

**London Finance Commission – 21 October 2016 (Birmingham)**  
**Transcript of Discussion with Panel Two**

**Professor Tony Travers (Chair):** Perhaps I could just begin with an opening question. I will start and my colleagues will join in and we will move the conversation on. Do you think that the UK's vote to leave the EU strengthens or weakens or indeed has no impact on the case - if you think there is a case - for devolving further powers to London and other city regions?

**Henrietta Brealey:** Yes, I do. It has thrown into sharp relief that different regions are going to be affected very differently by the vote to leave. Obviously in London you are going to have big issues with City of London financial services in particular. In the West Midlands region, we have key industries such as the automotive industry who will be very heavily affected by whatever the outcome of the leave negotiations are. It has thrown that into sharp relief and it has also highlighted the fact that there are not very many local powers and local levers that can be pulled to respond to that situation at present. We are very reliant on central Government to take into account all of the local needs across the country and respond to those accordingly. As a result, there can only be winners and losers. Local areas are not going to be able to respond to individual needs and it is going to be up to Government to take that overall picture. As I say, there will be winners and losers from that. It does highlight that more needs to be available at a local level to allow local authorities and combined authorities to respond to local need.

It also highlighted a lot of the disconnect between different areas in the country with national Government. There has been a lot of debate about dissatisfaction with both the EU as a body but also politics in general and a feeling that some areas of the UK have been neglected over recent decades. Being able to further devolve power, further devolve that sort of control over local areas would be really positive in helping people reengage with politics and reengage with the whole political movement.

It has also highlighted the fact that the EU has been a very good redistributor for the regions. Central Government traditionally has arguably been quite London-centric in its thinking and in its spending, whereas regions have been arguably more reliant on EU funding. Leaving the EU completely changes that balance and does leave open the questions of where next; how will that be redistributed across the country; what will the new balance look like? Further devolution could be an answer to helping solve that question.

**Ahmed Farooq:** Specifically to London, yes, I am in favour of further devolution, but within limits. What I mean by 'limits' is to my mind, clearly Brexit is going to be bad for the economy. I think it will affect the financial services sector which I work within, particularly with monies flowing in and out of London. The reason why I say 'within limits' is because if London at an extreme scenario collects all its own revenues and distributes its own revenues to meet its own purpose, it will further promote what is already a fairly - a very - unbalanced economy.

One of the problems we have here in Birmingham and I am sure other cities as well is the attraction of our talent, who are leaving our cities to go into London. If London goes and invests in very heavy infrastructure projects or tries to promote its own economy - because it will take a dent post-Brexit - then it will further put pressure on cities like Birmingham, especially with our improved transport links and looking ahead to ten years' time, HS2. People keep talking about London being greater connected to Birmingham and how it will suck talent into Birmingham, but there is actually a risk of more talent leaving Birmingham to London.

Yes, within limits, by all means devolution for London is good. There are particular needs that London will have which only at a local level you can tailor solutions for. We need to keep promoting a nationwide economy, not a London economy. London of course already is a net contributor and from a tax perspective I am sure it will be.

**John Dickie:** Can I ask you two unrelated questions? Arguments for devolution seem compelling for those of us who believe in them, but they have not really moved the people with power very substantially to actually give us any power. I just wonder what, if anything, we might do given the changing circumstance, not just to make the case in a way that we find compelling, but in a way that will actually get central Government to devolve more power.

The second question was in the context of these regional differences around what Brexit will mean in its implications, I would be very interested to know what is on businesses' minds in the West Midlands particularly about what matters from the Brexit negotiations.

**Ahmed Farooq:** With regards to the first question, I think there is a compelling case for devolution and the key word that is missing so far with regards to the case is communication. Whether that is a poorer form of communication from the regional authorities to London to ask for devolution, that can be further strengthened and further improved.

Secondly, within the councils themselves, we here in Birmingham are promoting to Birmingham people at large, "Actually, we want devolution and these are the reasons why. This may mean us having greater authority and greater control of our own tax collections". I would not promote a change in tax rates for income tax or corporation tax. However, we do have tools that we can utilise, like business rates and council tax, to collect revenues from Birmingham people or West Midlands people for West Midlands' needs. I would be all in favour of that.

