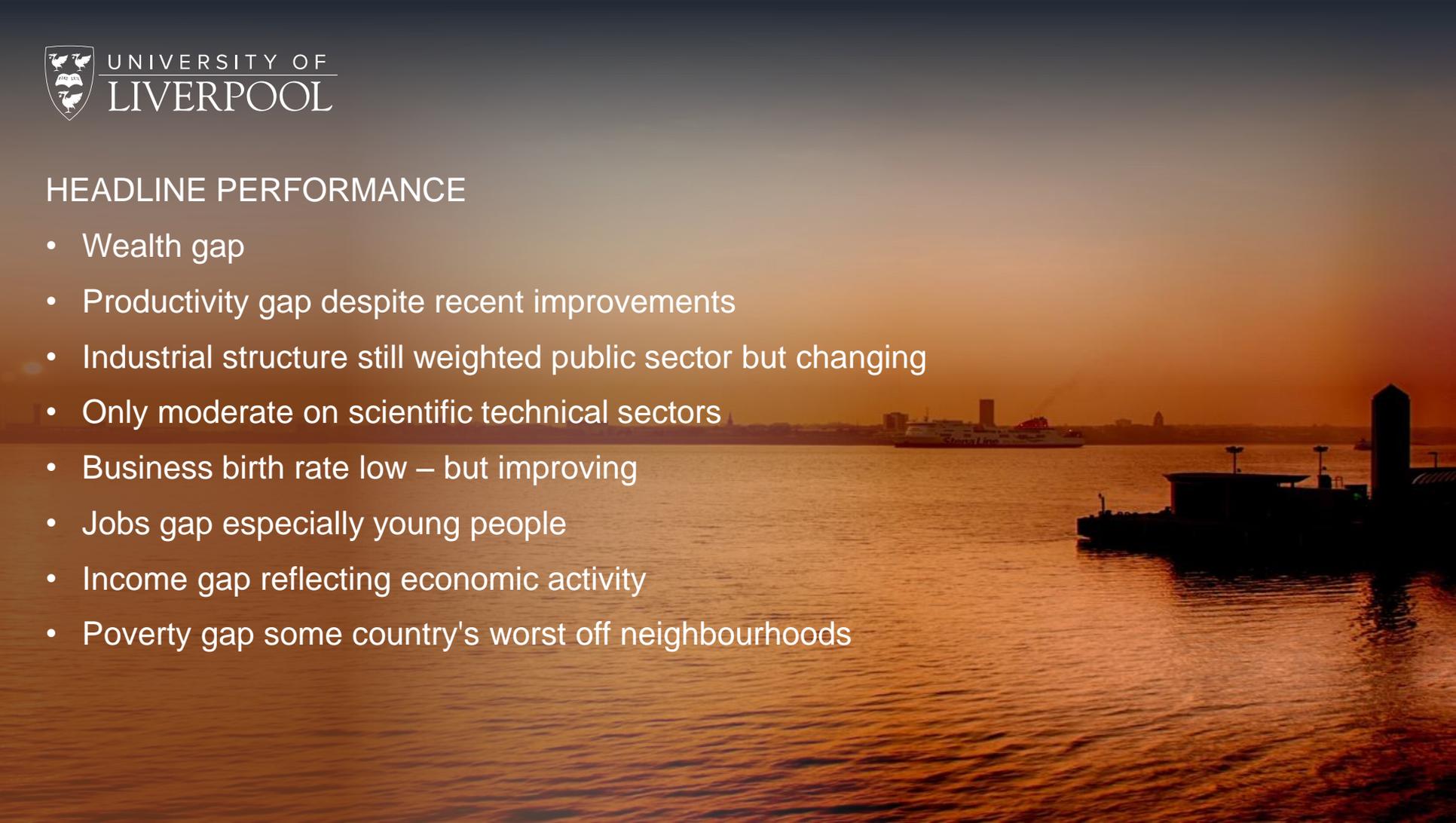
Liverpool in boom

- Recovery jobs
- Recovery output & productivity
- Recovery population

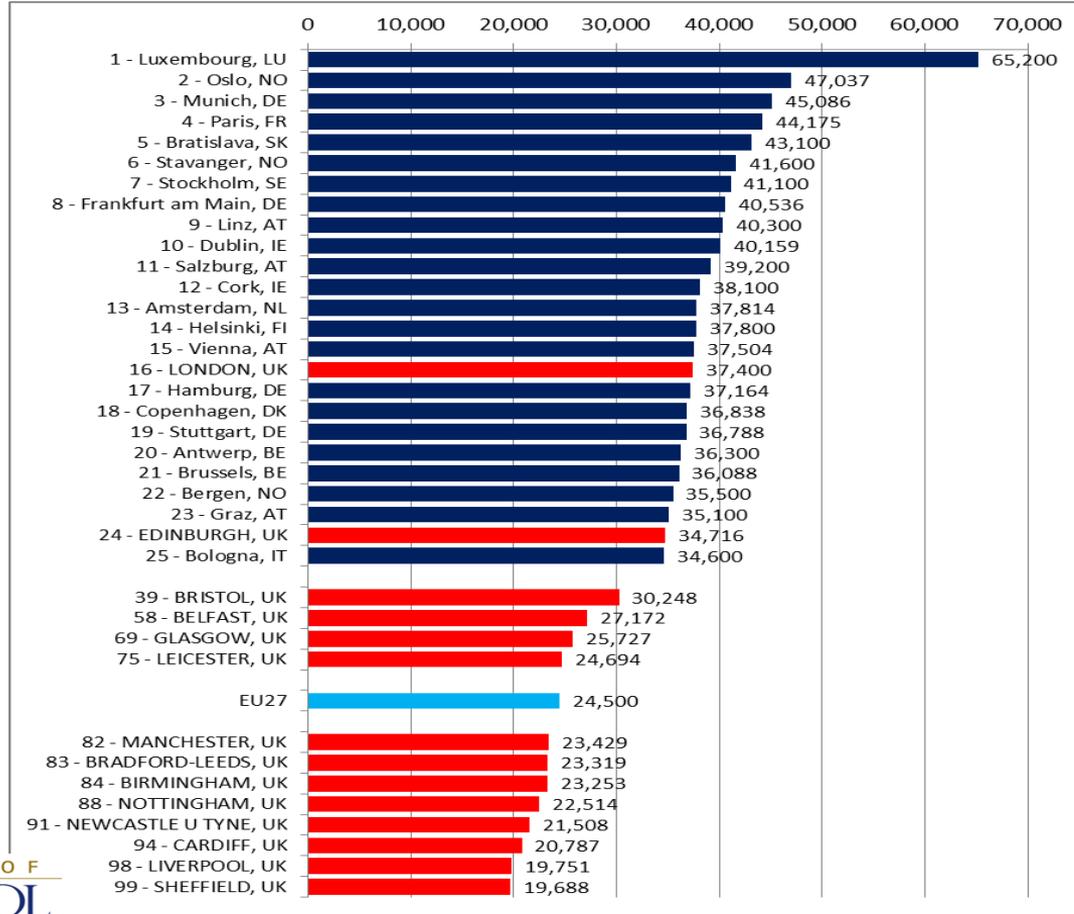
But recession has hurt so

- Output too low – lag similar European city regions
- Reasonable productivity - just not enough jobs

HEADLINE PERFORMANCE

- Wealth gap
 - Productivity gap despite recent improvements
 - Industrial structure still weighted public sector but changing
 - Only moderate on scientific technical sectors
 - Business birth rate low – but improving
 - Jobs gap especially young people
 - Income gap reflecting economic activity
 - Poverty gap some country's worst off neighbourhoods
- 

