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# Comparative urban governance

Future of cities: working paper

Foresight, Government Office for Science

# Comparative urban governance

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July 2014

This review has been commissioned as part of the UK Government's Foresight Future of Cities Project. The views expressed do not represent policy of any government or organisation.

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# Foreword

The Future of Cities project is informed by working papers that are commissioned by the [Lead Expert Group](#) and written by authors from academia and industry.

These papers highlight the key challenges and opportunities facing cities in the UK out to 2065. The Expert Group will draw upon this evidence base to develop project outputs that will be published in 2014 and 2015.

These outputs will aim to inform near-term policy making in both local and central government, which achieves desirable long-term outcomes for UK cities.

Professor Sir Alan Wilson

# Executive summary

Urban governance refers to the process through which democratically elected local governments and the range of stakeholders in cities – such as business associations, unions, civil society, and citizens – make decisions about how to plan, finance, and manage the urban realm. This paper surveys the comparative international landscape of urban governance, describes the recent history in the United Kingdom (UK), and sets out the implications of future trends for urban governance in the UK.

## Comparative assessment of urban governance

A comparative assessment of city governance and local decision-making models in the UK and elsewhere identifies the following major trends:

- **No one model of governance stands above the rest.** The wide variety of governance institutions and decision-making models reflects both the local context and history and the complexity of the issues to be resolved.
- **Some form of region-wide authority is essential for cities.** Although the international evidence suggests formal regional government structures, fragmentation with voluntary cooperation and special purpose bodies are most common. UK cities have been moving towards two-tier models and regional coordination (e.g. the Greater London Authority, combined authorities, Scottish Strategic Planning Authorities). But most UK city-regions continue to face the challenge of coordinating planning, services, and economic development in a fragmented landscape with voluntary partnership arrangements.
- **Decentralisation must be coupled with fiscal autonomy.** The UK is more centralised than most other countries, but recent reforms have begun to modestly devolve powers and responsibilities to the local level. A challenge in many countries, however, has been the failure to devolve revenue raising tools to pay for new responsibilities, resulting in local fiscal imbalance. London has few revenue raising tools compared to most major cities around the world, and other UK cities have even less fiscal autonomy.
- **Large cities and city-regions are different.** They differ from other municipalities in terms of size and density, financial and administrative capacity, and the complexity of the challenges they face. In countries such as Spain and Germany, cities and city-regions have different (or ‘asymmetric’) governance arrangements and powers. While there has traditionally been a diversity of governance models in the UK, only recently have initiatives such as City Deals sought to devolve powers and tailor policies based on local capacity and conditions.
- **Senior governments have a critical role in enabling the success of cities.** As in the UK, countries ranging from Brazil and Switzerland to Australia and the United States are recognising the central place of cities in national economic prosperity. The national (or sub-national) role in urban governance varies, but there is generally a focus on intergovernmental coordination, local investment and equalisation for fiscal differences, incentives for inter-municipal cooperation and governance innovation,

and, in some cases, direct regional service delivery. The recent history in the UK is unique, with a gradual centralisation and local fragmentation of urban governance, coupled with the devolution of responsibility for cities to authorities in Scotland, Wales, and Northern Ireland.

- **Capable and visible city leadership is critical.** Many decision-making models exist and local context is important. For large cities and city-regions especially, models with a directly elected mayor appear to have greater potential to provide coherent city vision, mobilise coalitions of stakeholders, and provide profile and accountability for citizens. Executive council models have been introduced in much of the UK to strengthen leadership and accountability, but few cities have adopted directly elected mayors.

## Implications of future trends for urban governance in the UK

If the past half century is a guide, many of the changes in cities – whether social, economic, technological, environmental or political – will be hugely disruptive, but are unforeseeable today. Nevertheless, this paper identifies four categories of future trends that will influence urban governance: urbanisation and demographic shifts; economic dislocation and social exclusion; infrastructure, urban form, and environmental pressures; and stresses on local democracy and citizen engagement.

Reflecting on the trends and challenges cities will face, the lessons from the comparative international review, and the UK's recent history, the paper highlights five implications for urban governance in the UK. Cities will need:

- metropolitan governance arrangements and powers to allow for planning, investment, and service delivery on a regional scale;
- fiscal autonomy to plan and finance place-based strategies;
- institutions of local governance that will ensure that political leadership and public administration are accountable and up to the task;
- a renewal of local democracy to ensure it is responsive to changing demographics and values, and demands for different forms of civic participation; and
- the UK government (and the devolved authorities in Scotland, Wales and Northern Ireland) to create the conditions for cities to succeed.

Faced with the innate complexity of cities and the uncertainty around what the future will bring, successful urban governance will require bold and capable leadership and the capacity for adaptability and resilience to address the challenges and capture the opportunities that will come.

# Introduction

Cities are significant generators of employment, wealth, and productivity growth and, for this reason, they are crucial to the economic success of their respective countries. They are also places where people live, work and play. To be globally competitive and provide a good quality of life, cities need to deliver a wide range of services and infrastructure: transportation, water, sewage control, garbage collection and disposal, police and fire protection, parks and recreation, cultural facilities, affordable housing, and social assistance. Their ability to do so is certainly contingent on resources but it also depends on the institutions of urban governance.

Urban governance refers to the process through which democratically elected local governments and the range of stakeholders in cities – such as business associations, unions, civil society and, of course, citizens – make decisions about how to plan, finance, and manage the urban realm. Urban governance is important for a number of reasons. It is critical in shaping both the physical and social character of urban regions. It has an impact on the quantity and quality of local public services and the efficiency with which they are delivered. It determines whether costs are shared throughout the city-region in a fair and efficient way. Urban governance also affects the ability of residents to access their local government and engage in local decision-making, as well as the extent to which local governments are accountable to citizens and responsive to their demands.

This paper surveys the comparative landscape of urban governance, describes the recent history of governance in the United Kingdom (UK), and discusses the implications of future trends for urban governance in the UK. It is divided into five parts. The first part sets out criteria to evaluate governance models. This framework is used in the second part of the paper to provide a comparative assessment of urban governance systems in selected cities around the world. The third part reviews the recent history of local governance in the UK. The fourth part uses the findings on local governance in the UK and elsewhere to inform an analysis of the implications of future trends, opportunities, and challenges for UK urban and metropolitan governance to 2065. The fifth part provides a summary and conclusions.

# I. Criteria for evaluating governance models

The literature sets out a number of criteria to evaluate governance structures in urban and metropolitan areas.<sup>1</sup> The starting point is **economic efficiency**. According to the “decentralisation theorem,” the efficient provision of services requires decision-making to be carried out by the level of government closest to the individual citizen, so that resources will be allocated with the greatest efficiency (Oates 1972). When there are local differences in tastes and costs, there are clear efficiency gains from delivering services in as decentralised a fashion as possible. This criterion calls for smaller, fragmented general-purpose local governments that can respond to local preferences.<sup>2</sup> Yet, the decentralisation theorem assumes there are no economies of scale or externalities in a large urban or metropolitan area - a rarity in reality. It also considers only an economic criterion for designing government structure and not criteria such as access and accountability or equity across the metropolitan area, described below.

**Economies of scale** occur where the per-unit cost of producing a particular service falls as the quantity of the service provided increases. This criterion points to the need for larger government units that can capture economies of scale. There are some problems with the application of this criterion, however. The literature is mixed on the extent to which economies of scale will actually be achieved in large metropolitan areas.<sup>3</sup> Moreover, each urban service will likely realise the lowest per-unit cost at a different scale of production making it difficult to draw boundaries for general-purpose local governments based on this criterion. There is also evidence that larger units of government will result in higher costs for some services because governments can become so large that there are diseconomies of scale in the provision of some services.

The provision of some services results in **externalities** (also referred to as spillovers), whereby the benefits (or costs) of a service in one jurisdiction spill over to residents of another jurisdiction. For example, a road in one municipality can provide benefits to residents of neighbouring municipalities who also drive on it, but the local government of the municipality in which the road is located has no incentive to provide services to residents of other jurisdictions and is thus unlikely to take account of the external benefits. The result is an under-supply of the service that generates an external benefit. One way to address externalities is through intergovernmental transfers.<sup>4</sup> Another is to design a large enough government jurisdiction so that all of the benefits from a particular

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<sup>1</sup> See, for example, (Slack 2007) and (Bahl 2010).

<sup>2</sup> It has also been suggested that smaller government units may stimulate competition between local jurisdictions for mobile residents and tax bases that will induce them to offer the best possible mix of taxes and services (Klink 2008).

<sup>3</sup> See (Fox & Gurley 2006) and (Byrnes & Dollery 2002) for a review of studies on economies of scale.

<sup>4</sup> The transfers would have to be conditional to ensure the funds are spent on the service that generates the externality. They would also have to be matching (that, is with some portion of the contribution coming from the local government and some from the central government) to reflect the extent of the externality. For more information on intergovernmental transfers, see (Slack 2010).



public service are enjoyed within its boundaries – thereby “internalising” the externalities and ensuring that those who benefit from the service also pay for it.<sup>5</sup>

**Regional coordination** is needed in large metropolitan areas with a number of small local government units. Each local government makes its own decisions about what services to provide, how to deliver them, and how to pay for them. But, many services extend across the region – such as transportation, land use planning, and economic development – and need to be coordinated on a regional basis.

**Equity** refers to the ability to share costs and benefits of services across the region. In a metropolitan area, rich communities will have a larger tax base with which to provide services and may have lower demands for some services (such as education or social services). Poor communities, on the other hand, may require more services but have only a small tax base on which to levy taxes. One way to address this problem is to consolidate the rich and poor areas, in effect taxing the rich municipalities and using some of the proceeds to subsidise the poor municipalities. An alternative approach is for the central government to provide equalisation transfers to municipalities based on need and fiscal capacity.

**Access and accountability** refer to citizens’ ability to engage with local government, participate in local decisions, and hold decision-makers to account for the decisions they make. Providing access and accountability – whether through public meetings, hearings, elections, or direct contacts with officials – is generally easier when local government units are smaller and more fragmented (Smoke 2013).<sup>6</sup> The larger the local government jurisdiction, the more likely it is that special-interest groups will dominate citizen participation (Bish 2001).

Choosing an appropriate governance structure for a city-region depends upon how one weighs these conflicting considerations: efficiency, access, and accountability are usually enhanced through smaller local government units, whereas economies of scale, reduced externalities, equity, and regional coordination are better achieved through larger scale governments. As will be highlighted below, different countries have used different governance models to balance regional and local interests, reflecting the weights they attach to each of the criteria set out above.

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<sup>5</sup> However, not only will the optimal sized jurisdiction be different for different services, but the appropriate size to achieve economies of scale may differ from the size that is appropriate to internalise externalities.

<sup>6</sup> Smaller government units can provide citizens with greater access to local decisions because the ability of the public to monitor the behaviour of decision-makers falls as the size of the government increases (Boyne 1992).

## 2. A comparative assessment of urban governance models

Models of urban governance can be categorised in a number of different ways. In this paper, the categories used are: one-tier fragmented model, one-tier consolidated model, two-tier model, and voluntary cooperation (including special purpose districts).<sup>7</sup> Although these categories are useful to understand the different types of government structures, it should be noted that it is possible that one city can appear in more than one category. For example, a city that is characterised as a fragmented one-tier government may have special purpose districts and thus also be classified under the voluntary cooperation model.

The extent to which each model satisfies the criteria set out in the previous section is summarised in Table 1. A more detailed discussion of each model follows, along with some examples of how they are applied in selected cities.

**Table 1: Evaluation of different governance structures**

Governance structure	Criteria satisfied
<b>One-tier fragmented</b>	Access and accountability, economic efficiency (local responsiveness)
<b>One-tier consolidated</b>	Externalities, economies of scale, regional coordination, equity
<b>Two-tier</b>	Upper tier: Externalities, economies of scale, regional coordination, equity  Lower tier: access and accountability, economic efficiency (local responsiveness)
<b>Voluntary cooperation/special districts</b>	Economies of scale, externalities
<b>Senior government role</b>	Economies of scale, externalities, regional coordination

### 2.1 One-tier fragmented government model

In a one-tier fragmented government model, a metropolitan area has a large number of autonomous local government units or special purpose bodies each delivering services within its own boundaries.<sup>8</sup> The advantage of this model is that local governments are more accessible, accountable, and responsive to local citizens than larger government units. However, opportunities to address spillovers of services across municipal

<sup>7</sup> For other ways to categorise governance models, see, for example, (Bahl 2010), (Klink 2008), and (Lefèvre 2008).

<sup>8</sup> This model is also referred to in the literature as the “public choice” model.

boundaries, achieve economies of scale in production, or coordinate service delivery across the larger metropolitan area is limited.

Fragmentation creates a policy environment in which metropolitan-wide consensus is difficult to achieve in areas such as economic development, environmental quality, social and spatial disparities, equitable funding of services, and quality of public services throughout the region (OECD 2006). Small, fragmented single-tier governments often engage in voluntary cooperation, however, and participate in special purpose districts that deliver and pay for services in the entire metropolitan area. These options are discussed further below.