**Professor Tony Travers (Chair):** Let me just ask though about the frustration that is buried in John's question, which we all feel and feel for the West Midlands as much as for London. We all think - Henrietta may not, but in fact you do - this is a good idea and yet getting that penny to drop in Whitehall that it might even be better for them if there were more devolution proves elusive.

**Henrietta Brealey:** Yes, there are two elements to that. My predecessor was very much involved the *No Stone Unturned* work with Lord Heseltine. I think there are reports going back to the 1970s arguing mostly the same things, particularly around devolution of property taxes etc. The case has been made for a long time. There are two issues at play, one of which is trust. Central Government, still scarred from experience of decades ago, does not quite trust local governments to deliver on this at this stage. There is still being built up over time that trust that if greater powers are devolved there is not going to be a big hike in taxes and it is going to cause chaos etc. I think that trust is still absent and needs to be built up. I think it is growing. There is actual interest in albeit relatively limited devolution at the moment, but devolution is finally on the agenda so now is definitely the time to be further pushing the case.

The other issue at the moment which benefits this argument is the fact that we need greater economic growth if we are going to (1) counter the challenges coming from Brexit, and (2) deal with the longstanding issue of the Government deficit. We are already in a situation here in Birmingham today where they are having challenges just on a local government level balancing the books when it comes to their budget. What we can offer is a solution that says, "Actually, greater devolution will lead to greater increase in taxes overall, greater revenue overall". It can help challenge some of the longstanding social problems that the UK has failed on recently, tackling the housing shortage etc, which is still being looked at from a national level and not manifesting itself really on a local level. If we can get it to that point where it is simply that offer of, "If you do

this, we will be able to deliver Y" that is the most compelling case you can make. As I say, the recent events and the fact that central Government has not been able to make progress across these key areas over such a long period of time is just going to throw it into further sharper relief and to further make the case for us.

**Ahmed Farooq:** The only thing I would add to that is the fact that - to talk about your proverbial penny dropping - I think it will drop. One of the things that perhaps we in the regions have been at fault for is our level of cohesion and joined-up thinking. That will improve. London has had a mayor for a number of years now and it has created a template which other cities now want to follow. We are going to get an elected mayor in May of next year. We will hopefully, under the newly-formed WMCA, have a voice which Londoners can talk to, whether they are in the LFC or Whitehall itself. I agree with your statement. I do not think the penny has dropped, but I do firmly believe it will.

**John Dickie:** Sorry, my second question, if you remember, was about the key issues of Brexit.

**Ahmed Farooq:** The sectors?

**John Dickie:** Yes.

**Henrietta Brealey:** There are a lot of issues that are the same across the country. For instance, across the wider West Midlands area we have a lot of rural agriculture, that side of things. Free movement of people and labour to fill those positions is going to be very, very challenging. We have a strong university sector and you will have heard from university representatives before this. Obviously they are deeply concerned about access to EU funding in terms of research and also just access to the wider community and being able to engage on those pan-European projects which could hold back that sector. We are a strong exporting region. I mentioned automotive earlier and we have the fantastic Jaguar Land Rover in this region. Yes, there is concern that additional tariffs are going to be challenging and are going to impact on growth within that sector.

There is a lot across the board really that you will find echoed across various regions for, as I say, particularly around exports, around universities, around automotive. Those are the areas we are hearing coming up so far, and again, access to free movement of people to fill - again, you will hear across the country - positions, agricultural labour in particular.

**Professor Tony Travers (Chair):** Richard, welcome and good to see you. Let me just give you a brief catch-up. We have just started and the meeting is on the record, for the avoidance of doubt. Although we are a London finance commission, we are interested in issues of devolved power and greater autonomy in a way that would work not only for London, but for other city regions. We fully understand that you are having a directly-elected mayor elected next May and that much of what we are discussing in the London context has resonance for the Birmingham/West Midlands city region and for the others as well.