UK City Regions Europe's Top 100 - GDP PPS per cap, 2010





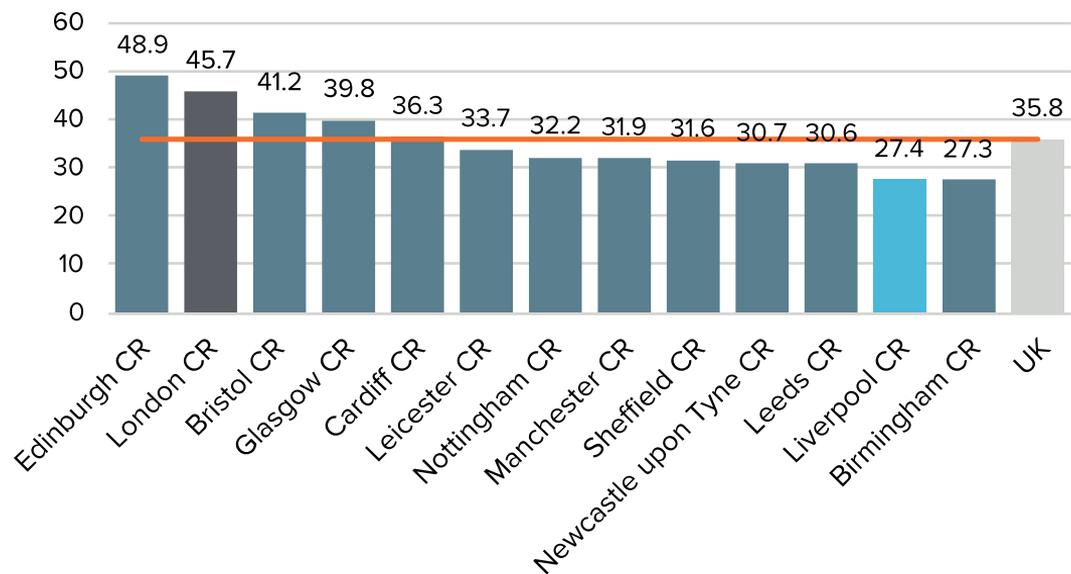
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How well perform drivers success?

- Human capital
- Innovation
- Diversity
- Connectivity
- Place quality

- Diversity - quite good
 - Public sector not as big - private sector growing.
 - Is LCR Innovative enough? Not yet
 - Skill levels good enough?
- 

Figure 3.27: High level skills: % (aged 16-64) with NVQ4+, 2014



Source: Annual Population Survey



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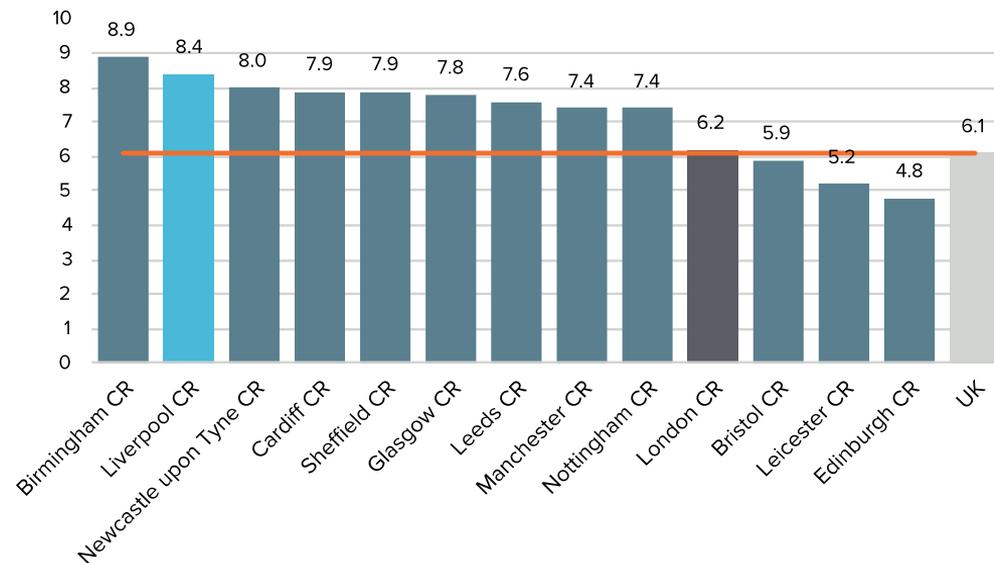
Connectivity improving but further to go



Is place quality good enough?

