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?
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?
LIVERPOOL ON THE BRINK

Michael Parkinson
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 1980 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 rates. Only cities in Southern Italy were worse.

After the drastic decline of Liverpool's docks the future seemed to be on the way again in the Ford and Vauxhall car works. But the recession of the 1970s destroyed its branch plant economy.

It was a second disappointment that led to a degree ofzewienism in the public life of the city. The politics of frustration was created. This frustration spawned Militant, which seized 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 continuation between left and right.

The core of all Liverpool's conflict because of its role as exporter. With the loss of vital private sector jobs, council employment increased and became seen as a form of outdoor relief, rather than as a way to provide services to the poor.

Although Liverpool has declined by 10,000 a year for the past 40 years (it is now 450,000), the city has a council workforce of over 26,000, a larger population than 100 towns.

In this sense, the undeniable evidence of decline, the city is stuck with an external definition of economic greatness, and suffers from internalized sense of its own political importance. Not only has it lost its grip with circumstances in simper overways such as merging and closing schools with falling rolls — it really thought it could clean up its act through the Thatchers' government. But in 1980 there was a chance someone else could do that. Then Neil Kinnock from his obsessions to reform the Labour party.

Responsibility for the council's long-term financial problems can now be shared. It was the Labour regime of the mid-1980s before the rate cuts were reversed.

The commonest explanation against the creative accounting of the Labour and coalition governments of the 1970s, which tried to hold down the rates but never balanced the books by reducing the council's workforce. But Militant worsened the account. Huge loans taken out during 1980's for housing are now due for repayment.

The leadership that succeeded in 1987 promised change but its nerve failed. Finally, the first test came, the exhaustion of creative accounting and compulsory competitive tendering meant the council had at last to put the battle and begin selling council employees. Hence the conflict with the bin men, and the piles of rotting garbage.

The financial options were terrify restricted, but it still took nerve on the part of the ruling Labour group to face up to the need to add to the 26,000, unempioved in the city. However, the fact it is politicians in the city, not the government — not simply follow or be undermined. Liverpool's Liberal Democrats too should recognise the roles of the party and put the city's interest, before short-term political gains.

At present, they are fighting each other on the hard left. And whatever the hard left may claim, this strategy can only lead the city to a general and political impasse. Socialism is a fantasy if you can't employ the bin men and to do that managers must be allowed to manage. The lack of administrative leadership during the past 12 years has been almost as decisive as the city's political falling. At least that was never been recognised by politicians and officials 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. Hamburg, Rotterdam, Dortmund and Barcelona were all based on declining industries such as steel, coal, 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 instead. They have formed coalitions with local businesses and universities to invest in their human capital, clean up their environment and look forward.

What are the chances of Liverpool achieving such a transformation? Unfortunately it's location is more peripheral than the four cities mentioned. Its policies are unremittingly inward looking, its workforce is unqualified and its service industries are less well developed. But there is potential. It could create a waterfront, the city centre, the science and business park, and the cultural, tourism and leisure industries have taken modest but real steps in the last five years.

Two possible large-scale developments are the planned new airport as a European hub and-spoke operation. The site is ideally suited and there are plans for a barrage across the Mersey which would generate electricity. The airport project will be brought forward.

The Mersey conurbation is upstream like for tourist development, as well as selling electricity.

S

trategy, vision, partnership seem empty words in Liverpool today. Words will not be enough, put they give a clue to what is needed. Whatever it takes of hope. The city council is not the only representation the city. Other public and private leaders are struggling to put the city's interest forward.

Should anybody but those who live and work here care what happens? Of course. This is an integral part of the city with architecture, culture, history, a city that is the life — that city even its critics when they come to 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. What's needed is for the exercise responsibility, the dogged determination to win. The government is equally compelling. Its policies of deregulation is long and extensive. One urban policy is to send the government the money. The government is not that far from the city council's programme. But at least the city council has put back through special rates, the positive rates rises. Mr Haslegrave's city council will be test cases of Liverpool's, a city that can clean up the city, can start with a clean sheet.

The author is director of the Centre for Urban and Regional Studies at Liverpool University.
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
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
4. WHAT HAPPENED TO LIVERPOOL IN THE BOOM?
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
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

- Great Britain: +1.9%
- North West: +1.0%
- Merseyside: +1.0%
- Liverpool: -1.1%
- Liverpool City Centre: +32.0%
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

The government’s talk of a "levelling up" agenda is finally starting to bear fruit, according to a new report by Michael Porter, the Harvard business professor who coined the term.

“Proximity to London has played a significant role in the growth of cities such as Milton Keynes, Reading, and Oxford,” he said. “This is because London is a major economic hub and a major cultural hub, and it attracts businesses and people from all over the world.”

The report, which is based on a survey of 1,000 businesses in London and the surrounding region, found that cities within a 50-mile radius of the capital are growing faster than those further away.

The top five cities for business growth are Milton Keynes, Reading, Oxford, Reading, and Oxford.

The report also found that cities within a 50-mile radius of London are more likely to have a higher percentage of high-skilled jobs and a lower percentage of low-skilled jobs.

London Mayor Sadiq Khan has welcomed the report, saying, “This is great news for London and the surrounding region. It shows that London is still the global city it is, and that it is pulling in the talent and investment it needs to keep growing.”

The report was commissioned by the Mayor of London’s team and was conducted by the London School of Economics and Political Science (LSE).
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
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

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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