**Richard Parker:** Indeed.

**Professor Tony Travers (Chair):** That is sort of where we got to. If I can ask John to pick up a question and then we can just pick you up as we go along, is that all right?

**Richard Parker:** Yes, thank you. Apologies.

**John O'Brien:** I am interested in your thoughts about the relationship between the broader devolution piece and fiscal devolution in particular, so common ground that you have been arguing, as we would argue, about great local control over levers both for managing growth and investment, but also reforming public services to

make them more sustainable over a period of time. How critical is fiscal devolution to that argument or is it just simply about taking control of Government money? How critical is having greater control over taxes in this city region and, broadly on that spectrum, how far do you each travel?

**Richard Parker:** OK, do you want to go first? I will just catch my breath since I sprinted!

**Ahmed Farooq:** Critical is a strong word and I would personally argue that it is not critical, but it would be good. It would be good to have autonomy on fiscal powers. As I think I alluded to earlier, with regards to the tools that the local government may have in its box to raise finances - business rates, property taxes rates - it would be good to pay council tax to raise funds from the local people and then promote it for local projects.

What I would not necessarily devolve is income tax and corporation tax. There is a strong argument to taking a portion of income tax and corporation tax being raised and using it for local purposes. I think that would be fine for a region like Birmingham. I think it would not be fine for a region like London because it would promote - again, in my view - an unbalanced economy and we need to balance the economy further. I know it essentially is not a fair treatment of how London is treated and how the other cities are. I know that and I am very conscious of that, but that is what I would argue for.

**Henrietta Brealey:** I sit broadly in the middle when it comes to the extent to which fiscal devolution is essential. There is a lot of theory and a lot of research that suggests that fiscal devolution alongside greater responsibility over areas such as housing benefit or unemployment benefit etc could create the necessary incentives to have local government/the local body delivering it. Put the effort into challenging those public difficulties on the basis that it will allow them to retain more of what they gain from growth, if that makes sense.

There is a strong argument for it and the extent to which it is essential is a bit of a staged process. It is not one where you can simply say, "Tomorrow we should devolve XYZ powers". Firstly, the bodies are not necessarily in place to be able to deliver that at present, and secondly, it is also building up that trust, as I mentioned earlier, is still to be done. There is still more to be done in proving that the resource, the expertise and the knowledge is there in order to deliver these additional powers.

**Richard Parker:** This is at the heart of your work and it is central to the debate taking place here and I have been involved in it over the last 15 to 18 months. Indeed, the officers working for the WMCA that I am sure you will hear from at some stage over the course of the day have been looking at this particular issue. One of the mayoral candidates has launched his own commission on this and informed the work you are doing and others.

There are some big issues to address. For me, the debate has been rather one-sided to date about places like the West Midlands and other regions retaining the proceeds of growth. I do not think that makes sense unless you take great responsibility over the factors and conditions that actually contribute to growth in the first place. Unless we get that equation dealt with and answered in the right way, it is one-dimensional and I think it exposes places like the West Midlands, even parts of London, to the outcome of economic volatility that they have no ability to respond to in an ideal way. That needs to be dealt with.

It gets rather technical then about how one deals with that. I am going to be working from the New Year with Siôn Simon [Labour Party candidate for Mayor of the West Midlands] and others on some of this stuff far more closely. We have to spend a bit more time looking at those two dimensions and the Treasury's response to date has been rather one-dimensional. That one dimension - city and the regions - exposes places like the West Midlands, and probably Greater Manchester and Liverpool to a vulnerability in a volatility of revenues

which will potentially be an outcome of Brexit and the wider economic instability. We need to address that issue.

Also I do not think there has been enough thought around what the implications are of greater fiscal devolution and what the implications are of Government letting go. The Government in its broader Treasury function collects the tax revenues and distributes them in accordance with a formula. That formula probably needs to be overhauled and challenged to address some of the economic issues we have to face. That funding is currently used to fund services that are absolutely at their limit in terms of our ability to meet the demands of the customers or the client base. If the Government gives places like the West Midlands greater financial freedom or fiscal freedom, those services that are currently being provided and funded still need to be provided. We can have all this devolution we like in this funding. The really big decisions are about how those resources are allocated and how in many places those needs and those demands for those services are met in the future. Many places, particularly around adult social care, are absolutely at their limit and their peak is something that also needs to be looked at.