- Tremendous assets and potential – heritage, culture, city centre, visitor economy, creative & digital
- But social dimension still challenging

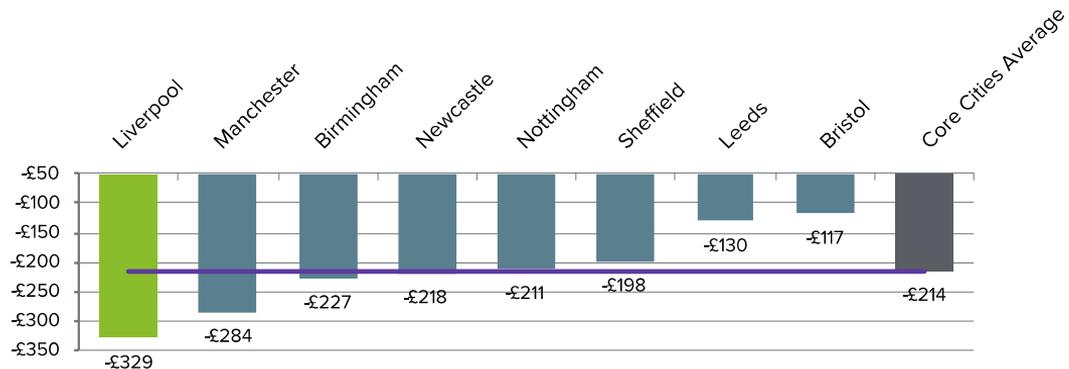
Figure 3.50: Unemployment rates (% of 16-64s), April 2014-March 2015



Source: Annual Population Survey

- Government cuts will hit place quality

Figure 3.60: Cumulative reduction in Revenue Spending Power 2010/11 to 2014/15, £s per person – Core Cities



Source: Newcastle City Council, *2013/14 and Provisional 2014/15 General Funding Settlement*, (2013)



6. WHAT IS TO BE DONE? COME TOGETHER RIGHT NOW

Productivity and poverty twin key challenges

City region leaders must :

Create, attract retain better jobs;

Raise skill levels, retain skilled people;

Encourage innovation;

Improve place quality, especially excluded people & communities



More confidence, more ambition, more risk

'We need to have greater confidence to take a risk and to try different things in the economy. The risk appetite is not there. We have to trust individuals and institutions to take a chance and fail if necessary.'

Private sector investor

Winning friends & influencing people in high places

'Liverpool needs a more distinctive voice in London. Other places sell themselves better. You do not blow your own trumpet enough. You should have more confidence in your achievements and your potential contribution.'

Senior civil servant

*'We need a simple clear vision.
We need to get people behind
closed doors and agree what it is
and get buy in. This is what we
want to do; this is who does what
in the city region, this is what we
want government support for.'*

Private sector leader



“The government both wants and needs Liverpool to succeed in the Northern Powerhouse – and believes it will. We are impressed by how far it has come. But we need the city region not just to think about its own future but how it plays into and contributes to the northern and UK economy.”

Senior civil servant



6. WHAT IS TO BE DONE? COME TOGETHER RIGHT NOW

Values

- Strategic, long term relationships priorities
- Strengthen partnership
- Generate more leadership
- Create greater trust & honesty
- Collaboration – public & more coherent private sector
- More confidence & ambition
- Look further forward and outward

6. WHAT IS TO BE DONE? COME TOGETHER RIGHT NOW

Strategies

- Reduce institutional complexity
- Simpler economic narrative ‘Boats, Beatles, Brains, Barrage’
- Improve communication – win more friends home & abroad
- Contribute more northern & national growth agendas
- Clearer spatial strategy – jobs, transport, housing, infrastructure
- Delivery, delivery, delivery –increased capacity key



6. WHAT IS TO BE DONE? COME TOGETHER RIGHT NOW

- Beyond regeneration to competitiveness
- Beyond city centre, especially to north
- Economic place making
- Sustainability
- Commitment, consensus, capacity city region
- Leadership, governance
- Winning hearts & minds



6. WHAT IS TO BE DONE? COME TOGETHER RIGHT NOW

- Realism but optimism
- Better economics, politics, place
- We are walking back to happiness
- But not all places and people walking at same speed
- Liverpool delivered lot recent past – can do more in future
- Carpe diem – or just do it!

Liverpool City Region
has achieved a lot and there
is a lot to build upon.
With the right leadership,
capacity and ambition,
it could achieve even
more in future.

CARPE DIEM!



THANKS

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