A strong tradition of home rule and the importance of local autonomy among US cities mean that most metropolitan areas in that country are highly fragmented. A typical example is Los Angeles, a metropolis with almost 13 million people, which is divided into more than 200 cities and five county governments with no metropolitan government (Vogel 2013). With the exception of a few regional agencies, there is no metropolitan collaboration on services or infrastructure. Indeed, in the case of Los Angeles, there are many forces at work that undermine regional cooperation.<sup>9</sup> The fragmentation of local government in the US points not only to the importance of local autonomy, it also reflects an acceptance of local government competition, a higher tolerance for fiscal disparities than might be found in other countries (Bahl 2010).

The long history of local autonomy in Switzerland has meant that metropolitan areas in that country are also characterised by a high degree of institutional fragmentation. Geneva, with a population of about a half a million people, has as many as 74 municipalities, not including the municipalities in the region that are located in France. In both Zurich and Geneva, the amalgamation of communes is highly unpopular and there has been no effort to create regional institutions. As a result, intergovernmental cooperation and coordination is the predominant way to address regional issues in Swiss metropolitan areas.

## **2.2 One-tier consolidated government model**

A one-tier consolidated government model is a single local government that is responsible for providing the full range of local services, with a geographic boundary that covers the entire metropolitan area.<sup>10</sup> Large single-tier governments have generally been formed by amalgamation (the merger of two or more lower-tier municipalities within an existing region) or by annexation (appropriation of a portion of a municipality by an adjacent municipality).

Large one-tier governments have a number of benefits. They can take advantage of economies of scale in service provision and internalise externalities. They cover the urban region, addressing service coordination issues. Their larger taxable capacity provides increased ability to borrow and charge user fees. Equity can be enhanced because there is a wider tax base to share the costs of services across the region. Large

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<sup>9</sup> The divisions between the core City of Los Angeles and the surrounding suburbs in the San Fernando Valley are so great that the City of San Fernando Valley has tried to secede and form a new city on the grounds that the suburbs were not getting a fair share of public services and were being overtaxed. It did not succeed but it does illustrate the very fragmented nature of local government in that region.

<sup>10</sup> This model is also referred to as the “metropolitan reform tradition” (Heinelt & Kübler 2005).

metropolitan governments also tend to be more competitive in the global economy (Meloche and Vaillancourt 2013). They are better able to advance a regional vision than would a series of smaller, fragmented local governments. A directly elected one-tier government has the advantage of being easily understandable for voters, though it can also reduce access and accountability where the jurisdiction becomes too large and bureaucratic.

At the same time, amalgamations to create one-tier consolidated governments reduce competition among municipalities, weakening incentives for efficiency or responsiveness to local needs and changing economic conditions. In Toronto, the consolidation of the upper-tier government (Metro Toronto) and six lower-tier municipalities in 1998 was designed to save costs; the evidence suggests that it is unlikely that cost savings were actually achieved, however (Slack & Bird 2013). The Toronto amalgamation did, nevertheless, result in some redistribution across the enlarged city, increasing equity among residents in terms of service levels and tax burden.

A major challenge with a one-tier consolidated structure is determining the appropriate geographic boundary. Looking around the world, we find that the metropolitan boundaries of governments rarely coincide with the boundaries of the economic region (notable exceptions are Cape Town and Auckland). In the case of Toronto, for example, the 1998 amalgamation resulted in geographic boundaries that encompassed less than half of the economic region. Consequently, the amalgamation resulted in a city that is too big and too small — too big to be locally responsive and too small to address the regional issues of the metropolitan region (Slack and Bird 2013). Beyond New York City's borders, the metropolitan area consists of 29 counties in four different states. There are special purpose bodies that cover the region, such as the Port Authority of New York and New Jersey and the Regional Plan Association, but no general-purpose regional government.

Even where the geographic boundary does cover the economic region at the time of the consolidation, economic boundaries continue to expand over time. Economically dynamic regions, by their nature, eventually outgrow their local political boundaries. Yet, government boundaries are difficult to alter, only changing occasionally “in big leaps, and often after complex procedures” (OECD 2006, 157). The need to align institutions, investment and infrastructure with the functional geography of the metropolitan area is critical but hard to achieve (Clark & Clark 2014). As a result, even a consolidated city will have to coordinate services such as transportation and economic development with neighbouring municipalities.

## **2.3 Two-tier government model**

In a two-tier government model, there is an upper-tier governing body (usually a region, district, or metropolitan government) that encompasses a fairly large geographic area, and lower-tier or area municipalities (such as cities, towns, villages, and townships). The upper tier provides region-wide services and the lower tiers are responsible for services of a local nature. In this way, two-tier models help to resolve the conflict between regional and local interests, providing economies of scale, internalising externalities across local boundaries and enhancing redistributive equity on the one hand, and ensuring local responsiveness and citizen access and accountability on the other.

Critics argue that costs will be higher because of waste and duplication in the provision of services by two levels of government. Furthermore, two-tier levels of government are less transparent and more confusing to residents who struggle to understand who is responsible for what services. Two municipal councils covering the same geographic area can lead to considerable “wrangling, inefficient decision-making, and delays in implementing policies” (Kitchen 2002, 312).

Tokyo is an example of a massive city-region that balances regional and local interests through a two-tier structure. A city of over 13 million people (or about 10 percent of Japan’s population), Tokyo has a regional government that encompasses a number of lower tiers: 23 special wards, 26 cities, 5 towns, and 8 villages. The Tokyo Metropolitan Assembly is directly elected, with the President of the Assembly indirectly elected by its members. The Tokyo Metropolitan Government (TMG) has administrative responsibility for services such as water supply, sewerage and fire protection to ensure uniform and efficient area-wide coverage. The wards are responsible for services such as welfare, education, and housing. A consultative body called the Metropolitan-Ward Council enables communication and coordination between the metropolitan government and the wards. Cities, towns, and villages also provide services such as waste disposal and incineration, public hospitals, and profit-making projects), often establishing their own shared-delivery cooperatives and regional associations.

Seoul, with a population of over 10 million, is a “special city” within South Korea and another example of how to balance regional and local interests. The Seoul Metropolitan Government, headed up by a directly elected mayor, plans and manages for the whole functional metropolitan area (Clark & Clark 2014). The city is divided into administrative tiers that are further sub-divided into 25 *gu* units (districts) and, subsequently, into 522 *dong* (neighbourhoods). The mayors of the *gu* are also elected. The *dongs* provide services to the residents within their administrative areas. The Metropolitan Government of Seoul has made a conscious effort to engage citizens in local decision-making through online initiatives and participatory budgeting.<sup>11</sup>

Vancouver is an example of a two-tier structure, but one in which the upper tier has a narrow suite of responsibilities and revenues, with indirectly elected leadership. Vancouver’s governance structure includes an upper-tier regional district responsible for delivering a limited range of services, as well as 22 municipalities and two unincorporated areas. Metropolitan service responsibilities are fairly narrow and include shared responsibility for water, sewerage and drainage, solid waste and recycling, and provision of regional functions including strategic planning, regional parks, air quality and labour relations. Metro Vancouver is governed by three boards, including the Greater Vancouver Regional District Board.<sup>12</sup> There is also a Metro Vancouver Housing Corporation and Translink, a regional transportation authority. Accountability in Vancouver is difficult to achieve in this particular two-tier structure because the upper-tier board members are appointed by the lower-tier municipalities rather than directly elected by voters. Direct election would provide an incentive for members to take a regional perspective rather than only a local perspective (Kitchen 2013).

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<sup>11</sup> Innovative mechanisms to encourage citizen participation such as open government and participatory budgeting are discussed further below.

<sup>12</sup> The others are the Greater Vancouver Sewerage and Drainage Board, and the Greater Vancouver Water District Board.

In Norway, Bergen provides an example of some of the tensions around devolution and local autonomy in a two-tier system. Bergen had one of the most decentralised systems until 2004. Between 2000 and 2004, the city devolved authority for health care, social security, mandatory education, green areas, parks, culture, and leisure to eight districts, each with a district council. Decentralisation was designed to enhance local democracy and result in higher quality service provision, greater productivity, and better conditions for staff. Decisions over 85 percent of the city budget were decentralised to the districts (Fimreite & Aars 2007).<sup>13</sup> Controversy over the relationship between the city and districts with respect to the division of authority and the extent of local autonomy led to the abolition of the district councils in 2004.<sup>14</sup> In Oslo, by contrast, a two-tier structure was introduced in 1986 and remains today. There has been less conflict between the two tiers in part because of a distinct demarcation between city and district politics that is accepted by the elected officials.

### **Barcelona: Moving from special districts to a two-tier structure**

Barcelona is a very recent example of the creation of a two-tier structure. Legislation passed by the regional Parliament in 2010 created an upper-tier metropolitan government with 36 lower-tier municipalities. This new metropolitan body, which came into existence in 2011, replaced three previous metropolitan bodies: the Metropolitan Entity of Hydraulic Services and Waste Management (EMSHTR) which included 33 municipalities, the Metropolitan Transport Entity (EMT) which covered 18 municipalities, and the Association of Municipalities of the Metropolitan Area of Barcelona (MMAMB) which was a voluntary body made of 31 municipalities. Not only is the metropolitan area greater than that covered by these metropolitan bodies but it replaced three different entities in the same metropolitan area.

The new Metropolitan Council is indirectly elected and comprises 90 councillors, the Governing Committee, and the president. All mayors in the metropolitan area sit on the Metropolitan Council; the number of councillors from each municipality on the Metropolitan Council varies by population. The president is indirectly elected by the council from among the mayors. The Governing Committee, which assists the president, is made up of the president of the Metropolitan Area and a number of metropolitan councillors appointed by the president based on the proposal of the council.

Although it is too soon to evaluate how well the new structure is working, it has clearly reduced the substantial complexity of the previous system (Bosch *et al.* 2013). Barcelona also provides an example of how it is possible to move from a series of special purpose districts dealing with specific services to a more broadly based two-tier government structure. The indirectly elected council, however, may hamper Barcelona's ability to forge a regional vision if each councillor focuses on his/her own constituency. Furthermore, the metropolitan government accounts for only 64 percent of the population of the entire metropolitan region, which is defined to include the economic region and commuting area.

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<sup>13</sup> The district councils did not, however, have any financial independence – with no taxing powers and reliance almost entirely on grants from the city level.

<sup>14</sup> The introduction of a parliamentary system at the city government at the same time also affected the city-district relationship.

Success in establishing a metropolitan structure (whether one-tier or two-tier) depends, to a large extent, on levels of public and stakeholder support for the new structure, which in turn depends, at least in part, on the process of reform (OECD 2006). Yet, metropolitan governments are generally established through a top-down process and local actors have to deal with a structure that they did not ask for or want (Lefèvre 1998). In many cases, local actors have not been consulted. In others, they were consulted but their views were not followed (such as the forced amalgamation in Toronto). Even in cities where there has been consultation such as in Amsterdam, Rotterdam, and Berlin, voters have rejected amalgamations through local referendums (Lefèvre 1998).

International experience tells us that, for the political economy of changing institutional and financial structures, incremental bottom up changes tend to be more successful than top down proposals. A review of European experiments with metropolitan governments in the 1970s concluded that the failure of reforms on the basis of economic criteria (such as economies of scale, spillovers, and redistribution) resulted from these models being imposed by senior levels of government without adequate consultation (Klink 2008). The result was that local municipalities, political parties, and pressure groups opposed the metropolitan model from the beginning. The only way these models could survive, in places where they did survive, was where central or state government refused to bend (Lefèvre 1998). Stuttgart is an example of a city-region with a weak metropolitan authority in part because of the process to set it up, as the lower tiers opposed the creation of the upper tier. London, on the other hand, enjoyed strong public and stakeholder support for the creation of the Greater London Authority (GLA).

## 2.4 Voluntary cooperation and special districts

Because metropolitan structures are difficult to put in place, voluntary cooperation essentially replaces the ideal of metropolitan government with a process of metropolitan governance (Lefèvre 1998).<sup>15</sup> The benefit of voluntary cooperation is that it preserves local autonomy, diversity, and the distinct identity of member municipalities (OECD 2006). Municipalities can retain their autonomy with respect to expenditure and tax decisions, while achieving economies of scale in service delivery and addressing externalities through partnerships (Sharpe 1995). There can be problems of accountability when services are provided by another jurisdiction, however, because residents often do not know who is responsible. Redistribution throughout the metropolitan area is not automatic in a system of voluntary cooperation, but could be agreed upon by the municipalities involved.

### Inter-Municipal Cooperation in Paris

Throughout France, metropolitan area governance is undertaken by the *communauté urbaine*, a body that is defined in national law and dedicated to inter-municipal cooperation. Historically, representatives of *communautés urbaines* were indirectly elected by constituent municipalities, but they will be directly elected beginning in 2014. The president of the *communauté urbaine* is chosen by the representatives.

Yet, Paris has not had a metropolitan governance structure. Paris *métropole* is a voluntary association of local governments that serves as a policy exchange forum for the inner parts of the metropolitan area (Ahrend & Schumann 2014). Similar to other metropolitan areas in France, Paris does have a sectoral authority for public transport. A new law that was passed at the end of 2013 calls for the creation of an inter-municipal cooperation body for Greater Paris in 2016.