As we go step by step into trying to address some of the very rich and important questions you raise, they get more complicated. It is one of the most important questions you have raised and it is linked to what you are doing in London. The best way to address this is to look at it in the whole and far more macro-economically than picking off London or Manchester or particular regions. That does concern me, that we will get not only a suboptimal outcome; we may not get any type of outcome because we are going to be dealing with issues in such an isolated way.

**Ben Rogers:** I am not sure I understand your last point. Was your last point that if individual cities are seen to be just bidding for themselves, we will not win the argument in Whitehall? Is that what you are saying?

**Richard Parker:** Indeed, yes. The issues are more profound potentially for the country in terms of a new settlement in terms of the way we use our resources.

**Ben Rogers:** This is about cities and regions making common cause, is it?

**Richard Parker:** It is, yes, around the broader debate a fiscal debate, as opposed to specific use of services or the way the resources are allocated at a micro level.

**Ben Rogers:** Can I take us on to a slightly different area of the debate? This all sounds rather technical when we argue about what council tax devolution would do to incentives around development. It is all quite technical.

What about the culture of leadership in our cities? I suppose one of the worries from Whitehall might be, "We look at lots of the cities. Do they have the leadership that we need? Do they have the skills?" I cannot ask this question of course; the people are about to arrive. Do we have it? What is the journey that this city in particular is on? What difference will an elected mayor make?

**Richard Parker:** I will kick off. A very important question, and one plea with you: I think it is a question equally or even more relevant to those who come in the room next and I think they will answer very openly. This is profoundly important. It is hardly striking that we have historically faced this issue because we have not have the level of autonomy here that you might get in Northern Europe or North America particularly, so support is needed. The journey we have been on in the West Midlands has been a real test of leadership. The proof of that is that they have put a deal together and that deal has remained in place amongst those seven politicians and three that were there at the beginning are no longer in place as leaders. We have sustained that period; it has not been easy and it has become a reference point here. In fact, it is a shame on those other

parts of the country that the politicians have not shown that level of leadership and collaboration to progress the journey they have been on. It raises some big issues.

When I started doing this work and I brokered the deal with politicians here on 28 April 2015 in a private session, it was very interesting at that point in time. We made that progress, though we did not discuss what it would be called, the name of the thing here or mayoral powers at that time because there was a lot of sensitivity. We put those issues not in the long grass, but the best way to deal with those difficult issues is when you have resolved other stuff. I started off on this thinking [George] Osborne has given us an issue here. We could make all this progress, but the issue of mayors is such a sensitive one it could bring the thing down. It has not here. I thought, "There has to be other governance models that can work in places like the West Midlands. Why should everything be potentially put at risk because of a governance model?" How profoundly wrong I was at that point in time. We are not talking about a governance model. The role of a mayor is actually something far more significant and material.

What I have learnt through this process is that I do not think we can make progress on these most substantive, most material, most important matters of economic and social policy without having someone who is taking overall responsibility and leadership in this particular area. I know all the politicians very well and I have had discussions with them privately and in more public environments. Most of the existing leaders have rather a lot to do currently running their own places, particularly a place like this in Birmingham. Those people have very little time to do what they need to spend most of their time doing. They need to have someone who can supplement and augment that material governance and reach out, upwards and inwards around an agenda, around leadership, around visibility, around a sense of purpose. Some vision that goes beyond what you might have if you are a leader of a particular local authority is very important.

We know there are not as many local authorities in the centre of the West Midlands as there are in London. However, London becomes for all of us a reference point in terms of what leadership or mayoral leadership or that type of leadership can bring to a place. We cannot replicate it here, but we have our eyes on something and it is something that to most people is quite similar to what you have.

