

**Manchester City Council
Report for Resolution**

Report To: Executive – 10 March 2010

Subject: Manchester City Council Consultation Response: Atlantic Gateway – Framework for a Global Growth Opportunity

Report of: The Chief Executive

Summary: This report summarises the Council's response to the latest consultation document on the Atlantic Gateway Framework.

Recommendations: The Executive is asked to note the issues raised in the consultation response at Appendix 1 and to formally endorse the policy position set out.

Wards Affected: None directly

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The Atlantic Gateway concept is about the potential to contribute to economic growth in the region, and as such, depending on decisions taken both locally and regionally, this project could impact on the economic performance of the sub-region. The extent of that impact, whether positive or negative, will be determined by the outcome of further consultations and work as it develops.
Reaching full potential in education and employment	None directly
Individual and collective self esteem – mutual respect	None directly
Neighbourhoods of Choice	None directly

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

None

Contact Officers:

Name:	Steve Mycio	Name:	Sara Todd
Position:	Deputy Chief Executive	Position:	Assistant Chief Executive
Telephone:	x 3031	Telephone:	x 3286
E-mail:	s.mycio@manchester.gov.uk	E-mail:	s.todd@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Atlantic Gateway – Framework for a Global Growth Opportunity (draft)

AGMA consultation response document – February 2010

1. Background

- 1.1 Atlantic Gateway is a concept which was originally launched by Peel Holdings in September 2008 under the banner of Ocean Gateway. It described "Peel's proposed £50 billion investment strategy for the North West of England to be phased over the next few decades" and was largely a property-based analysis of the physical development potential of a series of assets owned by Peel along the Manchester Ship Canal. The intention was to create, on the back of these developments, a new strategic focus for promoting regional growth. There have since been many iterations of the strategy as it expanded to include sites in other ownerships in parts of the two City Regions of Manchester and Liverpool and the corridor in between. The concept is being promoted by NWDA and GONW, and is identified as a key spatial concept within the draft RS2010 (The Integrated Regional Strategy) currently out for consultation.
- 1.2 Manchester City Council and AGMA have previously submitted responses to consultations on this issue, indeed the first of these was agreed at Executive on 11 March 2009 setting out the Council's policy position. The Council has been actively involved in discussions on Atlantic Gateway, particularly through the Atlantic Gateway Leaders' Group and Senior Officers' Group.
- 1.3 On 18 January 2010, NWDA invited comments on the latest iteration of the document - Atlantic Gateway: Framework for a Global Growth Opportunity. Both Manchester City Council and AGMA have submitted responses to this consultation, the deadline for which was 5 February and Manchester City Council's response is appended.

2. General Issues

- 2.1 The consultation response to the Atlantic Gateway Framework at Appendix 1 reflects feedback on the version issued to the City Council on 18 January 2010. The general issues raised in the consultation response are highlighted in paragraph 2.2 to 2.6 below with more specific issues detailed in the response itself.
- 2.2 Since its first inception, Manchester City Council has been concerned about the lack of evidence to support the concept of the Atlantic Gateway. In fact, specific evidence from SQW – consultants appointed by the NWDA - does not support the concept of a corridor or the spatial geography upon which the Framework is predicated. Despite this, the concept has continued to be promoted, most notably by its inclusion in the developing Integrated Regional Strategy (RS2010).
- 2.3 Furthermore, the case is not made that the Atlantic Gateway represents a unique opportunity for the region. The strategy seeks to put forward the view that this particular spatial focus is essential to counter-balancing the impact of London and the South East. The reality however is that the cross-functioning of labour markets between Manchester, Leeds and Lancashire is as important as those which relate to Manchester, Liverpool and parts of Cheshire. There is

no more than a passing reference to this much wider geography and it is our understanding that no labour market analysis has been undertaken to inform this Framework.

- 2.4 A primary issue, and one which has been highlighted in previous consultations, is that investment needs to be focussed on the city regions, and not on the 'corridor' between. Whilst various iterations have moved towards a stronger focus on the city regions as the drivers of the future prosperity of the region, the geography remains confused with references to 'a clear focus on a hierarchy of settlements' within the Gateway boundaries which refers to many of the towns between Manchester and Liverpool. Without the unequivocal focus on the centrality of City Region growth, the Framework has the potential to undermine and dilute economic growth in the north west.
- 2.5 There are a number of projects depicted within the Atlantic Gateway Framework which are desirable and capable of support. However, there is no analysis of the costs and benefits, nor of the scale of any public intervention which is likely to be required. Given forthcoming public sector financial constraints, the Framework cannot therefore be a robust basis for prioritisation in respect of future investment decisions.
- 2.6 Finally, there is scope for Atlantic Gateway to add a further layer of complexity to an already complex policy and governance situation which, ironically, there have been significant efforts to simplify in recent years via integrated regional and city regional strategies. The added value of Atlantic Gateway is unclear in terms of its contribution to a coherent and effectively governed framework to drive economic growth in this region.