Notwithstanding the weakness of voluntary cooperation, this form of local governance has steadily grown in popularity around the world. One explanation is that voluntarism “is incremental, non-threatening, and capable of growing by trial and error” (Savitch & Kantor 2002). The voluntary model can work well when policy objectives are shared by all policymakers in the various local governments. It may not work as well, however, when there are divergent objectives as there often are. Cooperation usually involves bargaining and some municipalities may not have anything to bargain with. Although these “lighter and more informal forms of governance” can mobilise metropolitan-wide stakeholders around a common vision, planning and resourcing for implementation might require a more formal arena for collaboration (OECD 2006).

In the fragmented metropolitan areas of Zurich and Geneva, as in most of Switzerland, the dominant metropolitan governance model is intergovernmental cooperation – both among local governments and across the three levels of government. In the case of Geneva, intergovernmental cooperation extends to local government in neighbouring France. Intergovernmental cooperation tends to be purpose-oriented, directed at services such as electricity, waste disposal, and energy supply. Political representation is indirect

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<sup>15</sup> Voluntary cooperation is often referred to as the “new regionalism.”



because decision-making bodies for these cooperative schemes comprise delegates of the member communes.

In the United States, voluntary cooperation is achieved through special districts. One-third of all local governments in the US are special districts which have been set up to provide fire protection, water, libraries, sewers, transportation, urban renewal, and education. The boundaries of the special district may be within a municipal area or may cross municipal and county boundaries. Thus, special districts may be very localised or regional depending upon the purpose in creating them.

## 2.5 The role of senior governments

As national governments increasingly recognise the importance of cities and metropolitan areas to the national economy, urban issues are becoming part of the national (or provincial/state in federal countries) urban policy agenda (OECD 2006). In Switzerland, the federal government has moved over the past decade from “disinterest” to an “unprecedented sensitivity to urban issues,” providing funding for transportation infrastructure in metropolitan areas, support for activities that improve cooperation among municipalities, and equalisation grants (Kübler & Rochat 2013). In Brazil, the federal government, with presidential backing, has taken a special interest in metropolitan areas and, in particular, in inter-municipal cooperation to improve the management and coordination of public policies in metropolitan regions, urban agglomerations, and micro-regions (Arretche 2013). In Australia, metropolitan areas tend to have many small local governments that perform only a few functions, with a dominant state government role in planning, major infrastructure, and service provision. Yet, it is the federal government that provides the largest source of external financial support for Australian local governments.

Although central or state governments can provide services that cross over municipal boundaries and thus internalise spillovers and achieve economies of scale, it is a government that is further removed from local residents, making it difficult to determine the quality and quantity of output to provide in each municipality. As is evident in the examples above, the response of senior governments varies, but they generally see a need for municipalities to cooperate on a regional basis. Some have assumed direct responsibility for some local functions (such as regional planning and economic development), while others offer financial incentives to encourage inter-municipal cooperation to improve services such as water, waste management, and transit (Evers & De Vries 2013).

### **National incentives for cooperation: Transportation funding in the US**

The federal government in the US has no formal or constitutional role in local government but it has had a major impact on cooperation among municipalities in metropolitan areas through its spending powers. Under federal law, all metropolitan areas are required to have a Metropolitan Planning Organisation (MPO) in order to receive federal funding for transportation. Since federal highway funding is a significant source of funding for highways, bridges, and other transit, there is an incentive on the part of local governments to organise an MPO. The MPO must have a governing board drawn from the local authorities and typically includes state and non-government actors.

In a federal system (or with devolved nations, as in the UK), provincial/state governments have primary responsibility for cities, and may determine their geographic boundaries, set out their expenditure requirements, determine what revenues they can raise, and much more. In those countries, the national government often does not deal directly with cities, though it can usually spend money in cities. When it does, however, it is often criticised by states/provinces for interfering in local matters (Canada is an example). Based on economic principles, an appropriate role for national governments is to make expenditures on services whose benefits extend beyond provincial or state boundaries. An example might be services that increase the economic competitiveness of the country.

National governments are also recognising that large cities and metropolitan areas are different than other urban and rural areas in important respects, including: size and density, financial and administrative capacity, the complexity of the challenges they face, and their economic importance. These differences have an impact on the nature and level of expenditures they make and on their ability to collect revenues. There are three broad ways in which countries treat large metropolitan areas differently: governance models, taxing powers, and intergovernmental transfers (Bahl 2010). Barcelona and Madrid, for example, are governed by a municipal charter which grants them a different status than other Spanish cities with different responsibilities, administration, and organisation.

#### **Asymmetric treatment of city-regions: the case of Germany**

In the German federal system, responsibility for local government rests with the state governments (*Länder*), with each having different governance structures for its metropolitan areas. There are three different types of structures in Germany (Ahrend & Schumann 2014):

Associations of local governments – Associations range from being voluntary at one end to being fairly similar to a local government at the other end. Where they have formal powers, they generally apply to land use planning, economic development, transportation and waste disposal.

Regional counties – Large cities combine the responsibilities of city and county governments. Regional counties have been created in Hanover, Saarbrücken, and Aachen by merging the central municipality in the region with the surrounding counties. The municipalities in the county continue to exist but some of their functions have been taken over by the regional county.

City-States – Berlin, Hamburg, and Bremen are city-states with the powers and revenues of both city and state governments. Bremen and Hamburg have governance bodies that are voluntary associations; Berlin has no regional governance body.

## 2.6 Local government decision-making and leadership models

Local government decision-making and leadership models play an important role in city governance. Although all cities have some form of council, executive and administration, the role that each performs and the relationship between them differs. Cities around the world can be grouped into one of four models.<sup>16</sup>

The first is a **“weak mayor” or “strong council” system**. The mayor may be directly elected or indirectly elected by council, but has one vote on council and plays a largely ceremonial role. Council oversees all of the executive functions, including administration, budgeting and designating committees to run specific city functions. This model places a lot of emphasis on local control and may be appropriate for small local governments where there is little disagreement on what needs to be done. It is less suitable for large cities, which face complex problems that require more expertise than councils generally possess and require more formal accountability mechanisms (Sud & Yilmaz 2013). Most countries have generally moved away from the council-executive form of governance, though exceptions include Danish and Canadian cities.<sup>17</sup>

For the second model – **council-city manager** – the underlying principle is that cities provide services of a technical nature and thus decisions about how to provide those services need to be moved out of the political arena. The city council appoints a politically neutral city manager to run the city and exercise most executive powers; the council provides guidance and supervision and the mayor has limited powers. The advantage of this model is that the professional city manager is focused on efficiency and effectiveness, rather than short-term electoral considerations. Their tenure also extends beyond the electoral cycle so they can provide continuity. The major downside of this model is that it diminishes the role political leadership plays in running the city. The council-city manager model is common in small and mid-size US cities, as well as in Australia and New Zealand (Sud & Yilmaz 2013).

The third model – **leader and council cabinet (or “executive council”)** – is most commonly used in countries with a parliamentary system, including England and Wales. Either a mayor is directly elected or a city leader is indirectly elected from among council members – normally as leader of the majority party. The mayor appoints a prescribed number of council members to serve as the cabinet. Council performs an oversight function and is responsible for agreeing on the policy framework and city budget. This model balances the need for clear executive powers and legislative oversight (Sud & Yilmaz 2013). Potential downsides, which will be explored later, are that indirectly elected council leaders can lack public profile and accountability, while the majority of council members have little power as they are expected to vote along party lines.

The fourth model is the **“strong mayor”**. The mayor is always directly elected and has robust executive power, while council plays an oversight role. The mayor directs the bureaucracy and may also have the power to appoint the heads of departments; he or she also sets the council agenda and prepares the budget for council to consider. The advantage of this model is the potential for a more coherent vision for the city, efficient

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<sup>16</sup> This characterisation of institutional models is based on Sud and Yilmaz (2013).

<sup>17</sup> For example, Danish cities including Copenhagen have attempted to increase the power of councils on the grounds that they are more responsive to citizens (Sud & Yilmaz 2013).

local government, and clear accountability to voters for policies and decisions. The criticism of the strong mayor system is that it concentrates power in one individual and limits the legislative role of councils. The strong mayor model has been gaining popularity around the world. Most of the largest US cities have directly elected and empowered mayors, and it is also the model used in Germany, France, and Spain.

Table 2 briefly summarises the four local government decision-making and leadership models set out above and identifies some countries where each model is used. As with governance models, these models are very context-specific. Assessing their effectiveness is difficult given the unique nature of local traditions and political cultures, intergovernmental and fiscal arrangements, and the character and capacity of elected leadership at any given point in time.

Under any model, however, there is growing consensus that bold and effective leadership – both political and administrative – is increasingly critical for cities. The demands on mayors and city managers are significant. They must be able to present a strong, clear, and actionable vision that can help both citizens and city hall focus on a shared direction for the city. They must be collaborative, bringing together the wide range of stakeholders needed to make things happen. They must provide able stewardship of finances and major investment decisions. They must have a profile with residents, be attentive to them, and demonstrate that they are capable and accountable managers. Increasingly, mayors and city leaders must also position their cities to compete in the global economy and engage with national and international partners (Hume 2013). In short, the role of urban mayors centres upon “the creation of urban policies, the construction of coalitions and the articulation of resources that enable the elaboration and implementation of these policies” (Beal & Pinson 2014).

**Table 2: Decision-making and leadership models**

Model	Description	Examples of countries where used
<b>Weak Mayor/Strong Council</b>	Council performs all executive functions including administration and budgeting	Canada, some Danish cities (e.g. Copenhagen), Indonesia
<b>Council-City Manager</b>	Professional city manager exercises most executive powers; council provides guidance and supervision	Small- and mid-size US cities, Australia, New Zealand, the Netherlands
<b>Leader and Council Cabinet</b>	Mayor elected from council members; usually leader of the majority party. Mayor appoints cabinet; council has oversight function	UK, India
<b>Strong Mayor</b>	Mayor is directly elected and has broad executive power – appoints heads of departments, prepares council agenda and budget. Council plays oversight role.	Larger US Cities (e.g. New York, Chicago)

Source: Based on information in Sud & Yilmaz (2013)

## 2.7 Comparative assessment of urban governance: summary and observations

Table 3 provides examples of three urban governance structures in selected metropolitan areas around the world (one-tier fragmented governments, one-tier consolidated governments, and two-tier governments); voluntary cooperation and special districts are generally found in one-tier fragmented systems and are noted in the column that sets out the details of that model. Similarly, the role of senior governments is noted in the second column. The choice of case studies in this paper reflects the available literature and information on metropolitan areas that are relevant in the UK context and is in no way meant to be a comprehensive look at governance models around the world.

A comparative assessment of urban and metropolitan governance models suggests the following:

- **No one model of governance stands above the rest.** The wide variety of governance institutions and structures around the world reflects both the complexity and the context-specificity of the issues to be resolved. Neither theory nor practice tells us clearly which model of governance is best even within a single country.
- **Some form of regional structure is essential for cities to be economically competitive.** Metropolitan areas are characterised by strong inter-dependencies (social, economic, environmental, and political-administrative) and by externalities

among local jurisdictions. Some form of governance structure is needed to address region-wide problems, such as disparities among municipalities, externalities in service provision, transportation and environmental coordination issues; and to ensure the economic competitiveness, social cohesion, and fiscal viability of city-regions in the global economic setting. Yet, most metropolitan areas are characterised by fragmentation and a lack of fiscal capacity or transparent and accountable decision-making processes (Kamal-Chaoui 2014).<sup>18</sup> Metropolitan areas with these characteristics are not well adapted to meet future challenges.

- **Voluntary cooperation is the most popular model.** The literature emphasises the key elements of a metro government structure as political legitimacy through direct election, geographic boundaries that match the functional territory of the metropolitan region, independent financial resources, relevant powers and responsibilities, and adequate staffing (Lefèvre 2008). Yet, voluntary cooperation and special purpose districts, which have few of these characteristics, are the most popular regional governance structures around the world.
- **There is a trade-off between one-tier and two-tier models.** Because a one-tier structure is easier to understand and is more transparent than a two-tier structure, it may enhance political and fiscal accountability. Two-tier structures are inherently more complex and may result in undesirable duplication and general confusion among citizens as to who is responsible for what and who is paying for it. On the other hand, a two-tier structure may achieve greater efficiency than is likely to be attained in a more centralised one-tier structure. Some metropolitan areas have been adopting two-tier structures (e.g. London and Barcelona) while others have moved away from them (e.g. Toronto and Bergen).

**Table 3: Governance models in selected metropolitan areas**

Metropolitan area	Details
<b>One-tier fragmented model</b>	
<b>Brisbane (South East Queensland)</b>	Strong state government role in metropolitan planning and service delivery
<b>Perth</b>	Dominant state government role
<b>Geneva</b>	Purpose-oriented intergovernmental coordination
<b>Zurich</b>	Purpose-oriented intergovernmental coordination
<b>Los Angeles</b>	Limited regional coordination; special purpose districts
<b>One-tier consolidated model</b>	
<b>Toronto</b>	Amalgamation of metropolitan level and 6 lower tiers in 1998
<b>Bergen</b>	Moved from two-tier to one-tier in 2004

<sup>18</sup> This statement has been made with respect to OECD countries but also applies to other countries.

