



## CITY LEADERSHIP: GIVING CITY-REGIONS THE POWER TO GROW ADAM MARSHALL AND DERMOT FINCH

### BARNSLEY BRIEFING

#### Barnsley

Barnsley (pop. 221,000) is a metropolitan borough in South Yorkshire with an urban core and a rural hinterland. Uniquely, it falls within two of the city-regions defined by the *Northern Way*: Sheffield and Leeds.



Barnsley's economy was severely damaged in the 1970s and 1980s by the collapse of the coal industry and the subsequent loss of thousands of jobs. The borough is currently the 28<sup>th</sup> most deprived area in England, with a low employment rate and a high proportion of its population on incapacity benefit.

Despite these setbacks the town began the 21<sup>st</sup> century with 'Rethinking Barnsley', a high-profile participatory campaign designed to develop a new economic role for the town. This resulted in an ambitious strategy, 'Remaking Barnsley', which has focussed the borough's economic development efforts on town centre regeneration, strategic employment sites in ex-mining communities, and upgrading links with the larger economic engines of Sheffield and Leeds.

#### Our work in Barnsley and South Yorkshire

*City Leadership* selected Barnsley as a case study area to better understand the barriers to investment faced by large towns and small cities, which are often overshadowed by their larger neighbours.

The report includes extensive research in Barnsley and South Yorkshire:

- Detailed analysis of local/regional economic development budgets & funding streams
- Case studies of town centre regeneration projects in Barnsley
- Over 20 interviews with public and private sector stakeholders

- A Business Stakeholder Group, conducted with the Barnsley Chamber of Commerce in September 2005

Additional research was conducted in Birmingham, Liverpool, Manchester and London. This resulting mix of quantitative, quantitative and comparative evidence showed that large towns like Barnsley need greater financial flexibility – but not radical financial devolution.

### **Key local research messages**

Public and private sector stakeholders in Barnsley were pragmatic about the town's economic position, and its potential for short-to-medium term growth. Economic development personnel and business groups alike placed strong emphasis on developing Barnsley's connectivity – focussing on improved rail links to the job markets of Sheffield and Leeds, as well as a direct rail service to London (which it was felt would put the town in contention for civil service relocations).

The key priorities identified by key stakeholders included completion of the Barnsley Markets redevelopment project, and other town-centre regeneration opportunities (e.g. the new Transport Interchange, Westgate, and the Civic theatre). These were seen as the foundation of a new local economy, as well as a catalyst for future job creation.

### **Public sector stakeholders**

Local officials and politicians stressed the importance of local leadership and town-centre regeneration to the creation of a new economic role for Barnsley. However, they noted that they did not have the flexibility needed to drive these and other investment projects forward. The fragmentation of funding streams, and uncertainty over funding settlements, were considered major barriers.

Barnsley was a pilot authority for Local Area Agreements. Local stakeholders stressed that the idea behind LAAs was a good one, but felt that they had not delivered anything near the level of financial freedoms and flexibilities promised by the rhetoric. There was also confusion resulting from the hasty creation of the Fourth Block (Economic Development and Enterprise), and doubts that the block would help local officials to bring together the resources needed to deliver regeneration and growth.

Given the town's extremely small economic base, there was no interest in additional revenue-raising powers. However, local politicians and officials expressed a desire for greater financial flexibility to underpin more prudential borrowing. Barnsley was using the prudential borrowing power regularly, but found that it was only able to guarantee revenue streams for small projects, rather than large, strategic regeneration opportunities.

Barnsley's regeneration progress was closely linked to its strong working relationship with RDA Yorkshire Forward, which pump-primed the Barnsley Markets redevelopment in order to lever in private investment.

### **Private sector stakeholders**

Private sector stakeholders in Barnsley emphasised the need to deliver key regeneration projects, and for civic leaders to push through their vision for redevelopment. They argued that the town did not need new revenue-raising powers, although there was substantial interest in the creation of a Business Improvement District to manage the town centre.

Businesses complimented local authority leaders (both political and official) but expressed concern that politics could slow or derail the delivery of the town's ambitious regeneration plans. They also identified a need for a stronger policy focus on the economic role of small cities and large towns, and their links to bigger economic centres.

## **What are the policy implications?**

The key barriers to regeneration identified in Barnsley – fragmented funding streams, the slow-moving Local Area Agreement process, and lack of fiscal flexibility – were echoed by a number of other towns and cities. Although they are not ready for radical new revenue-raising powers, these urban areas need greater financial freedom and less intrusive central government oversight.

### ***Economic Development Contracts***

*City Leadership* recommends the creation of a new Economic Development Contract for Barnsley – an up-scaled version of the Local Area Agreement's 'fourth block'. This would relax regional and central oversight over key regeneration funding streams, and allow Barnsley to deliver some of the key town-centre regeneration projects it has vigorously promoted.

Barnsley MBC and its key partners should press the Government Office for Yorkshire and the Humber, Yorkshire Forward and other agencies to bring together the various sources of regeneration funding deployed in the borough – and press for greater local control over spending and delivery. The borough's strong relationship with Yorkshire Forward is an important foundation to build on.

An Economic Development Contract for Barnsley would help to promote more creative and effective use of existing resources. It would also incentivise risk-taking, improve accountability and responsibility, and enable greater take-up of existing local authority powers. Businesses and citizens would also be able to hold the local authority to account for the delivery of the key regeneration priorities at the heart of the Contract.

### ***Better take-up of existing powers***

Greater financial flexibility would also help Barnsley MBC to make wider use of its existing well-being powers, and to use prudential borrowing to underpin regeneration investment. Pooled regeneration spending could help the Council to drive forward Barnsley's ambitious vision for town centre regeneration, building on private investment in Barnsley Markets and the Objective 1-funded Transport Interchange.

Working with the local business community, Barnsley could also explore the possibility of establishing a Business Improvement District to 'spread the benefits' of town centre regeneration, and improve the business environment.

### ***Boosting capacity, skills and communication***

Barnsley's recent experience demonstrates the importance of joint working between smaller urban authorities and Regional Development Agencies – who can help provide financial support and plug skills gaps. Since many towns do not have the huge range of specialist personnel needed to drive large regeneration projects, RDAs, English Partnerships and other organisations can help to boost local capacity and skills.

## **What happens next?**

### ***Focus on connectivity***

Barnsley – and many other towns facing similar economic challenges – should focus their economic development activity on enhancing local and regional connectivity, which could unlock new synergies between towns and more dynamic markets nearby. The creation of an Economic Development Contract could help Barnsley and other towns to select economic development priorities that play to their geographical and physical strengths, as well as their future aspirations.

***Policy focus on towns***

Government departments – and especially the ODPM – need to compliment their big-city policies with a closer focus on the economic needs of smaller cities and large towns. Particular attention should be paid to changes in the existing local government finance system that help towns to develop new, innovative economic roles within wider regional economies.

This paper accompanies *City Leadership: Giving City-Regions the Power to Grow*, a Centre for Cities report on financial devolution and city governance.

The full report is available from [www.ippr.org/centreforcities](http://www.ippr.org/centreforcities).

The Centre for Cities is an independent urban research unit based at ippr, the Institute for Public Policy Research. It is taking a fresh look at how cities function, focussing on the economic drivers behind city growth – investment, enterprise, innovation, skills and employment.