3. Conclusion

- 3.1 A further iteration of the Atlantic Gateway Framework was issued on 12th February 2010 after the consultation response at Appendix 1 was submitted. Whilst this further version sought to address some of the concerns raised in the Council's consultation (for example by changing the title of the document to 'Atlantic Gateway - Accelerating Growth across the Manchester and Liverpool city regions'), the fundamental points in the attached consultation response remain unresolved - the dilution of the City Region focus in the NW, the lack of clarity about added value, an incomplete evidence base, a further layer of complexity when we are seeking to de-layer and a lack of effective governance.
- 3.2 The Executive is asked to note the contents of the Manchester City Council consultation response, and endorse the policy position set out.

4. Contributing to the Community Strategy

4.1 (a) Performance of the economy of the region and sub region

The concept is about the potential to contribute to economic growth in the region, and as such, depending on decisions taken both locally and regionally, this project could impact on the economic performance of the sub-region. The

extent of that impact whether positive or negative will be determined by the outcome of further consultations and how work develops in the future.

4.2 (b) Reaching full potential in education and employment

None directly

4.3 (c) Individual and collective self esteem – mutual respect

None directly

4.4 (d) Neighbourhoods of Choice

None directly

5. Key Policies and Considerations

(a) Equal Opportunities

None

(b) Risk Management

None

(c) Legal Considerations

None

Atlantic Gateway - Framework for a Global Growth Opportunity

Manchester City Council - Consultation Response

GENERAL POINTS

Manchester City Council welcomes the opportunity to comment on the draft Atlantic Gateway (AG) Framework. We have been an active participant in the work to develop the Framework to date, and we are pleased to see the increased focus on city regions since earlier iterations of this work, along with the fact that there is a clearer focus on promoting proposals which have a clear evidence base and rationale, such as Port Salford, as we suggested in our September feedback. However, we remain disappointed that the Framework still does not take on board the overarching principle from our September feedback - that the Gateway concept can only succeed if the growth points (and not the corridor) are the starting point for the strategy, with a focus upon addressing how these can be better connected. It is encouraging to see this highlighted in the Executive Summary but the Framework is somewhat confused by the fact that in places in the document, the AG is being described as a 'hierarchy of settlements and not a growth corridor' whilst in other places it is still being cast as a growth corridor. It is absolutely essential that the role and function of the City Regions in delivering regional growth is clear in the Atlantic Gateway Framework (see later comments on this) and consistency on this throughout the document would be welcome.

Whilst the document does step back from asserting that the 'economic geography' supports the AG concept and refers instead to the 'AG geography', we have concerns that there is still not the strongest evidential base to develop a spatio-economic framework or deploy public spending in order to achieve maximum leverage and benefit for the North of England. The rationale for AG appears to be that Liverpool and Manchester are only 30 miles apart and have a 'geographical coherence' as the two cities are linked by both river and canal, as well as a network of road, motorway and rail links. It is stated that "while the area is not an economic growth corridor, there is crossover between the Manchester and Liverpool city regions in commuting terms, demonstrating a common functioning of the labour markets between the two cities' (p14). A much more thorough analysis of labour market functionality of both city-regions would need to be undertaken before such an assertion can be made. If indeed there is a crossover it is not clear that this is unique or could equally apply to parts of Lancashire/West Yorkshire, in particular the relationship between Manchester and Leeds. It would be helpful if there were clear strategic direction on how these other linkages are to be explored and developed. The lack of a persuasive evidence base is re-inforced by the precursor SQW study and stakeholder consultation which found that stakeholders 'did not recognise Atlantic Gateway as a geography'.