<b>Cape Town</b>	Amalgamation of two-tiers in 2000; political boundaries coincide with boundaries of economic region
<b>Madrid</b>	Strong role for regional (autonomous community) government
<b>Berlin</b>	City-state
<b>New York</b>	Metropolitan area extends beyond New York City to include 29 counties in 4 states
<b>Auckland</b>	Merger of 8 municipalities in 2010; political boundaries coincide with economic region
<b>Two-tier model</b>	
<b>Tokyo</b>	Tokyo Metropolitan Government plus 23 special wards, 26 cities, 5 towns, and 8 villages
<b>Barcelona</b>	Metropolitan government plus 36 lower-tier municipalities
<b>Vancouver</b>	Regional district plus 22 municipalities
<b>Seoul</b>	Metropolitan government plus 25 districts and 522 neighbourhoods

Sources: Slack & Chattopadhyay (2013); Zimmermann (2009); Fimreite & Aars (2007); Tokyo (2013); Travers (2005)

- **Regional and local interests need to be balanced.** As the world becomes more urbanised and metropolitan economies evolve, there is a need for a regional vision and for many services (e.g. transportation and economic development) to be delivered on a regional basis. At the same time, some services are very local (e.g. parks and recreation) and benefit from more local provision and responsiveness to citizens. From the perspective of local democracy, people engage in decision-making more easily at a very local level than at a regional level.
- **The process of implementing a metropolitan structure is crucial to the success of the outcome.** All of the relevant stakeholders need to be included in the early stages of restructuring reform for the reform to be accepted.
- **The role of senior governments is critical to the economic success of cities and metropolitan areas.** As national (and state/provincial) governments increasingly recognise the importance of cities and city-regions to the national economy, they are taking more of an interest in how they are financed and governed. National and sub-national governments dictate the legal conditions under which local governments function and the terms of intergovernmental policies. They also have significant control over local government finances. In some cases, senior governments directly deliver services that cross municipal boundaries; in others, they provide incentives for inter-municipal cooperation and governance innovation.
- **Institutional models and leadership are context-specific.** As with governance models, the appropriate institutional model depends on the local context, intergovernmental and fiscal arrangements, and the character and capacity of

elected leadership at any given point in time. Nevertheless, it has been found that models with a directly elected mayor have greater potential for a coherent vision for the city, efficiency in local government, and clear accountability to voters.



### **3. The evolution of UK urban governance since 1965**

UK cities are characterised by a variety of governance arrangements (see Table 4). Greater London has a two-tier structure. Other large cities in England and Scotland have one-tier fragmented structures with voluntary cooperation arrangements and special purpose agencies to manage metropolitan services. In Scotland, Wales, and parts of England, there are single-tier (unitary) local authorities. Northern Ireland is also organised into unitary district authorities, though many functions are carried out by the Northern Ireland Executive administration. England uniquely has a large number of two-tier (county-district) systems. In the more rural areas across the UK, there are thousands of elected town or parish councils, a third tier of local government that oversees community-level services such as parks, community centres, and war memorials.

**Table 4: UK local authorities**

	No.	Structure	Major Responsibilities**	Governance System
<b>England</b>				
<i>Greater London Authority (GLA)</i>		Two-tier	Strategic Planning, Transport, Economic Development, Policing, Fire and Emergency Planning, Culture, Health	Elected Mayor and 25 member elected assembly
London boroughs (inc. City of London)	33	Two-tier	All except GLA coordinated functions	Various models following LGA 2000:*** <ul style="list-style-type: none"> <li>• Executive with Cabinet and directly-elected mayor</li> <li>• Executive with Cabinet and appointed leader</li> <li>• Legislative committee (retained by some smaller authorities)</li> </ul>
Metropolitan Districts	36	One-tier	All, with some functions provided through Metropolitan joint authorities (e.g. waste, police, fire, transport), and now through Combined Authorities in some cities.	
Unitary Authorities (inc. County Unitaries)	55	One-tier	All except transport	
Counties (upper-tier)	27	Two-tier	All except housing and planning	
Districts (lower-tier)	201	Two-tier	Housing, Highways, Museums, Planning, Economic Development, Parks and Rec.	
<b>Scotland</b> – Districts	32	One-tier	All local functions, including police authorities (sometimes through joint authorities)	Legislative committee with appointed council leader
<b>Wales</b> - Principal Areas	22	One-tier	All local functions	Executive with cabinet and appointed leader
<b>Northern Ireland</b> – Districts	26*	One-tier	Waste, Building Control, Economic Development, Community Services, Parks and Rec.	Legislative committee model
<b>Total</b>	<b>406</b>			

\*Reforms that will take effect on 1 April 2015 will consolidate Northern Ireland's 26 councils into 11, and provide them with new responsibilities and powers.

\*\*English and Welsh local authority functions generally include: Strategic Planning, Education, Housing, Social Services, Transport, Highways, Museums, Libraries, Land Use Planning, Economic Development, Parks and Rec., Food and Health Inspection. In England and Wales (except London), police boards, now directly elected, appoint Chief Constables and provide oversight of arms-length, regional or county police authorities. Regional fire and rescue services are similarly provided by fire authorities in England and Wales, whereas they are centralised government services in Scotland and Northern Ireland.

\*\*\*The Local Government Act 2000 required local authorities in England and Wales to shift from a system where council business was managed through all-party legislative committees to an executive model with a cabinet composed of ruling party members, where opposition legislators play a scrutiny and oversight role. Smaller authorities could retain the committee system.

Sources: Department for Communities and Local Government, 2012; Chandler, 2009; Government of Northern Ireland, 2014; Scottish Government, 2014; Association of Chief Police Officers, 2014.

As with government structure, the systems of local decision-making are diverse and changing. The GLA has a unique model with an elected mayor and assembly. Most other local authorities in England and Wales now have executive council models, with cabinets and appointed leaders or, in a few instances, elected mayors. Some smaller local authorities in England, and councils in Scotland and Northern Ireland, have retained legislative models where the full council is responsible for all decisions while committees steer council business. These councils sometimes have a non-executive civic mayor or chairman who leads meetings and carries out ceremonial duties. Local councillors are elected to four-year terms.<sup>19</sup> Council managers and officers, the non-partisan professional public servants, play a critical operational role in administering services.

In addition to the formal institutions of city government, there are many other players responsible for planning and provision of services at the local level, ranging from housing associations and healthcare trusts to educational institutions and utilities providers (i.e. gas, electricity and water). In the UK in particular, the concept of 'city governance' incorporates the dynamic interactions between this array of quasi-governmental, private, non-profit, community and other actors with local elected officials and the civic administration in the planning, decision-making, financing, and management of the affairs of the city.

### 3.1 The 1960s to the 1990s

The 1960s marked the beginning of a long period of reform in UK local governance arrangements. After more than a half century of growth with little change to county-borough structures, there was growing recognition that local governance arrangements were fragmented and boundaries needed to be adjusted. The first major reform, undertaken by a Labour government in 1965, replaced the London County Council with the Greater London Council (GLC), an upper-tier government that encompassed 32 newly created London boroughs. In 1974, a Conservative government established two-tier systems of counties and districts across the rest of England. In six other big cities (Birmingham, Leeds, Liverpool, Manchester, Newcastle upon Tyne and Sheffield), upper-tier metropolitan counties were created with 36 lower-tier metropolitan districts. In smaller and more rural areas, shire counties were introduced (39) with lower-tier districts (296). Two-tier county-district structures were also adopted for Scotland and Wales, with enlarged local authorities. In Northern Ireland, reform went in the opposite direction, as eight two-tier county-districts were replaced by 26 local councils, with the Northern Ireland government assuming regional functions.

In 1986, a further series of reforms abolished the upper-tier GLC and metropolitan counties in England's major city-regions. This reform followed the release of a Conservative government White Paper called *Streamlining the Cities* that made the case for eliminating metropolitan upper-tiers. The politics of the time were, of course, a central factor in the abolition of the upper-tiers but the government also saw the GLC and the metropolitan counties as unaccountable financial managers and uncertain in their strategic role. In London, the boroughs had wide-ranging powers and were responsible for almost 90 per cent of local government expenditures. The GLC's authorities and influence were relatively weak, and it consequently struggled to carve out a strategic role,

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<sup>19</sup> Some councils elect all of their councillors at the same time; others elected half or a third at each election.

create a sense of London-wide purpose, and generate profile or loyalty with London residents (Pimlott & Rao 2002).

The reforms effectively left the London boroughs and the district councils in other cities as fragmented single-tier administrations. Some GLC functions were transferred to the City of London and the boroughs; others were shifted to special purpose agencies for inner city education, fire and civil defence, waste disposal, and city planning. Similarly, metropolitan functions outside of London were passed to the lower-tier districts, to metropolitan authorities for waste (in Merseyside and Greater Manchester), and to 'joint authorities' for police, fire, and transport that coordinated across local districts (Department of Communities and Local Government 2010).

London's metropolitan planning was essentially done through the central government and a series of agencies (Travers 2005). Concerned about the gap in area-wide planning and cooperation and the risk posed to Greater London's economic competitiveness, business leaders quickly responded by partnering with borough representatives and civic organisations to create London First, a planning and advocacy body that pushed for the reintroduction of metropolitan government. In other metropolitan areas, voluntary arrangements through joint authorities and cooperation with agencies (often called quasi-autonomous non-government organisations or "quangos") and among district council leaders were somewhat effective, especially in Manchester, Birmingham, and Leeds. Still, as political leadership changed over time, maintaining local partnerships was challenging without more durable governance structures (Goldsmith 2005).

This period also saw the beginning of a long process of local authority consolidation. During the early 1990s, reviews of UK local government recommended further restructuring to consolidate other two-tier county-district structures into single-tier unitary authorities (UAs). From 1995 to 1998, 26 UAs were created, in most cases with combined fire authorities and special arrangements for other functions. The two-tier arrangements in Scotland and Wales were also abolished and replaced with the UAs that still exist today.<sup>20</sup>

### **3.2 The late 1990s and early 2000s**

The brisk pace of local governance reform continued under the new Labour Government, elected in 1997. The GLA, an upper-tier government with a directly-elected mayor, assembly and modest administration, was inaugurated in 2000.<sup>21</sup> In the same year, the Local Government Act prompted local councils in England and Wales to shift from a legislative committee-based system to the executive-council model, with a cabinet and council leader or elected mayor. In 1997, a process of devolution resulted in the shift of authority for local government to the new Scottish Parliament and Welsh Assembly.

Frequent interventions to restructure local governance institutions were accompanied by reforms that diminished local authority powers and further centralised control and

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<sup>20</sup> More than a decade later, in April 2009, the Labour government created 10 more UAs. While the Conservative-led Coalition government, elected in May 2010, reversed plans for further mergers, local authority consolidation is currently underway in Northern Ireland and was recently proposed for Wales.

<sup>21</sup> The GLA, approved by referendum in 1998 and operational in 2000, works in conjunction with a series of agencies, including the Metropolitan Police Authority, the London Fire and Emergency Planning Authority, Transport for London, and the London Development Agency.

oversight. During the 1980s, the Thatcher Government encouraged contracting out for the provision of education, housing, and refuse among other services, while also imposing council tax rate-capping and tighter restrictions on local finances. During the 1990s and early 2000s, a web of procurement rules and benchmarking initiatives were applied to local authorities and services. Throughout this period, the responsibilities of local authorities also shifted significantly, with reduced direct local control over education, housing, social services, police, and transit. A vast array of special purpose agencies, nearly 5,000 across the UK, was created to manage local functions. These new 'local quangos' have been called "agents for the centre," as they are appointed directly or indirectly by the central government and are responsible to and influenced by their 'sponsoring' departments (Wilson & Game, 2011).

By the mid-2000s, the centralisation of authority was considered to be a barrier to effective and representative local government. The interim report of the Lyons Commission, an inquiry into the role and funding arrangements of local government, noted that while certain aspects of governance had been improved, "the gravitational pull of Government grants, targets and performance management has created an unhealthy situation where local councils are too often focused on the wishes of Ministers and their departments rather than their own citizens' needs and preferences" (Lyons 2006, 3).

### 3.3 The present context

The Conservative Party's 2010 election manifesto outlined its vision of the "Big Society," an agenda to redistribute power from the central state to individuals and communities, and to open up service provision to third sector and private operators. Central to the vision were proposals to reverse the creeping centralisation by radically decentralising services and devolving powers (Conservative Party 2010). They reflected a growing sense that central government was too big and controlling. By many measures, the UK is one of the most centralised countries in the developed world: approximately 95 percent of all taxation is raised by central government, compared to the European Union (EU) average of about 50 percent (Storey & Farrar 2009).

#### **Glasgow and the Clyde Valley: Scotland's regional planning authorities**

While there is some tradition of city-region cooperation in Scotland, the Scottish Government only recently directed the establishment of regional planning authorities. Glasgow and the Clyde Valley Strategic Development Planning Authority (GCVSDPA), one of four regional authorities across Scotland, was formed in 2008. It comprises eight local authorities including Glasgow City, representing about a third of Scotland's population and economic output. The Planning Authority's role is to prepare and maintain a 25-year Strategic Development Plan (SDP) for land use and growth or regeneration across the region.

