

Steve Rotheram faces some major challenges as the new Metro Mayor in Liverpool City Region

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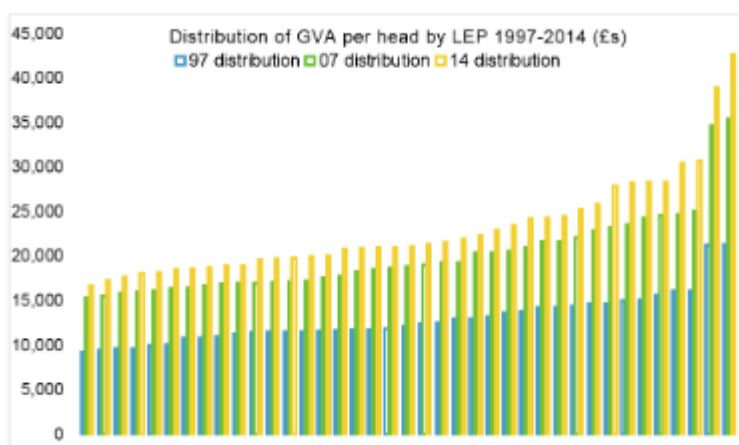
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The election for Metro Mayor is over and attention has focused on the General Election that takes place in a few weeks time. However, of the many problems that Steve Rotheram will face, I can think of three major national challenges that will mean the role will be a testing one as soon as he takes office.

One of the most pressing things to face Steve Rotheram will be the national economy and what this means for the Liverpool City Region. The first thing to point out about the national economy is something that we all know about, something we have experienced for almost forty years or more and do not seem to be able to shake off: that is, the regional economic imbalance. The TUC have pointed out that London and the South East will account for 40% of gross domestic product (GDP) by 2022. Where does this leave a city region like Liverpool? Does it become irrelevant outside its own boundaries? The process of regional inequality is ongoing, it has not stopped and as the wealthy regions become proportionately wealthier, the rest of the country becomes less significant. This has been a long process of cumulative causation although now currently against a backdrop of low national growth.

National statistics produced by the ONS must be a concern. Recent figures are showing negative net trade, a decline in business investment, falling savings, output dominated by the service sector, over reliance on consumer spending stimulated by increased personal debt, weak pay growth and higher inflation. In spite of European Objective 1 funding, the previous work of the North West Development Agency, the Local Enterprise Partnership, a recognizable renaissance for the city centre of Liverpool, the gap between productivity in Liverpool City Region and London and the South East continues to widen. The graph below shows the disparity between those places with the lowest levels of value created per head of population compared with those with the highest levels in English Local Enterprise Partnership areas. We can see too, that the gap in gross value added (GVA) per head between less and most, rich and poor, has continued apace in the period following the Great Recession.



A second concern will be national politics and especially the effect of leaving the EU on the Liverpool City Region. Most obvious is the decline in European grants that the city region will be able to access, and while the current European programme is due to complete at the end of the decade, it will be 2021/22 when we feel the effect of grants coming to a finish. We are being seduced into thinking that the 'snap' General Election is aimed at bringing Brexit to a swifter and cleaner conclusion. Yet a government led by Theresa May is more likely to prolong the discussions essential for a negotiated exit from the EU. This is probably an unintended consequence from May's decision to seek a larger majority in Parliament. How does this work out? Well, there are other things to take into account.

First is the idea that there is a need for an election. Only a short time ago, a matter of weeks before it was called, it was the view of the Prime Minister that an early General Election would not be required. In fact, there has been no reason for a General Election from the point of negotiating with the EU because the EU negotiating team's guidelines are in place regardless of the hue and scope of the Commons. The EU Chief negotiator established the methods to be followed for discussions on Brexit from the perspective of the EU without any hesitation from member nations. Why then has the Prime Minister upped the ante in terms of confrontational rhetoric? This is a position that is not uniformly supported, for instance by the governments of Wales, Northern Ireland and Scotland. Even if a returning May government holds a large majority the confrontational tone of electioneering will create uncertainty in global financial markets. May's message to the financial elite is surely going to be that the UK and EU will produce a patient, safe, negotiated exit specifically to allow markets the time to adjust. This is what the markets will expect although the posturing at present tends to imply the opposite, a so-called hard Brexit.