**Professor Tony Travers (Chair):** It is interesting. I know John wants to come in, but the other John and I were talking about that this morning. Despite all the pressures, stresses and strains in London that might in other circumstances lead the Mayor and the 33 local authorities not to have a good relationship, on balance they do and it does work together. There is some evidence from London that with even reasonable goodwill, it can work in the way you have described.

**Ahmed Farooq:** My answer to your question would be very simple. The culture of leadership can only improve here in Birmingham.

**John Dickie:** You would be surprised!

**Ahmed Farooq:** It can only improve. Birmingham City Council has had its issues financially and that has been very well-publicised in Birmingham in the local press and obviously in the national press as well. We have many, many fringe organisations, including my own, the Chamber of Commerce, the Greater Birmingham and Solihull Local Enterprise Partnership (LEP), and various Members of Parliament. To have one figure as the figurehead means anybody in London who wants to talk to Birmingham picks up the phone and goes to that one figure. That one figure will unite not just Birmingham but the West Midlands as a whole and I think it can only improve, I really do.

**Henrietta Brealey:** You do have a bit of a chicken and egg situation, do you not? If you want to improve the quality of leadership, you have to look at profile, powers and pay and until you get further devolution, you

cannot really effect certainly two of those really. There has been a positive journey when it comes to leadership locally, but there is always more that can be done. Until you get that further devolution, will you attract the higher quality candidates? It is a question, yes.

**John Dickie:** Two related questions, if I may again. You have talked about rebalancing and I would just be interested to know what good rebalancing looks like from the perspective of business in Birmingham.

The second question is the extent to which business is worried a bit about checks and balances on devolution and the mayor. There is a risk which we have seen. Business worries a lot, for example, in Scotland, that business taxes look a little bit more politically easier to raise than taxes directly paid by voters and so this was fear of being a milk cow. Just thoughts on how that might be dealt with in a governance sense.

**Ahmed Farooq:** London is an amazing city. It is probably the UK's only global city and it raises, from my understanding, a third of the UK tax revenues for London to continue on its growth trajectory. There is evidence that it is heating up in parts. We have seen HSBC announce that it is moving here to Birmingham; Deutsche Bank already did that a few years ago. That is all very positive news that growth and wealth is coming out of London to the regions.

My concern about full devolution of fiscal powers to London is that London then creates its revenues and spends its revenues within the London area and actually we already have an unbalanced economy. What mechanism is used to redistribute that wealth? We already have one, it is called Treasury in Whitehall and I personally would think that should continue and to continue rebalancing. We have George Osborne's pet project with regards to the Northern Powerhouse and the Midlands Engine being talked about here, and there should be more of it for even more regions.

**Henrietta Brealey:** Redistribution will always be an important element, but when it comes to checks and balances on a local level and business engagement, it is a really tricky question. Yes, with devolution there is always that risk that it could be badly handled so there could be a hike in taxes, as you say. There is the Business Improvement District (BID) model which successfully proves that when businesses understand the benefits of something, yes, they will vote in favour of a local precept. Trying to replicate a bid-style ballot across an area like the WMCA would be incredibly challenging.

I do not think an adequate solution has been found to how you can meaningfully engage the business community. At this stage, I am just talking to LEPs, engaging LEPs, which is a good step, but the business community extends much further beyond those. I do not have a full answer for your question unfortunately, but I agree there is a challenge and businesses will always be very concerned. As you say, it is a lot easier to look from a local government perspective to consider a tax on business than it is for a tax on residents and it would be something that always does concern us.

**Richard Parker:** Yes, a couple of points here. It is something I have been discussing at some length over the last few days with members of the business community around the mayoral election here. You will face the same thing in London and that is that what business says matters, but business will not be electing the mayor here. Business matters and I think there is a more profound issue we face and it is part of the Commission's going forward. I am keen to look at this and that is just how the changing nature of particularly business rates over time has altered, particularly as businesses get smaller, have a far smaller footprint in terms of real estate. The big factories and the big employers of the West Midlands are no longer here. Longbridge once upon a time employed 40,000 people and those people are now dispersed across thousands and thousands of smaller businesses, if indeed they work. Those are issues around business rates, the contribution it is going to make in the future and the fact that people are working very differently and very independently and far more

entrepreneurially. If they pay business rates, those people are paying at a very low level and space is far more at a premium. It is really quite important.