The Authority's SDP, approved by Scottish ministers in 2012, aims to create a growth corridor with Glasgow as the hub. It focuses on social service and transit provision, both to spur low-carbon forms of economic development and investment in the region, and to address Glasgow's elevated rates of unemployment and poverty (GCVSDPA 2012). More recently, a proposed City Deal between the UK Government, the local leadership in Glasgow and the Clyde Valley aims to target investment towards the transport network, development and regeneration sites, and employment, notably for youth (Department of Communities and Local Government 2014).

Still, the regional governance arrangements are less formalised than two-tier or combined authority models in some English city-regions. The GCVSDPA is a mechanism for joint working and consultation, but local authorities such as Glasgow City continue to shape their own development plans. The City Deal, however, outlines a commitment to formalise a more robust set of governance arrangements, potentially styled on combined authority models. There is also potential for greater collaboration with Edinburgh, Scotland's other hub city.

The philosophical embrace of an agenda of devolution was the product of a number of trends. A "new localism" theory gained traction during the 2000s, calling for a shift from "one size fits all" to a system of greater decentralisation, diversity, and choice. Central to new localism is the greater involvement of citizens in governance and new relationships and arrangements among central and local governments. In practical terms, the new localism embodied four broad principles: decentralisation of power; better local decision-making; strengthened local democracy; and civil and community renewal (Storey & Farrar 2009).

In the wake of the financial crisis in 2008, local government reform was also seen as key to national economic growth and wealth creation. This idea was reflected in a landmark report, grandly entitled *No Stone Unturned in Pursuit of Growth*, in which Lord Heseltine declared that “government must now reverse the trend of the past century and unleash the dynamic potential of our local economies” (Heseltine 2012, 6). A Government White Paper released in 2010 committed to creating the conditions for metropolitan regions to grow, based on their unique local circumstances by empowering coalitions of local authorities and businesses (Secretary of State for Business, Innovation and Skills 2010).

The outcome of this decentralisation agenda was a flurry of local government reform initiatives. The Localism Act, passed in 2011, granted local authorities the ‘general power of competence,’ shifting away from the highly prescriptive traditional legislative relationship to one that provides more flexibility for local action. It provided for more local decision-making for planning and housing. The legislation did not grant access to new local taxes but provisions did allow local authorities to offer discounts on the centrally-set business rate. Perhaps most significant were provisions for directly elected mayors in the 11 largest cities outside of London, subject to local referendums (Department of Communities and Local Government 2011a).

The Government has negotiated a series of ‘City Deals’ to support local economic development. The first wave of ‘City Deals’ was concluded in 2012 with the eight “core cities,” the largest city-regions outside of London.<sup>22</sup> A second wave with 20 other cities was subsequently launched. These bespoke arrangements, negotiated individually to reflect the unique needs and context of each city, were designed to spur growth by providing more powers and financial tools, ‘unlocking’ economically transformative projects, and strengthening local governance. The deals have created local infrastructure funds, in some cases with a “Gain Share” model that provides an incentive for good decision-making by linking future funding to the economic impact of initial investments. Some deals have granted access to financial tools such as tax increment financing, or devolved transport funding and infrastructure. They have also been linked to governance changes, such as the creation of Combined Authorities in Greater Manchester, Leeds, Sheffield, and other cities (Cabinet Office 2012).

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<sup>22</sup> Formed in 1995, the Core Cities group represents the councils of eight of England’s largest metropolitan areas outside of London. Two are unitary authorities (Bristol and Nottingham) while the other six (Birmingham, Leeds, Liverpool, Manchester, Newcastle upon Tyne and Sheffield) have metropolitan boroughs.

## **Greater Manchester: Metro Coordination and the New Combined Authority**

A city-region of 2.6 million, Manchester lays claim to being England's second city: the northern hub is transitioning from its industrial past to knowledge economy sectors such as financial services, creative and digital media, and education. The region's joined-up governance has been a factor in its resurgence. Following the abolition in 1986 of the Greater Manchester County Council – the upper-tier in a two-tier system with 10 metropolitan boroughs – the Association of Greater Manchester Authorities (AGMA) was immediately established as a voluntary cooperation body and to act as a voice for the region. A series of Greater Manchester joint authorities were also established for regional services.

During the late-2000s, the AGMA began to advocate to the UK Government for the authority to create a formal regional governance arrangement, believing this would allow for more effective and accountable stewardship of the region's economic and social wellbeing (Association of Greater Manchester Authorities 2009). An independent economic review of the region, completed during this period, noted that while the many districts and towns in Greater Manchester provided a strong sense of place and local representation, from an economic perspective "the city region's internal administrative boundaries are largely irrelevant" (Manchester Independent Economic Review 2009, 29).

After the UK Government granted the legal authority to pilot a new 'statutory' governance model, the Greater Manchester Combined Authority (GMCA) was created in 2011 by order of Parliament. The GMCA was shaped through regional negotiations and approved by Greater Manchester's 10 district councils. It is a regional planning and decision-making body with major responsibilities including transport, housing, skills, planning and economic policy. It is governed by an indirectly elected 10-member board, with each district council nominating a member from among their elected councillors. Given Greater Manchester's close proximity and economic linkages with city-regions such as Liverpool and Leeds, there have been proposals for 'mega-regional' planning across north-west England to coordinate development strategies and improve transportation networks.

In conjunction with the City Deals, the government encouraged local authorities and businesses to team up to form Local Enterprise Partnerships (LEPs), public-private bodies to plan for regional growth, development, and infrastructure investment. As an incentive, LEPs can apply to create Enterprise Zones, geographic areas in which incremental growth in business rates can be captured by the LEP and local authorities, and a range of incentives can be offered to attract business investment.<sup>23</sup> LEPs can also bid for funding from the Local Growth Fund. Since 2010, 39 LEPs have been created across England, with 24 Enterprise Zones awarded (Department of Communities and Local Government 2013).

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<sup>23</sup> Examples include 100 per cent business rate discounts and simplified planning permissions.



### **Greater Cambridge: The Local Enterprise Partnership and City Deal**

Greater Cambridge is a prosperous region to the north of London that includes the City of Cambridge as part of Cambridgeshire, a county with a population of over 600,000. Home to the world famous university, the area has developed into a vibrant high-tech innovation cluster, but success has also bred challenges with housing supply and affordability, and with transportation and congestion.

In 2011, local governments and the business community formed a LEP that encompasses a larger swath of eastern England, including 13 local authorities with the hub cities of Cambridge and Peterborough. The Greater Cambridge Greater Peterborough LEP, legally incorporated and with a public-private board of directors, aims to enhance regional development by supporting businesses, attracting private capital and directing public investments (GCGP Enterprise Partnership 2014).

In mid-2014, a Greater Cambridge City Deal was concluded that focuses on the region's unique strengths and needs: infrastructure investment to support growth, accelerated housing development, and workforce skills. As part of the package, the partners to the Deal – including the City and County of Cambridge, the LEP, the University and the local business community – will create new regional governance arrangements. An Executive Board will coordinate the strategic vision, assess projects and administer investment funds under the Deal. A more formalized voluntary Combined Authority arrangement has also been proposed, with statutory powers to coordinate regional planning and transport. Local leaders suggest it would provide stronger governance and accountability; improved long-term, binding decision-making; better coordination in delivery of plans and projects; and a clear 'voice' from government and business (Greater Cambridge 2014).

Local officials that participated in the first wave of City Deals have generally been positive about the Government's approach, but have raised concerns about the challenge of working across silos at Whitehall, the national government's level of commitment to bespoke 'place-based' approaches, and the durability of devolution principles beyond the next election (Centre for Cities 2013). Moreover, some initiatives were unsuccessful. Most notably, the 2012 referendums on creating directly elected mayors failed in 10 of the 11 cities. Only voters in Bristol supported the change, with Liverpool and Leicester adopting mayoral systems by council resolution.

The Coalition government's reforms have been criticised for not going far enough, particularly in granting local authorities the fiscal autonomy to match their expanded service responsibilities (Pipe 2013). Tony Travers has argued that all the promises of localism "will come to nothing unless Britain can transfer a significant proportion of tax-raising power away from the Exchequer" (Travers 2011). The London Finance Commission, an advisory body convened by the Mayor, highlighted London's low levels of fiscal autonomy compared to other major international cities and recommended new taxing and borrowing powers (London Finance Commission 2013).

### The City of Bristol: Alone in Voting ‘Yes’ to the Elected Mayor

In 2012, the voters in Bristol were alone among 11 cities in endorsing the creation of a directly-elected mayor. A single-tier unitary authority with a population of less than 500,000, the City of Bristol has a large council with 70 councillors representing 35 wards. Prior to the referendum, Bristol residents had experienced a decade of turmoil and partisan gamesmanship on City Council, with the indirectly-elected council leader changing frequently. There was a sense that the backroom deal-making and revolving leadership undermined accountability to voters (The Economist 2012).

While the sense of public dissatisfaction with Bristol’s council surely contributed to the referendum result, the early indications are that the change has been positive. Bristol’s first elected mayor, George Ferguson, took office in 2012. While it is still early, Ferguson has a large public profile in the City and has exercised leadership in setting out priorities – notably around budgeting – for which he can be held to account by council and the public (The Bristol Post 2013). As one of only four big cities with a directly elected mayor, the model in Bristol should be watched closely by other UK cities.

**Table 5: Summary of major trends in UK local governance over the past 50 years**

<b>Central control &amp; devolution</b>	<ul style="list-style-type: none"> <li>• Greater centralisation than in most other developed countries</li> <li>• High frequency of local governance reforms / reversals</li> <li>• Direct delivery of many local functions shifted from local authorities to special purpose bodies</li> <li>• Modest recent steps towards decentralisation / devolution</li> <li>• Continually low levels of local fiscal autonomy</li> </ul>
<b>Asymmetry in local governance models</b>	<ul style="list-style-type: none"> <li>• Tradition of asymmetrical treatment of UK local government</li> <li>• Unique two-tier arrangements for London (i.e. GLC &amp; GLA)</li> <li>• One-tier fragmented model in England’s six other metro regions</li> <li>• Two-tier and unitary models in smaller English communities</li> <li>• Unitary authorities in Scotland and Wales, under devolution</li> <li>• Central delivery role in Northern Ireland (i.e. NI Executive)</li> <li>• Parish / town councils for localised functions in parts of Britain</li> </ul>
<b>Gradual (and halting) shift to metropolitan coordination</b>	<ul style="list-style-type: none"> <li>• Growing recognition in the UK that governance must align with functional economic area and service needs in metro regions</li> <li>• Creation of the GLA in 2000 returned the capital region to a two-tier structure of regional government</li> <li>• Voluntary coordination models in other city-regions to coordinate regional planning, services and, more recently, economic development (e.g. City Deals &amp; LEPs)</li> </ul>
<b>Local democracy &amp; representation</b>	<ul style="list-style-type: none"> <li>• Discourse about improving local democracy, but trends in local governance have likely reduced access and responsiveness</li> <li>• Local authority consolidations in smaller communities creating bigger, more distant unitary authorities</li> <li>• At the city-region level, proliferation of quangos and special purpose bodies diminishing democratic accountability</li> <li>• But elected mayor reforms to increase profile and accountability of local leadership largely rejected through referendums</li> </ul>

## 4. Future challenges for UK cities and the implications for governance

There is little doubt that the conditions for and expectations of local governance will change dramatically over the next 50 years. If the past half century is a guide, many of the changes in cities – whether social, economic, technological, environmental or political – will be hugely disruptive, but are unforeseeable today. Still, there are drivers of change that we do foresee. In the first part of this section, we identify future trends and challenges that will influence the nature and direction of urban governance.<sup>24</sup> Taking these into account, and reflecting on the lessons from the comparative international review and the UK's recent history, the second part of this section will highlight five implications for the governance of UK cities:

1. **The need for metropolitan governance arrangements** and powers that can allow for planning, investment, and service delivery on a regional scale.
2. The corresponding need to **endow cities with the fiscal autonomy** to plan and finance their place-based strategies.
3. **The adaptation of the institutions of local governance** to ensure that political leadership and public administration are accountable and up to the task.
4. **A renewal of local democracy** to ensure it is responsive to changing demographics and values, and demands for different forms of civic participation.
5. A **shifting role for the UK government** (and the devolved authorities in Scotland, Wales and Northern Ireland) to create the conditions for cities to succeed.

### 4.1 The trends and challenges that will influence governance in the future

This section briefly highlights the trends and challenges that we believe will influence governance in the years ahead. They are grouped under four themes: urbanisation and demographic shifts; economic dislocation and social exclusion; infrastructure, urban form and environmental pressures; and stresses on local democracy and citizen engagement.

#### Urbanisation and demographic shifts

There are four major trends that need to be considered. First, UK cities will continue to grow but the pace will be uneven. The Office for National Statistics projects that the population of the UK will grow by nearly 20 percent by 2035, concentrated in urban centres but occurring unevenly across regions, metropolitan areas and local authorities. For example, Greater London will grow by 30 percent whereas the North East, which includes Metropolitan Newcastle upon Tyne, will grow by only 7 percent (see Table 6).

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<sup>24</sup> Other Foresight papers provide a much more robust treatment of these and other drivers of change in UK cities of the future.