The third concern is that the Metro Mayor will not have enough power to do what he believes needs to be done. While in our city region we have witnessed some economic resurgence particularly around the tourist and consumption hot spots in Liverpool city centre the other boroughs often feel marginalized; and faced with national economic and political problems, the devolved powers are modest at best. In summary there will be: a thirty year investment fund worth £900 million; some powers over apprenticeship provision and further education, aimed at vocational support for local employers; strategic direction over housing and planning with important

compulsory purchasing powers; a consolidated budget for transport and some planning for health and social care integration without control over the budget, as in the case of nearby Greater Manchester. These devolved powers, such as the £30 million per year over 30 years, are provided against a backdrop of severe public sector expenditure cuts that sees 2020 as the fiscal cliff facing the Combined Authorities.

The New Policy Institute (NPI) show how and why this fiscal cliff is imminent for many English local authorities. At around the same time as EU funding comes to an end in the city region current and capital spending will reach its lowest since 1948. Yet there are at least three other aspects to this. Local authorities have now the power to raise council tax by an additional 2% per annum, notably to meet the demand for social care (which the Metro Mayor does not fully control in the Liverpool City Region in contrast to Greater Manchester). Second, is local authority ability to retain business rates. Third, these take place as the Revenue Support Grant is reduced, to the tune of some £5.4 billion between now and 2020 according to NPI. This will impact on the principle of redistribution that was once embedded in the finance provided by central government to local authorities.

How can Steve Rotheram's tenancy in the Metro Mayor office respond to such challenges? I believe he has to build and create new alliances and collaboration. On the national scale by aligning with others the Metro Mayor can argue that national government has to address the regional imbalance through economic stability, low-unemployment and redistribution of wealth. Existing and new jobs in the city region need to be well paid and steady, to address the other regional inequity, that of job insecurity – London does significantly better in job security than any other region. Back in February when a General Election was only a distant thought, the May government released a Green Paper on a national industrial strategy. This is one route a new Mayor can pursue and join forces with others to campaign for better distribution of economic opportunity with Greater Manchester being the obvious ally. More political and economic collaboration can be done with other places in the UK, such as with North Wales showing the Welsh Assembly the benefits from working with the Liverpool City Region, and of course with Belfast and Dublin. Then through international forum such as the Global Parliament of Mayors, opportunities will exist to seek to build the Liverpool City Region relational space for social justice and economic

development in a collaborative and international manner to help overcome the EU exit.

With the limited powers available, Rotherham should consider how to bend policy and spending in strategic ways. At the centre of this, the Mayor should articulate our city region values and ensure policies correspond with these. These should be promoted across the Mayor's spheres of influence: for education in high-tech areas and using apprenticeships to support growth in small businesses and in social organizations. By enabling more maker spaces in the boroughs and proceeding with some care in deploying local fiscal measures that can potentially put downward pressures on taxation revenues; he can coordinate and integrate transport systems internally with a greater focus on inclusion to change habits in modes of transport over the medium to long term. For instance, by building public transport into the mindset of young people so its use becomes habit forming and life-long and importantly, taking into account how the world views Liverpool City Region transport system – how could Liverpool airport align with Manchester airport for example? The Mayor can bend the power of government through commissioning and procurement so a clear social as well as economic value can be sought. Indeed, we need to increase our expertise in this field. And by encouraging more self-help housing, looking seriously at the Community Land Trust movement and how it serves social housing and owner occupation, more protection against housing market volatility and inequity can be established. Finally, the Mayor must prepare for health and social care integration, something that will be a demanding and challenging shift in responsibility.

There will be much to do for the new Metro Mayor within a new context of national political and economic change.

Alan Southern

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