Though the document focuses on those aspects that have relevance to the way the key growth points operate now and for the future (Innovation in Key Sectors; Global

Gateway; Sustainable Infrastructure and Creating Places that Attract and Retain Talent) if anything the Framework over-emphasises these themes and the linkages between growth points within the Corridor. Notwithstanding this, we welcome that AG has been recast to be a strategy to support and accelerate the growth plans of the two city regions. Indeed the document states that:

“Both Manchester and Liverpool City Regions have established clear plans for economic growth. The Atlantic Gateway initiative accepts these ambitions and requests the Government to accept these as national priorities within the Atlantic framework. “(p11)

In recognition of the importance of the growth of the two city-regions, we suggest that this is added as a separate and key theme.

CITY REGIONS

Strategically, the Framework would be considerably strengthened by placing Greater Manchester and Liverpool city regions in the context of economic performance of the wider North of England. Manchester city region is, and will remain, the strongest driver of economic growth in the North and this needs to be more fully recognised in the document and in the Atlantic Gateway concept. As with the RS2010 consultation the option of concentrating economic growth on the Manchester city-region to drive economic growth in the North is not given sufficient weight (though by adding city-region growth as a separate theme this will help). Though the city-regions and ‘City Regional Strategies’ are mentioned, the Manchester Statutory City Region (SCR) itself surprisingly is not, and neither is the Liverpool city-region Multi-Area Agreement. Both of these initiatives have helped to make the most of city-regions as key assets and drivers of growth for the Atlantic Gateway. This designation and the devolution that the SCR and MAA may bring is important not only in regional terms, but also in national terms and should become a key component for the Framework.

HOUSING

We welcome the Framework’s changed emphasis on Housing. This clearly reflects the responses made to previous consultations which indicated the housing proposals were unsustainable. In the light of this, and on a wider note than simply housing, we question whether the scale of the development proposals for AG may not be viable in the absence of the unprecedented levels of public investment previously enjoyed. It would be useful to know whether the Agency has tested the costs and benefits of all the proposals in AG and the scale of intervention likely to be required. In housing terms, we welcome the clear commitment to reinforce existing settlement hierarchies and growth patterns and maintain local policy and delivery of housing. The proposal for a ‘Housing Forum’ does not unfortunately appear to have been detailed in Appendix 1 in the same way as the Transport Forum has.

TRANSPORT

The Transport aspects of the Framework document (Theme 2) are very weak, at this stage. In presenting this aspect there is a need to connect transport issues and schemes to economic growth and to see transport infrastructure as a way of

facilitating growth. This would be easier to do if there were a fifth theme on 'City-region growth' that could build on the SCR (and for Liverpool – MAA) agreements to improve transport connectivity into and within the city-regions. This could then bind in the Manchester SCR agreements on heavy rail and highways investment that will mean devolution of decisions and funding to the city-regional level. For example, a key constraint to economic growth in the medium term is peak hour capacity on the heavy rail system which electrification does little to alleviate. These problems are ones which we have been highlighting in the High Level Output Statement discussions with the DfT and it should be highlighted that these are the mechanisms by which issues of transport infrastructure investment need to be resolved. Taking this approach would mean a more robust and strategic approach to transport infrastructure and decision-making for the Atlantic Gateway area rather than a 'shopping-list' of schemes, some of which may have little chance of funding or implementation.

Amongst the current transport priorities identified by the Region, investment in the Manchester Rail Hub will offer potential for improved connectivity to/through the Gateway. However, the development of freight proposals are likely to be reliant on a cohesive demonstration of the freight needs of the Gateway and the identification of significant developer contributions to support infrastructure investment that is likely to be outside the scope of the Hub itself.

The Transport Forum proposal is reasonable in itself however we do question whether similar Forums (or one extended Forum) should be suggested for other parts of the region where labour market connectivity is at least as strong. There are significant cross boundary considerations that require collective development if the Gateway is to develop. However, at present, the document does not reflect the fact that all sub-regional transport bodies have significant local commitments in place and will face resource challenges in the coming years. Therefore, it must be recognised that the Forum will only be able to consider transport options; it is unlikely to be able to directly devote resources. In this respect the Transport Forum would need to link to the transport governance proposals for GM.

LABOUR MARKET & PUBLIC SECTOR REFORM

The document does not highlight labour market productivity and associated public sector reform. There are a range of issues around skills, worklessness, access to employment and so on that are a hindrance to economic growth and productivity in the city-regions (as highlighted in the Manchester Independent Economic Review). This is why the Manchester SCR has developed a whole series of pilot public sector reform interventions in early years, most deprived areas, housing and in worklessness and employment, joining together agencies and government departments in delivering outcomes. However, whilst these issues should be referenced in AG, it is our view that they are best dealt with at City Region level.