Growth will also be slow in Scotland, Wales, and Northern Ireland (Office for National Statistics, 2012).<sup>25</sup>

**Table 6: UK Population Projections to 2035 (Millions)**

Region	2010	2035	% change
North East	2.6	2.8	8%
North West	6.9	7.9	14%
Yorkshire and The Humber	5.2	6.0	15%
East Midlands	4.5	5.5	22%
West Midlands	5.5	6.5	18%
East	5.8	7.1	22%
London	8.0	10.3	29%
South East	8.5	9.9	16%
South West	5.3	6.0	13%
<i>England</i>	<i>52.2</i>	<i>62.1</i>	<i>19%</i>
<i>Wales</i>	<i>3.0</i>	<i>3.4</i>	<i>12%</i>
<i>Scotland</i>	<i>5.2</i>	<i>5.8</i>	<i>10%</i>
<i>Northern Ireland</i>	<i>1.8</i>	<i>2.0</i>	<i>11%</i>
<b>United Kingdom</b>	<b>62.3</b>	<b>73.2</b>	<b>18%</b>

Source: ONS, Population Projections 2010

\*Figures may not add due to rounding.

Second, UK cities will become more culturally diverse, as they will continue to be where migrant communities cluster and settle. Immigration will be significantly higher in London, followed by the Midlands. Much of London's international migration will be offset, however, by internal migration to other parts of the country (Office for National Statistics 2012). Although immigration will continue to be an important contributor to economic growth, the need to integrate newcomers will create challenges for local governments.

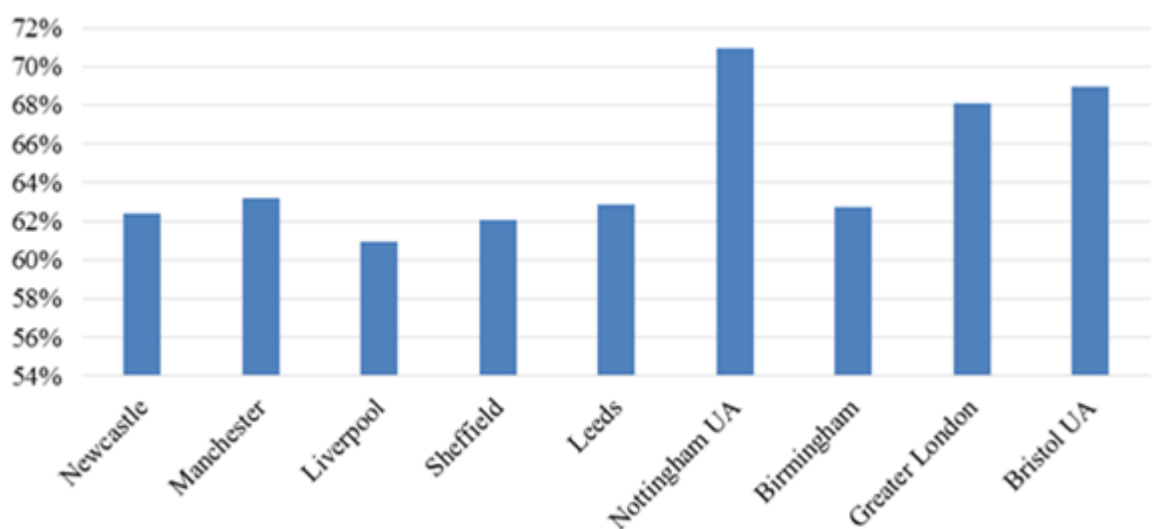
Third, UK cities will get older. The number of seniors over age 65 will grow from 16 to 23 percent of the population by 2035, with the 16-64 year old population falling from 65 to 59 percent. As with the population growth projections, there will be significant variation across England. Only 14 percent of Greater London's population will be over 65, whereas the senior population will grow to about one quarter of the residents in England's eight other regions. Notably, the share of working age population is not projected to fall as precipitously, as pension reforms in 2011 will gradually increase the state pension age to 66 years by 2021, and to 68 years by 2046. Looking across the largest cities and metropolitan counties (see Figure 1), the working age population in 2035 will be

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<sup>25</sup> The Office for National Statistics notes that they cannot provide reliable sub-national population projections to 2065, and that there remains significant uncertainty with 2035 projections.

significantly higher in Nottingham, Bristol, and Greater London (Office for National Statistics 2012).

**Figure 1: Percentage of working age population by cities and metro counties, 2035**



Source: ONS, Population Projections 2010

Fourth, there is the potential for increasing intergenerational tension. As the Baby Boomers enter their golden years, a large demographic cohort (often called ‘Generation Y’) is entering working age. This younger generation has different values and interests, is more culturally diverse and educated, is highly adapted to new technologies, and is generally less politically engaged. They are experiencing difficulties with finding employment, affordable housing, and face other socio-economic challenges. For example, 15 percent of UK youth aged 16 to 24 are not in education, employment, or training (‘NEET’) (Office for National Statistics 2013). Intergenerational differences in values and social norms will likely be accelerated by the rapid pace of innovation in consumer products and communications technology, the growing cultural and religious diversity of society, and the clustering of younger and more multicultural groups in larger urban centres.

### **Economic dislocation and social exclusion**

The economic dislocation the UK is experiencing will likely continue for the foreseeable future. The economic crisis of the late 2000s was spurred by the economy’s over-reliance on certain sectors of the economy, such as financial services and the public sector. The move towards a ‘knowledge economy’ will continue to place a premium on education, skills, and productivity, particularly as an aging population puts pressure on the workforce. Another product of the financial crisis was significant fiscal challenges for government, which will need to be addressed over the long term. During a period when international economic competition will only intensify, effective governance will require the capacity to manage economic change and create the conditions for growth and prosperity.

The economic disruption and fiscal crisis have perpetuated trends in poverty, inequality, and social exclusion. Income inequality has been rising across the UK, in large part because incomes at the top have been racing ahead (Cribb 2013). About 20 percent of UK citizens are living below the poverty line. Average incomes have been falling. Changes to social security, housing, and unemployment benefits have further reduced

incomes. There are huge variations in socio-economic indicators between different parts of the UK, and within them. For example, life expectancy in Glasgow is 72, seven years less than the UK average. Martin *et al.* (2014) provide strong evidence of a divergence in economic growth rates across British cities, especially between those in the North and those in the South. Unemployment is also unevenly distributed across the country with the highest rates in Middlesbrough in the North East and Blaenau Gwent in Wales, but also in Newham and many of the other boroughs in thriving London (Macinnes *et al.* 2013). There is a growing segmentation of affluence and social deprivation across the country but also within large city-regions (Evers & de Vries 2013).

### **Infrastructure, urban form, and environmental pressures**

Managing population growth and creating the conditions for economic prosperity will create significant infrastructure, land use planning, and environmental sustainability challenges. Difficulties in growth planning and coordination over the last three decades created an increasing disconnect between urban forms, land uses, and infrastructure in the UK. The spatial development of the UK has also been uneven, with growth in some areas (such as London and the South East) stretching urban infrastructure systems and stagnation in others (such as the North) focusing attention on revitalisation (Williams 2014).

By 2030 the effects of population growth and increased travel will increase passenger numbers on the UK's roads by almost 30 percent and rail travel by 50 percent. During an era of strained public finances, McKinsey and Company projects that maintenance, renewal, and construction of adequate transport infrastructure alone will require nearly twice the average annual investment UK governments have made since 2000 (Mills *et al.* 2011). There will be similar pressures on other public assets, such as energy and water networks, cultural and social infrastructure, and housing. In cities and metropolitan areas, infrastructure will have to be built and adapted to accommodate growth, population aging, climate change and extreme weather events, food security threats, the integration of new technologies, and a host of other 21<sup>st</sup> century challenges. The governance challenge will be how to plan and pay for it.

### **Stresses on local democracy and citizen engagement**

There is a long tradition of lamenting the 'crisis' in local government, with concerns generally centering on a few factors: the demographic unrepresentativeness of local councillors versus the rest of the population; low voter turnout in local elections; and the role of political parties, as their membership and participation has fallen, and the party discipline they enforce stultifies local council decision-making (Leach 2006).

Turnout rates for local elections, which generally hover in the mid-30 percent range, are well below national elections. Measures of political trust, confidence in institutions, and membership of political parties have all been falling. For example, the share of citizens identifying with a political party fell from 64 percent in 1964 to 14 percent in 2001 (John 2009). Based on recent trends, the implications for democratic representation across generational groups will be stark. Generations of youth have been disengaging from electoral politics, whereas the growing seniors' population will create an increasingly powerful voting coalition. In 2010, 76 percent of seniors over 65 voted in national elections compared with 44 percent youth aged 18 to 24 (Wilks-Heeg *et al.* 2012).

Many of the trends in local governance reform have been contributing to the decline local democratic participation and accountability. Britain now has the lowest ratio of councillors to population of any country in Europe (Leach 2006). As noted earlier, the proliferation of unelected local quangos, joint authorities, and public-private partnership arrangements has diminished democratic accountability. The leadership of local authorities has become increasingly unrepresentative of the population. A comprehensive 2006 study of the characteristics of local councillors in Britain found that they were disproportionately older, white, male, and educated relative to their constituents (Chandler 2009). Inequity in the democratic rights of citizenship are also likely to be a growing issue, as economic migrants are becoming important actors in local governance processes (Durose, *et al.* 2009).

An increasingly tech-enabled and educated citizenry has changed expectations of government. On the one hand, there has been a decline in deference to political actors and institutions, and in the traditional forms of political participation; on the other, there is continuing public interest in civic affairs and there has been a rise in non-conventional forms of political participation such as protests, e-petitions, and boycotts (John 2009). This phenomenon suggests that citizens will increasingly expect both the adaptation of representative democracy, as well as new forms of participatory governance that provide more 'say' over policy and more of a role in the co-production of local services.

**Table 7: Summary of trends and challenges that will influence urban governance**

<b>Urbanisation &amp; demographic shifts</b>	<ul style="list-style-type: none"> <li>• Significant population growth in some UK regions (e.g. Greater London), slow growth in others (e.g. North East &amp; Scotland)</li> <li>• Increasing cultural diversity in cities, with resulting pressures on social cohesion and for economic integration of migrants</li> <li>• Population aging, with labour market impacts partly mitigated by policy reforms (i.e. increasing pensionable age)</li> <li>• Likelihood of intergeneration tension resulting from values shifts, threats to economic opportunity (e.g. NEETs), and inequity in public spending</li> </ul>
<b>Economic change &amp; social exclusion</b>	<ul style="list-style-type: none"> <li>• Long-term economic and workforce dislocation, as shift towards 'knowledge economy' places a premium on education, skills, and productivity, and heightens wage inequities</li> <li>• Economic change and fiscal crisis perpetuating trends in poverty, inequality, and social exclusion</li> <li>• Growing concentrations of affluence and social deprivation across the country but also within large city-regions</li> </ul>
<b>Infrastructure, urban form &amp; environmental demands</b>	<ul style="list-style-type: none"> <li>• Land use planning and environmental sustainability challenges of managing future growth and economic development</li> <li>• Uneven spatial development across the UK (i.e. growth in the South East; stagnation &amp; revitalisation in the North East)</li> <li>• Massive public infrastructure investment needs (i.e. transport, energy and water networks, social infrastructure, housing)</li> <li>• Need to adapt urban infrastructure for 21<sup>st</sup> century pressures (e.g. population growth and aging, climate change and extreme weather, food security, the integration of new technologies)</li> </ul>
<b>Stresses on local democracy</b>	<ul style="list-style-type: none"> <li>• Longstanding concerns about local democracy (e.g. demographically unrepresentative elected officials, comparatively low ratio of councillors to population, poor voter turnout and little</li> </ul>

<b>&amp; citizen engagement</b>	<p>political trust, declining party membership)</p> <ul style="list-style-type: none"> <li>• Risk of widening generational divide in democratic participation (i.e. disengaging youth, a burgeoning seniors voting coalition)</li> <li>• Explosion of unelected players in local governance diminishing democratic accountability (e.g. quangos, outsourced delivery)</li> <li>• Shifting expectations among tech-enabled and educated citizenry (e.g. decline of deference, demand for participation)</li> <li>• Growing inequity in democratic rights as economic migrants contribute to diversity of British society</li> </ul>
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## 4.2 The implications for local governance in the UK

In this section, we explore the implications of past trends, present conditions, future challenges, and comparative international lessons for local governance, with a focus on: metropolitan governance and regional coordination; the fiscal autonomy of cities; local government institutions, political leadership and administration; local democracy; and the role of central (or devolved regional) government.

### Metropolitan governance and regional coordination

A central conclusion of the international scan was that regional coordination is, and will be, a critical factor for economically competitive and successful city-regions. Some cities, such as Barcelona and Vancouver, have adopted formal two-tier models. More common is for city-regions to adopt voluntary cooperation models and special purpose bodies, in spite of their shortcomings. With the exception of the two-tier Greater London and the short-lived metropolitan counties, UK city-regions have fallen into this camp. Since the mid-1980s, cities – generally with single-tier fragmented structures – have created coordination mechanisms to bring together the many players and plans. The Birmingham Community Strategy Partnership (BCSP), for example, was created in 2002 to act as a coordinating body for governments and business as well as the many special purpose bodies (Lefèvre 2008). In Scotland, the Glasgow and Edinburgh city-regions rely on Strategic Development Planning authorities that were recently introduced to coordinate land use planning among fragmented local authorities.

