MANCHESTER ACHIEVES ANOTHER FIRST

A tipping point is reached in Greater Manchester's journey towards more control to achieve its own destiny

Cynics may sneer and mouth "MAA" and "Statutory City Region" to claims that the City Deal is anything other than an alibi exercise that enables Government to show they are genuinely "localist" and cities to sit at the top table with Ministers. Cynics could be wrong. That is because, at least in Greater Manchester's case, these are not isolated processes but points on a continuum whose pace has been driven as much by the city as by Whitehall. SCR delivered the Greater Manchester Combined Authority, which, improbably, was conceived under one administration and delivered under an entirely different one. All three political parties had to go out of their way to give Greater Manchester a statutory governance framework that was designed not in Whitehall but in Wigan.

It is the Combined Authority, usefully supplemented by the Local Enterprise Partnership (also made in Manchester and adopted by Whitehall), that was the anchor to the City Deal and has enabled this round of discussions to move beyond laying the foundations of a proper twenty first century city and brought in the builders. The criticism that can legitimately be levelled at every previous process is that none made a dent in the incredibly centralised state that England has become. Whilst central Government's share of public spend in a locality in Germany is 19% and in more "centralised" France 35%, in the UK it is no less than 72%. Until and unless this shifts, it can be called autonomy, devolution, subsidiarity, localism or anything else, but it is no more than rhetoric.

The centrepiece of the deal, the 'earn back' model, breaches this barricade. For the first time, if Greater Manchester borrows, spends and invests wisely, generating additional economic growth, not only will it get to keep the additional business rates it has generated under the new national regime, but it will take a share of the much larger pot of additional tax revenue also generated and until now ending up on a Treasury ledger.

Nor is this a short-term punt, but the basis of a 30 year revenue stream that incentivises Greater Manchester to do it's homework on the long-term investments that are going to generate the maximum amount of net additional economic impact – a part of which is then plugged right back into further investment to generate further growth. Suddenly all public spending in the conurbation takes on a whole new perspective, as skewing it towards the generation of additional economic growth doesn't just directly benefit some, but by generating addition revenue for Greater Manchester, benefits all.

This creates the basis for revolving funds mechanisms that can incorporate and attract both private sector infrastructure capital and an ever-wider selection of public sector spend. This dramatically increases the credibility Greater Manchester has when attracting private sector investment, as no longer is "bending to the market" something done for others, but something that directly benefits the conurbation's residents. By aligning public and private sector investment in this way a major rubicon has been crossed that will be a lighthouse to private sector funding looking for return.

Like the City Deal, there is an another playing field being marked out with Greater Manchester's "Whole Place Community Budget". This is the only pilot at the level of a functional economic area, so enabling the mitigation of displacement and the internalisation of growth. This offers mind boggling potential for a further set of investment frameworks to be created and aligned so that as dependency is reduced, part of the money saved similarly flows not only to rootless Whitehall Departments or national agencies, but to Greater Manchester, to be invested instead in ways that generate further economic growth to the benefit of the conurbation's communities.

The Deal of course has many other bells and whistles. A better level of rationality is brought to some of the funding steams that flow down from Whitehall, including European funding. An Apprenticeship and Skills Hub will bring 10% more much-needed apprenticeship packages for

16-24 year olds, and will do it by directly funding employers. There is support and a sustainable revenue stream for the Business Growth Hub, a strong attempt to create a central portal for business support, trade and inward investment that is local rather than national. Low carbon technology, a focus on China and other growth markets, transport, additional housing investment and of course Graphene are all part of a deep package.

The “Deal” is neither a last nor a first step. It builds consistently on years of what has gone before, not least the evidence of the Manchester Independent Economic Review and the catalysing effect that had in the adoption of the radical Greater Manchester Strategy. That was not a general but a very focused set of priorities that pushed many elements of the polity, local and national, towards net economic growth. Now the activities that flow from that can be doubly rewarded.

This city does not stand still. Some of the finest economic, business and academic minds in the world have already made recommendations for what the next phase should look like, in the Greater Manchester Growth Plan, launched by two key Ministers just ahead of the Budget. Manchester - the global brand for 3 million or so citizens - is already starting to focus on what the world will look like in the 2020s and what it needs to do now to be a bigger and better world city then. The City Deal, and the deals to come, show that the Government is ready to be a partner in that enterprise – an elusive win-win from which everyone stands to gain.