CLIMATE CHANGE

The document explains the importance of responding to climate change. However, it would seem that an approach potentially less focused on centres and more aligned to growing international trade, is more likely to increase carbon production. It is

therefore unclear how the Atlantic Gateway is, in itself, a response to the climate change agenda.

INNOVATION

On Innovation – again this needs to be related to the innovation ‘infrastructure’ that is being developed in both city-regions and which also forms part of the work that all core cities are doing. Although clearly work on Innovation can be promoted at various spatial levels, it is most likely that it will be concentrated in the city-regions where research, academic institutions, networks and skills are based. The Manchester city region has a clear view of the need to grow the knowledge economy and encourage innovation, an 'innovation system' for the Atlantic Gateway needs to support and add to this. Whilst "Big Science" at Daresbury is an understandable focus for the Atlantic Gateway it will not be as effective unless it is connected to the city-regions and places like the Corridor Manchester which have special assets of their own which need to be developed.

INTEGRATED REGIONAL STRATEGY

It is unclear how the AG sits with the work on the new Integrated Regional Strategy. There was little discussion in the recent consultation on the RS2010 Principles and Issues paper or associated consultation events on Atlantic Gateway (AG). The report of the consultation published this month concluded that 'taking the development of the Regional Strategy forward will be done in conjunction with sub-regions and the statutory city region process in Manchester, by harnessing 'the complementary growth of the Liverpool and Manchester City Regions'.

It is not clear either if it is intended to have a 'life' after RS2010, and if so what this is, what the governance arrangements would be, relationship with the Manchester SCR governance arrangements etc. There is discussion about new projects coming forward and being considered by the Leaders Group (p32), that the framework should be adopted as the overarching framework to guide the development of JESSICA bids in the AG area (p29), which implies that the framework is intended to have some status in its own right.

If so, it is unclear where the AG framework would fit – it would be a non statutory (although gaining statutory weight if incorporated into RS2010), pan regional document sitting below RS2010 and above the non-statutory sub regional documents, e.g. GMS. This would add another layer of complexity to an already complex situation with, at the moment, questionable added value. All of the foundation reports give lesser weight to any options which promote growth within the city regions, and the study could have looked at this option in more detail and more positively. For example, in the Physical Assets paper the 'Extended City Regions' option is presented negatively as expansion which would 'engulf the hinterland in between' rather than benefit adjacent towns and cities as the RDA's 'City Relationships' study shows.

CONCLUSION

The case is not made that the AG represents a unique opportunity for the region.

Socially, culturally and politically, Manchester and Liverpool have distinct identities, and economic linkages between the two city regions are not strong and are not exclusive. It is acknowledged that Manchester is the economic driver for the region. However, it has links which are as strong if not stronger with other parts of the region, e.g. East Lancashire (in commuting terms) or outwith the region e.g. Leeds, which are simply ignored in this framework. The precursor SQW study stakeholder consultation also found that stakeholders 'did not recognise Atlantic Gateway as a geography'. There was also clear recognition in the SQW study that future growth would be focussed on the cities themselves.

The benefits of effectively 'coalescing' the two city regions and developing 'mutually supportive, synergistic relationships between economic centres and surrounding towns and cities' conveniently overlooks the proximity and importance of Leeds. A recent study for the Northern Way explored the economic impact of improving connectivity between Manchester/Leeds and concluded this would have significant benefits for the north of England. The AG framework does not provide similar evidence about the benefits of connecting Manchester and Liverpool. This is simply not sensible if the aim is to increase regional economic benefits to close the national productivity gap.

The focus on the role of the two city regions in driving growth is acknowledged and welcomed. However, there is no differentiation between the scale of development proposed in different parts of the AG – the MCR accounts for the overwhelming majority of predicted growth, yet the majority of projects outlined relate to the Merseyside/Warrington area. Major transport infrastructure priorities mention the Manchester Hub and surface access to Manchester Airport, but do not give them the prominence that evidence (MIER/GMS) supports.

As the scope of the AG has widened the focus has become diluted. It is now not clear whether the document is now an advocacy document, a branding exercise, a spatial concept, or a portfolio of sites? At the moment it is a mixture of all of these elements and therefore it is difficult to discern what precise purpose the document is trying to serve.