As the importance of city-regions will only continue to grow, a major implication for policymakers is that UK cities will require robust metropolitan governance arrangements. The GLA model – with a formalised mandate, an electorally accountable two-tier governance system, and a high profile mayoral role – is an obvious template. Approaching its fifteenth anniversary, the GLA has allowed for a coherent political vision and strategic planning for the capital region, coordination and investment in major services like public transport, and the delivery of major initiatives such as the congestion charge and the Olympics. The GLA, however, is weak in certain respects: its fiscal autonomy is limited and it relies on the boroughs, special purpose bodies, and other entities to implement its strategies. But it has strong political legitimacy through a directly elected, high profile mayor that has allowed for effective metropolitan leadership.

The Combined Authority model, introduced in Greater Manchester and now in five cities, has similar characteristics and great potential to improve regional planning and



coordination, though it lacks a mayor and directly-elected leadership, as well as some of the powers of the GLA.<sup>26</sup> Local government minister Greg Clark has proposed a ‘metro mayor’ model for these Combined Authorities (Drillsma-Milgrom 2012). The Centre for Cities has recommended “London-style powers” for the Combined Authorities, as well as a clearer framework and incentives to encourage other local authorities to work together (Wilcox *et al.* 2014). The process for further metropolitan governance reforms is another important consideration, with many recent templates: imposition through legislation, incentivised through City Deals and other measures, public endorsement through local referendums, or voluntary adoption by local authorities (Cox 2012). As noted earlier, international experience confirms that the popularity and durability of a governance reform often has much to do with the process used to establish it.

### ‘Mega-city regions’

Another important implication of the growth and interconnectedness of UK city-regions is that the scale of metropolitan areas will need to be reconsidered. The last two decades have seen a push towards regionalisation across the UK. Constitutional modernisation devolved governing authorities to Scotland, Wales, and Northern Ireland, while England was divided into nine regions that were equipped with regional development agencies (RDAs). Attempts were also made to create elected regional assemblies, though they ultimately failed to receive popular support.

The Coalition Government’s replacement of the RDAs with 39 LEPs was intended to enable business-led economic development planning across smaller regions, with less bureaucracy. Thus far, businesses appear supportive of the change and committed to partnering through LEPs with local authorities, universities, and other players. Yet, there is a sense that LEPs require more power and control over resources, administrative capacity, and legal accountability for their operations (Cominetti, *et al.* 2012). LEPs have also been criticised for setting out general strategies but failing to identify specific actions or focus on specific local projects, and for being undemocratic and unaccountable to local residents (Cox, *et al.* 2014). A broader consideration for the future is whether planning mechanisms like LEPs need to extend beyond city-regions and their environs to connect networks of cities, such as the cluster of major centres in northwest England.

Rather than setting a governance boundary around a large spatial area encompassing both built-up and rural or unoccupied lands (i.e. England’s regions), the boundary could be applied to the ‘mega-city region’: the built-up agglomerations of adjacent and overlapping urban areas that extend beyond traditional metropolitan boundaries. Evers and de Vries suggest that the mega-city region of London, for instance, covers a broad swath of South East England that encompasses 17 million people, with the built-up economic space extending far beyond the boundaries of the GLA with its 8 million residents (Evers & de Vries 2013). Others describe global mega-regions on an even larger scale, as integrated sets of cities and surrounding suburban areas in close but sometimes interrupted physical proximity. Florida, *et al.* (2007), identify two global mega-regions for the UK: the first, with a population of 50 million, covers most of England, extending from London through Liverpool, Manchester, and Leeds; the second, with a population of nearly 4 million, extends around the large Scottish cities of Glasgow and

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<sup>26</sup> In addition to Greater Manchester, Combined Authorities have been created in the Sheffield City Region, the North East (including Newcastle upon Tyne), the Liverpool City Region and West Yorkshire (including Leeds). Another is proposed for the West Midlands (including Birmingham).

Edinburgh. As the UK's metropolitan regions continue to grow, pressures will mount to create governance arrangements that can enable planning and coordination on this much larger scale.

### Greater local fiscal autonomy

The international evidence clearly indicates that large global cities require the ability to deliver high quality services and invest in the infrastructure that is needed to attract and retain residents and businesses. As Clark and Clark (2014) note, the strategic direction of cities is shaped by their public finances: how they pay for services, how they raise taxes, and how the costs are allocated among taxpayers and communities. Yet, UK cities have very low levels of fiscal autonomy when compared to their international peers. The UK capital has much less fiscal autonomy and far fewer taxing powers than competitor cities such as Berlin, Frankfurt, Madrid, New York, Paris, and Tokyo (see Table 8). Other UK cities have even less fiscal autonomy.

Comparatively, London relies much more heavily on intergovernmental transfers and much less on locally-raised revenues. It can only levy the council tax (residential property tax), user fees (such as the congestion charge) and a small supplementary charge on non-domestic rates (business property tax). Other international cities can, at a minimum, levy a business property tax; many have the ability to levy a wide range of other taxes, including income and sales taxes. The London Finance Commission (2013) called for local control over a range of property taxes – stamp duties, business rates and capital gains taxes – as well as a tourism tax. In general, greater local fiscal autonomy and access to a mix of taxes would be beneficial in a number of ways: improving international competitiveness; creating greater accountability to taxpayers through local revenue raising and tax rate setting; and increasing the adaptability of cities as local conditions change.

**Table 8: Local and shared taxes, seven cities**

London	Paris	Berlin	New York
Council tax	Property tax on developed land Property tax on undeveloped land	<i>State taxes:</i> Wealth tax Inheritance tax Real estate transfer tax Motor vehicle tax Racing and betting tax Beer tax Fire protection tax	Real Estate Taxes Payments in Lieu of Taxes (for property tax)
<b>Frankfurt</b>	Residence tax Local economic contribution (on business premises and business value added) Tax on refuse/garbage collection Front walk sweeping tax Parking fees Electricity consumption tax Real estate taxes (e.g. land transfer tax)	<i>Local Taxes:</i> Tax on land Business tax Trade tax allocation Entertainment tax Dog license fee Second home tax	<i>Sales and Use Taxes:</i> General Sales Cigarette Commercial Motor Vehicle Mortgage Stock Transfer Auto Use
Property tax Estate tax Business tax on income Municipal share of sales tax Community share of sales tax Other taxes, including gaming taxes and dog taxes Key allocations made by the federal government Land transfer tax allocation Trade tax allocation	<b>Tokyo</b> Metropolitan inhabitant tax on individuals, corporations, interest income Enterprise tax on individuals and corporations	<i>State share of national taxes:</i> Wage tax Assessed income tax Non-assessed tax on earnings Interest income tax Corporation VAT Import VAT Other	<i>Income Taxes:</i> Personal Income General Corporation Financial Corporation Unincorporated Business Income Personal Income (Non-Resident City Employees) Utility
<b>Madrid</b>	Real property acquisition tax Golf links tax Automobile acquisition tax Light-oil (gas-oil) delivery tax Automobile tax Mine-lot tax Fixed assets tax Special tax on land holding Hunter tax Establishment tax Urban planning tax Accommodation tax  <i>Shared taxes:</i> Local consumption tax Metropolitan tobacco tax Local transfer taxes	<i>Local share of state taxes:</i> VAT Wage and income tax Withholding	<i>Other Taxes:</i> Hotel Room Occupancy Commercial Rent Horse Race Admissions Conveyance of Real Property Beer and Liquor Excise Taxi Medallion Transfer Surcharge on Liquor Licences Refunds of Other Taxes Off-Track Betting Surtax
Property tax Business tax Vehicle tax Tax on construction Tax on land value increase  <i>Shared taxes:</i> Personal income tax Value added tax Excise taxes			

Source: Slack (2013)

Some additional revenue tools are being devolved to UK cities under the City Deals and LEPs such as access to tax increment financing (TIF) mechanisms for infrastructure investment, business property tax incentives, and ‘growth earnback’ whereby cities keep a share of non-domestic tax revenues from new growth. This is a modest first step but the success of the Government’s devolution agenda will hinge on the corresponding devolution of fiscal and revenue raising powers to ensure that cities have capacity to manage new responsibilities. In short, the evolution of metropolitan governance will have to be closely linked with fiscal arrangements.

### **Adaptation of local authorities, political leadership, and administration**

In the years ahead, the institutions of local governance will face pressures to adapt to the long list of foreseeable challenges identified in Table 7. There are important implications for the central institutions of local governance – local authorities, political leadership and the local administration.

#### **The ‘enabling’ role of local authorities**

The role of local authorities in networks of urban governance will continue to evolve. Chandler points out that local governments in the UK have increasingly shifted to an ‘enabling’ model, responsible primarily for strategically planning and coordinating local functions through a web of quangos, joint authorities, private or third party agents, and stakeholders (Chandler 2009). Hull City Council is involved in over 30 such partnerships. As a result, the lines of accountability are “multiple and overlapping” (Stoker & Wilson 2004, 255). Service providers can be accountable both to local authorities and the central government for meeting contractual obligations or standards. This dual accountability presents challenges to both the effectiveness of local governance and the accessibility or responsiveness to citizens.

#### **Political leadership**

Further reforms to council structures and leadership models could improve local governance, especially mayoral models. A central objective of the Local Government Act 2000 (LGA) was to create higher profile and more accountable leadership on city councils. Almost 15 years later, however, the impact of these reforms is uncertain. Elected mayors were adopted in few cities, with over 80 percent of councils adopting the cabinet and indirectly-elected council leader model.<sup>27</sup> Many local authorities implemented the reforms with little change in how they actually do business (John 2004). There was consequently less impact on political leadership than hoped for (Leach 2006).

Still, elected mayors are now present in London and 16 other localities. Surveys suggest that mayors have higher political visibility and there has tended to be less leadership turnover, thereby providing stability and continuity in local governance. Adonis and Gash suggest that mayors provide more decisive, coherent, and outward-looking leadership, and are better positioned to employ the skills of partnership and influence that are critical in an increasingly complex governance environment (Adonis & Gash 2012). There continue to be questions about the coherence of the mayoral model, however. The mayor of London has a clearly defined and unique set of powers, whereas other mayors are

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<sup>27</sup> Smaller authorities were allowed to retain the committee model, with 15 percent of councils opting for this ‘status quo’ option.

largely limited in their authorities to that of a leader with a cabinet (Local Government Information Unit 2012).

Another consideration is the continued place of partisanship and political parties in council governance. About 90 percent of all councillors in England and Wales are affiliated with political parties and only a very small number of local authorities are led by 'independent' administrations (Leach 2006). Parties can provide coherence and stewardship through manifestos, the setting of strategic priorities, and the steering of the governing agenda. In countries such as Canada with non-partisan local government systems, weak mayoral leadership can result in an incoherent governing agenda and dysfunctional council dynamics. Yet, partisan politics also conjures images of unaccountable insiders making decisions in 'smoke filled rooms.' The influence of partisanship in local politics also appears to be eroding. The fragmentation of local service delivery, the need for councils to govern through partnerships, and limits on local autonomy have made it more difficult for parties to put forth implementable platforms and to maintain discipline (Leach 2004).

Ultimately, council structures and leadership models matter but so do local traditions and conventions, political culture, and the relationships among actors in a government and across a system of governance (Côté 2013). A framework for local choice on mayoral governance reform – usually subject to popular support through referendums – respects this reality.

### The permanent administration

The permanent, non-partisan administration, a critical element in local governance, will also face significant pressures to adapt. Local governments in the UK employ 2.9 million people in hundreds of professions – from teachers and librarians to planners and human resource professions – and managerial and front-line roles (Wilson & Game 2011). The professional, technical, and local knowledge of Chief Officers are critical in the management of local governments and participation in broader governance processes. The shifting form of local governance, and ongoing pressures on public finances, will have important implications for local administrations. Notwithstanding increases demands on local governments, the directly employed workforce will likely shrink (Wilson & Game 2011). Fragmentation in delivery will require increasing capacity for coordination and oversight with external partners. Devolution and the focus on community empowerment will demand different forms of local administration.

### Technological adaptation and smart cities

Adapting local government to technological change will be a significant challenge, made vastly more difficult by the uncertainty about the nature and timing.<sup>28</sup> Yet, there are two technologically-driven trends in government that will continue for the foreseeable future. The first is Open Government, a movement motivated by a desire to create more transparent and participatory forms of government and enabled by transformative technological innovation. While the participatory aspects will be explored below, the

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<sup>28</sup> The self-driving car, for example, as prototyped and tested by Google, will fundamentally change urban mobility, forcing governments to rethink transport policies and the function of urban infrastructure, auto licensing and traffic enforcement, parking and taxi provision, and more. But will this change occur within 10 years or 50? Will consumer take-up be rapid or gradual? What other externalities will this technological shift produce?

infusion of technology into urban life will demand that governance processes, governments, and public services change in fundamental ways.

Citizens will increasingly expect open and transparent decision-making, government information, and data that are available and usable online, with public services that are digitally-supported and accessible through handheld devices on-demand. Yet, governments are notoriously slow to change. Organisational cultures can be secretive and risk averse. Labour unions and legacy IT systems can be barriers to innovation. There are many good examples of 'local government 2.0' – smartphone apps for transit trip planning, digital payment for parking, open data portals in many cities in the UK and worldwide – but local governments will inevitably struggle to keep pace with the tech-enabled world their residents will live in.