One of the things we need to look at going forward - and it may be slightly different in a London context - is the relationship with business from a fiscal perspective, but also where that sensible position is likely to be in the future. Not only is it about business contribution, it is also about the contribution that business rates in the future are going to make to the resources available to a place like the West Midlands. We need to understand what that contribution is likely to be in the future, irrespective of the ability to retain them. If there is going to be a challenge there, we need to think about the ways it is going to be addressed.

**Professor Tony Travers (Chair):** We are talking about the possibility of permissive legislation which would have to be for the whole of England though, so it would raise an issue about whether it could then be used or whether it would wish to be used in other parts of the country. One of the things we are looking at in the London context is the possibility of a tourism levy of some kind. Birmingham/Solihull I think considered a sort of tourism-only BID for those two of the districts within the city region before the current arrangements were finally being brought into place. It may not be that any of you has any deep memory or knowledge of it, but just in case you do, can you give us a sense about how that debate played out? Does anybody have deep knowledge of this?

**Henrietta Brealey:** I am afraid I do not, no.

**Professor Tony Travers (Chair):** You do not. Richard, do you have any?

**Richard Parker:** I do not, although I am cognisant of these discussions that have taken place in the past. What I would say would be so clichéd, it is hardly worth me saying it.

**Richard Parker:** It is the same issue about in the future, if you are going to have greater control on business rates, would you actually put them up or would you bring them down to address some of the issues you face? It is a similar issue in relation to a tourism tax or a sales tax or whatever. We need to think very, very carefully about what the outcome of that policy and if it is solely a policy around raising revenues, then as we know, Chancellors of the Exchequer have made this mistake in the past. Actually, it might well be self-defeating. I do not have the detail at hand, but --

**Professor Tony Travers (Chair):** No, we did not flag it up. It is just that I know that it was discussed. It was going to be a BID, so it kind of created ring-fencing and so it was like a business improvement district, as Henrietta [Brealey] mentioned. But on the other hand, it never happened, so I was intrigued by how it did not happen. Forgive me, we should have notified you if we were going to get there.

**Richard Parker:** It might have been a regulatory issue, Tony, whether Treasury have permitted it. But certainly the issue with the Royal Shakespeare Company (RSC) 30, 45 minutes down the road, obviously the issue of tourism, not only for the city but the wider region, is critical to the economy.

**Professor Tony Travers (Chair):** We have touched on this issue already. City regions are a reality, 100% business rate localism retention is going to happen. This Commission, and probably others that will spring up, may lobby for further tax devolution. Can you give us a clue as to, in the context of the West Midlands - obviously that is one you are working in, but again it would be a generic answer, I suspect, of application elsewhere - why the local handling of resources, public sector spending and the capacity to bring it together would, potentially at least, lead to higher economic growth in the West Midlands city region, as compared with the way it is done now?

**Henrietta Brealey:** Money focuses the mind is the simple answer from me, particularly if you are looking at London property taxes in particular. If local authorities, combined authorities have a greater incentive to build, to secure more business premises, we have big issues in the region of is the number of employment sites running out and obviously across the country there is that housing shortage. If there is actually a greater fiscal incentive than there currently is to develop then, as I say, it focuses the mind. The concept of further devolution of responsibility alongside fiscal devolution again provides that incentive to tackle social woes as well, which assists to a certain level, but as I say, when it is coming out of your budget, it does tend to focus you a lot more than if it is coming out of someone else's.

**Ahmed Farooq:** The thing I would add to that is with regards to the local communications and local networks that people will have, so decisions being made locally by individuals here, a team of individuals who are going to talk to the various industry representatives which are specific to this region. We already know that West Midlands is a powerhouse for the automotive industry; we know we have a housing problem; we know we have a burgeoning city. We know Birmingham is in the middle of a renaissance period, so it has seen some economic growth, but it is quite centred around the city centre and we need to get it out there perhaps more into the regions. That can only be helped by having people here on the ground who are talking to the various bodies and representatives. I think that would be the difference for me, as opposed to having a series of representatives from London trying to do that from a distance.