The second technological trend is Smart Cities, a term popularised by IBM that is a useful proxy for the idea that digital technologies and the reams of 'big data' they are generating have the potential to revolutionise services and city management. 'Smart grids' track real-time data from electricity transmission networks down to the household level. Digital sensors can be used to monitor traffic flows and the state-of-repair of public infrastructure and buildings. The merging of data from different sources like these has the potential to improve exponentially the capacity for analysis of complex system problems in cities. The challenge for local governance and administration will be harnessing this opportunity and reforming internal processes and structures to take advantage of its transformative potential.

### **The evolution of local democracy and citizen participation**

A number of trends and challenges in Table 7 suggest a growing need for the renewal of local democracy in the UK. Visions of the future often present much more localised, personalised and participatory forms of local governance and provision:

'The future of public services in our cities will be more pluralist, more bottom-up designed and commissioned and less delineated between public, private and voluntary sector delivery. As the potential of personalisation is developed we will see citizens and neighbourhoods commissioning and designing their own services, as well as helping to produce them.' (Lucas 2012, 70)

At the same time, the size and diversity of cities and the complexity of 21<sup>st</sup> century social, economic, and environmental problems mean that citizens will be more reliant than ever on the institutions of representative government to lead, plan, invest, and take collective decisions in the public interest.

Models of local democracy and citizen participation in the UK and in other liberal societies will have to evolve in two directions. First, the institutions of *representative* local democracy will have to be reformed to make them more understandable, responsive, and accountable to citizens. Second, conditions for *participatory* local democracy will need to be created by providing citizens with the tools to learn about civic affairs, opportunities to participate in local governance, and conditions for more active citizenship.

### **Revitalising the institutions of representative local democracy**

There are three major avenues to revitalise institutions of representative local democracy. The first involves improving local political leadership and accountability. As

noted earlier, directly-elected mayors and metropolitan leadership are a promising option. Another is to address the democratic accountability gap with the large special purpose bodies that are responsible for major public services such as schools or health. Accountability officers could be created to provide oversight; commissioners or non-executive directors could be elected to their positions on governing boards (Stoker & Wilson 2004).<sup>29</sup>

Second, there could be opportunities to devolve authorities to the community level. Elected town councils, or new neighbourhood governance bodies in larger urban areas, could be empowered with responsibility for local functions and services such as parks, community centres, and other local issues, and with modest taxing powers. There are examples in many other countries: Amsterdam and cities in France have neighbourhood councils, whereas Montreal recently created boroughs that deliver services, receive transfers, and have some taxing authority (Meloche & Vaillancourt 2013).

Third, electoral systems could change to accommodate shifting social norms and growing multiculturalism. Changes to electoral systems, such as online voting, more convenient voting days and times, and more representative voting methods, could encourage higher levels of participation. The range of different voting systems now in use in the UK could be assessed for their impact on participation.<sup>30</sup> Reforms should also be considered to encourage leadership that is more representative of the UK population. The spatial clustering of immigrant communities in cities, with different cultural norms and traditions, creates the risk of rising political separatism and tension between native-born and migrant communities in the future (Collier 2013).

### Creating the conditions for participatory local democracy

There is greater optimism, however, about the potential for participatory tools to transform local democracy. Gavin Newsom, the former Mayor of San Francisco, breathlessly proclaims that: “The revolution is happening now, and the world is changing too quickly for government to respond with tiny, incremental changes. It is time to radically rethink the relationship between citizens and government” (Newsom & Dickey 2013, 2). Yet, participatory mechanisms cannot replace institutions of representative local democracy; they must complement them. Politics is time-consuming and complex, so participatory models have to be built around realistic expectations regarding the levels of political participation that are possible, and they have to be selective in the ways they engage busy and preoccupied citizens and the issues they engage them on (Pratchett 2004).

Direct democracy is used extensively in countries such as the United States and Switzerland. Although used infrequently in the past, a number of local or regional referendums have been held in the UK over the past 15 years on issues such as governance reform and transit planning. Participatory budgeting, a process whereby residents vote to allocate parts of the city budget, is in use in many cities worldwide, and in various parts of the UK including Newcastle upon Tyne, Buckinghamshire and the

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<sup>29</sup> In this vein, as of 2010, directly-elected Police and Crime Commissioners (PCCs) in England and Wales are responsible for planning, budgeting, appointing Chief Constables, and holding them to account for the performance of their forces.

<sup>30</sup> These range from single-transferable vote (or ranked ballot) in Scottish and Northern Ireland local elections, to supplementary vote (or second choice) in mayoral elections.

London borough of Haringey (Department of Communities and Local Government 2011b).

Open Government also offers the potential of new forms of digital-age democratic participation. Cities in the UK and around the world are experimenting with many different forms of digital engagement. Infographics and data visualisation are increasingly being used by governments to convey complex information to citizens in more understandable ways. Online access to government information and ‘Open Data’ can allow residents to help co-create policies and services, and to hold public institutions to account.

### **The shifting role of the central government**

A final implication for the future of urban governance in the UK is that central government, including the devolved authorities in Scotland, Wales and Northern Ireland, will have to shift their role to one that creates the conditions for cities to succeed. As in the UK, there is widespread international recognition – in countries ranging from Australia and Switzerland to Brazil and the United States – that national policies must be re-oriented to improve economic efficiency and enable city-regions to be engines of national growth. At the same time, the centralisation of the UK state, an environment of ongoing fiscal constraint, the growing need for effective metropolitan coordination, and persistent demands for local self-determination, political accountability and responsiveness to citizens all point towards greater devolution of powers to cities. This raises important considerations for policymakers.

### **Decentralisation and distributional impacts**

The first relates to the financial and distributional impacts of decentralising powers and financial authorities. A major report by IPPR North noted that while regional economic divergence in the UK was greater than in France, Germany, Italy, and the United States since 1985, reversing the trend will require that the North and its city-regions have much greater control over the drivers and proceeds of growth – including decisions that can spur growth, and budgets and revenue raising. The report gravely asserts that the failure to transfer these powers “will perpetuate the downward spiral of decline and dependency on central government subsidy to prop up economic weakness and the unemployment and poverty that results from it” (IPPR North 2012, 7). Yet, a prominent concern with political and fiscal decentralisation is that it primarily benefits already prosperous regions with better socio-economic conditions, and could actually exacerbate regional inequities.

In particular, greater fiscal autonomy for cities could worsen disparities in local fiscal capacity. The case for a higher local tax share is certainly warranted on the grounds of improving efficiency and accountability, but it is likely to raise equity concerns because of differential capacity to raise revenues and the resulting uneven provision of local public services (Blöchliger 2010). As the fiscal capacity of local authorities differs, increasing local fiscal autonomy creates pressures for central-local equalisation to ensure that all local governments can provide at least an average level of services without levying unduly high tax rates.<sup>31</sup>

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<sup>31</sup> Evidence from OECD countries suggests that a 10 percent increase in the sub-central share of total taxes is associated with a 15 percent increase in equalisation grants (Blöchliger 2010).



## Incentives for good local governance and investment

The central government also has a role to play in encouraging good local governance and efficient public investments through the use of financial and other incentives. There are many international examples, including federal funding policies that encourage transportation planning on a metropolitan scale in the United States. Recent UK government initiatives have applied incentive models, including business tax growth share and infrastructure funding models through the City Deals, and a broader approach to exchanging local powers and funding for reforms to governance and regional planning. Incentive models can be effective in nudging reform if they do not place limits on local autonomy and innovation. The right balance will need to be found in steering the process of devolution.

## Adapting the central-local relationship

A third consideration is how to manage the evolution of the relationship between national governments and local governance actors. In a system with traditionally high levels of centralisation of authority and frequent episodes of centrally-imposed reform, building trust and effective working relationships will take time. A complaint voiced by local leaders about the City Deal negotiations, for example, was that Whitehall officials were not always committed to devolution, struggled to work across departmental silos, and questioned whether local authorities could deliver on their commitments (Centre for Cities 2013). Another challenge has been the lack of continuity in cities policy from one national government to the next.

## 5. Summary and concluding comments

This paper surveys the comparative international landscape of urban governance, describes the recent history in the United Kingdom (UK), and sets out the implications of future trends for urban governance in the UK. Urban governance refers to the process through which democratically elected local governments and the range of stakeholders in cities – such as business associations, unions, civil society and, of course, citizens – make decisions about how to plan, finance and manage the urban realm. We set out six criteria to evaluate the effectiveness of governance models: economies of scale in service delivery; reducing (or internalising) externalities across local boundaries; providing regional coordination; access and accountability for citizens; responsiveness to local needs; enhancing equity in tax and service levels.

### The international comparative trends and where the UK fits

The pace of urban governance reform has been comparatively brisk in the UK over the past half century, and there are many unique facets of the UK's local governance arrangements. Our comparative assessment of city governance and local decision-making models identifies some major trends, within which we have tried to situate the UK:

- **No one model of governance stands above the rest.** The wide variety of governance institutions and decision-making models reflects both the local context and history and the complexity of the issues to be resolved.
- **Some form of region-wide authority is essential for cities.** Although the international evidence suggests formal regional government structures, fragmentation with voluntary cooperation and special purpose bodies are most common. UK cities have been moving towards two-tier models and regional coordination (e.g. the GLA, combined authorities, Scottish Strategic Planning Authorities). But most UK city-regions continue to face the challenge of coordinating planning, services, and economic development in a fragmented landscape with voluntary partnership arrangements.
- **Decentralisation must be coupled with fiscal autonomy.** The UK is more centralised than most other countries, but recent reforms have begun to modestly devolve powers and responsibilities to the local level. A challenge in many countries, however, has been the failure to devolve revenue raising tools to pay for new responsibilities, resulting in local fiscal imbalance. London has few revenue raising tools compared to most major cities around the world, and other UK cities have even less fiscal autonomy.
- **Large cities and city-regions are different.** They differ from other municipalities in terms of size and density, financial and administrative capacity, and the complexity of the challenges they face. In many countries (e.g. Spain and Germany), cities and city-regions have different (or 'asymmetric') governance arrangements and powers. While there has traditionally been a diversity of governance models in the UK, only recently have initiatives such as City Deals sought to devolve powers and tailor policies based on local capacity and conditions.

- **Senior governments have a critical role in enabling the success of cities.** As in the UK, countries ranging from Brazil and Switzerland to Australia and the United States are recognising the central place of cities in national economic prosperity. The national (or sub-national) role in urban governance varies, but there is generally a focus on intergovernmental coordination, local investment and equalisation for fiscal differences, incentives for inter-municipal cooperation and governance innovation, and, in some cases, direct regional service delivery. The recent history in the UK is somewhat unique, with a gradual centralisation and fragmentation of urban governance, coupled with the shift of responsibility for cities to devolved authorities in Scotland, Wales, and Northern Ireland.
- **Capable and visible city leadership is critical.** Many decision-making models exist and local context is important. For large cities and city-regions especially, models with a directly elected mayor appear to have greater potential to provide coherent city vision, mobilise coalitions of stakeholders, and provide profile and accountability for citizens. Executive council models have been introduced in the UK to strengthen leadership and accountability, but few cities have adopted directly elected mayors.

## **The foreseeable trends and challenges (and the risks of not getting it right)**

There is little doubt that the conditions for and expectations of local governance will change dramatically over the next 50 years. If the past half century is a guide, many of the changes in cities – whether social, economic, technological, environmental or political – will be hugely disruptive, but are unforeseeable today. Still, there are drivers of change that we do foresee. We identify future trends and challenges that will influence the nature and direction of urban governance under four themes: urbanisation and demographic shifts; economic dislocation and social exclusion; infrastructure, urban form, and environmental pressures; and stresses on local democracy and citizen engagement.

What happens if urban governance arrangements fail to adapt? We can reasonably envision cities that are perpetually reliant on central government, lacking the capacity to control their own destinies. We can expect continued divergence in the economic condition and prosperity of cities across the UK, placing greater financial pressures on the central government to equalise for differences in economic output and fiscal capacity. Local governance arrangements will be unsuited to managing a fragmented service delivery landscape and the complex socio-economic, technological, and infrastructure challenges cities will face. And, democratic institutions will be increasingly unrepresentative of the UK's ethno-cultural mix and unresponsive to citizens, spurring deepening civic disengagement, distrust, and disorder.

## **The implications for the future of urban governance in the UK**

Reflecting on the trends and challenges cities will face, the lessons from the comparative international review, and the UK's recent history, the paper highlights five implications for urban governance in the UK. Cities will need:

- metropolitan governance arrangements and powers to allow for planning, investment, and service delivery on a regional scale;

- fiscal autonomy to plan and finance place-based strategies;
- institutions of local governance that will ensure that political leadership and public administration are accountable and up to the task;
- a renewal of local democracy to ensure it is responsive to changing demographics and values, and demands for different forms of civic participation; and
- the UK government (and the devolved authorities in Scotland, Wales and Northern Ireland) to create the conditions for cities to succeed.

Faced with the innate complexity of cities and the uncertainty around what the future will bring, successful urban governance will require bold and capable leadership and the capacity for adaptability and resilience to address the challenges and capture the opportunities that will come.

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