**Professor Tony Travers (Chair):** You think they would make better decisions which had the propensity to drive higher levels of economic growth over time?

**Ahmed Farooq:** I think so. We talked about measures earlier and how we would monitor that, so having key performance indicators which we will give to the regions and say, "Actually, we want to see employment grow by X or value or GDP growing by Y". Putting those kind of measures in place and then devolving that power, I think it would have a greater propensity, absolutely. It does come back to the point we made earlier about having a unified body to do that under one leadership. I know we are greatly in favour of having the Mayor of Birmingham and we think that is good news.

**Professor Tony Travers (Chair):** You think the Mayor will be a figurehead who will be visible across the country and outside the UK?

**Ahmed Farooq:** Absolutely. I think to his credit, already - although he is not the Mayor - Councillor Clancy has been spending a lot of time talking to cities abroad, because not only are we comparing ourselves to cities within the UK, but we are actually model templates from cities like Chicago and other places. Whoever the Mayor will be, good luck to them, but I know they will have a global template, not just a UK one.

**Professor Tony Travers (Chair):** Great. Richard.

**Richard Parker:** I think there is not too much to say beyond what has been said already. I think this is a really important issue, all of you on the panel. The need to address issues in this region differently and differentially to other places is obviously apparent, but when we talk about national economic growth or GDP increases, what does that really mean to a place like the West Midlands? Actually, it has been oblivious to most of it for far too long. We need to do some things differently. For me, there are two things constraining growth currently. Firstly, a massive amount of brownfield land throughout a large part of the West Midlands, particularly the Black Country, that needs to be brought into development to enhance growth, so there is surplus capacity in that degree. Also we have too many people being educated in the West Midlands that are not qualified to do anything at all when they leave school, so we have got a massive issue to address in terms of skills and training and educational attainment to improve productivity.

Those issues are not properly understood by Westminster or Whitehall, they are not the priority for Westminster and Whitehall that they should be here and they should be for the Mayor, whoever that might be. For me, this devolution debate is about giving the people here elected the responsibility for making some priorities and some decisions about the most profound challenges we have, and having the ability to allocate resources in the most effective way to address it and they are held to account for doing that. If we align objectives and incentives in the right way, we have got a better chance of improving the quality of decision-making, I think, and interventions than we have today. Part of that is philosophical, but I think it is also if we can align accountability with responsibility in the right way, we should achieve it. It is obvious to me, throughout the work I do in local government around devolution, that there is a real desire to not only do that to address the challenges of specific places, but it is absolutely fabric to enhancing or dealing with the democratic deficit that exists in the country today. If you bring those factors together, I think you perhaps - hopefully more than academically - build a very powerful case for saying there is another way of doing this stuff and it should be a better way of doing it in a place like the UK.

**Professor Tony Travers (Chair):** We are running up to the end of our allotted time. I just want to ask any colleagues whether there is anything further they would like to ask of you before I ask you if there is anything else you feel you should say to us. Is there anything that we have not talked about that you feel you just should tell us, for good or for ill?

**Richard Parker:** I have only one question, and that would be what is your timescale for completing your work and when is something likely to be in the public domain?

**Professor Tony Travers (Chair):** The good news is partly because of the existence of the Autumn Statement, we produced an interim report which is available online. Had I thought about it, I would have brought one - 'from all good bookshops', free of charge. It does summarise the broad direction of travel and why we are going there, but we will be completing our evidence collection or commissioning collection and deliberations so as to produce a final report by the end of the year, which begs the question of whether we will publish it at the end of the year or at the beginning of the next year. But we are on track for that and although it was a bit of a rush, frankly, to get the interim report done, it had the enormous merit - from my point of view, at least - of making us think hard about where we were going to end up, so we have got that far.

**Ahmed Farooq:** I just want to say come to Birmingham, it is a fantastic place to live!

**Professor Tony Travers (Chair):** Here we are, we have enjoyed it so far. It is going well this morning, thank you for that.