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Is Manchesterism the model for rewiring the local state?

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introduction

By now we are all very familiar with 'Manchesterism', the foundational model for Andy Burnham's political philosophy and national agenda. The term has its origins in the "Manchester School" of economics, emerging in the late 1830s to become global shorthand for laissez-faire capitalism, free trade, low taxes, and minimal government intervention.¹

In its current rebranded form, it has come to mean quite the opposite. A form of modern regional governance, and "consensual, business-friendly socialism".² The Manchester Model is the proposed template for 'Rewiring the State', by devolving political control, funding and decision-making away from London and Whitehall to local regions. It combines public sector investment with private capital to drive urban regeneration, infrastructure, and job growth. While putting key services under public control rather than in private hands.

It is a philosophy shaped by the practical experience of Greater Manchester's devolution journey: its achievements, the institutions that made them possible, and its frustrations with central government and the slow pace of change. The question now is whether those lessons are transferable to other places with different economies, assets and histories of cooperation; and where devolution must go next. Even where devolution gives greater freedom to act, it remains to be seen whether it is enough to narrow the persistent gaps in growth rates between regions, or to systematically tackle the deeper economic and social problems facing the country.

¹ <https://theburnhamprogramme.co.uk/manchesterism>

² Burnham deliberately reclaimed the term in an interview with Tom McTague of the New Statesman in September 2025.



the story so far...

There have been many words spilt over the origins of Greater Manchester's story.³ While recognising that much went before, an abridged version might start with the first landmark devolution agreement, in November 2014.

In making the case for devolution, partners in Greater Manchester argued that economic potential was being constrained by an excessively centralised and fragmented system of government. Although the city region had the scale, economic geography and mature governance needed to drive national growth, it lacked control over the principal levers affecting transport, skills, employment, housing and investment.

[Devo Manc – Devo Max](#) called for an incremental “place-based settlement”, ultimately devolving control over the billions of annual public expenditure flowing into Greater Manchester. This would allow funding - channelled through more than 50 central institutions and over 1,000 separate funding streams - to be pooled and directed towards the different needs of communities across the city region. While the ask fell short of devolving the armed forces, it did anticipate greater revenue raising powers alongside a devolved apportionment of the ‘state overhead’ to aid institutional capacity and competency moving forward.

what was actually devolved?

The first decade did not deliver the full place-based settlement imagined in 2014. It produced a sequence of negotiated powers and funds, important in their own right, but narrow compared with the total public expenditure and tax base of the city-region.

Year	Milestone	Significance
2011	GMCA established	City-region governance before the first deal
2014	First devolution agreement	Transport, housing, planning, skills, investment and elected-mayor pathway
2015/16	Health and social-care agreement	Strategic influence over a £6bn health-and-care system, not a separate local NHS
2017	First metro-mayor election; new bus powers	Single democratic mandate and route to franchising
2019	Adult Education Budget devolved	Greater alignment of adult skills with local needs
2023	Trailblazer deal	Further powers over transport, housing, skills, net zero and a future integrated settlement

³ For an account of Greater Manchester institutional evolution see: <https://blog.bham.ac.uk/lpip/2026/08/06/built-from-below-why-manchesterism-doesnt-need-londons-playbook-just-its-powers/>



2025	Integrated Settlement begins	Around £630m brought into a more flexible cross-departmental framework
2026	Rewiring the State commitment	Business-rate retention from 2027 and an assigned share of local income tax from 2028

The sequencing produced valuable institutional learning. Greater Manchester built a strategic transport authority, commissioning and analytical capacity, political leadership across ten councils and relationships with universities, employers, health bodies and civil society. Yet integrated settlements remained allocations of national money with conditions and reporting requirements. The National Audit Office concluded in 2026 that they were a significant step forward with potential to improve value for money, while also finding heavier-than-expected reporting burdens and unresolved tensions between departmental accountability and locally accountable autonomy.⁴ This is central to judging the record.

economic performance since 2014

Greater Manchester has formally and explicitly pursued an economic agglomeration model since the publication of the Manchester Independent Economic Review (MIER) in 2009. This assumes that scale and density are fundamental to growth and the strategy has deliberately concentrated investment and skilled workers in the urban core.

This approach has helped achieve genuine but fragile improvement in economic output and productivity. Between 2008 and 2014, real GVA slowed to 0.8 per cent. It then accelerated to an average 3.1 per cent between 2015 and 2023. The city region grew faster than the national economy (1.5 per cent) in seven of those nine years, and its economy exceeded £100 billion in 2023.⁵

The improvement is consistent with visible structural change: a larger city-centre economy, growth in professional services, digital, creative industries and health innovation, stronger graduate retention, substantial inward investment and continuing strengths in advanced manufacturing.

Devolution plausibly contributed by sustaining a single economic narrative, assembling investment pipelines, financing housing and regeneration, and aligning local transport and skills decisions. But the revival began before 2014 and reflects private investment, universities, Manchester Airport, MediaCity, national programmes and long-term civic leadership as well as formal devolution.

Productivity is the most important and most contested claim. Official estimates indicate average annual productivity growth of roughly 2.0 per cent from 2015 to 2023,

⁴ National Audit Office, Devolution in England: funding and accountability, July 2026. [Source](#)

⁵ GMCA, Economic growth in Greater Manchester, January 2026. The report analyses ONS GVA and subregional productivity data and records average annual GVA growth of 3.1% from 2015 to 2023 and average productivity growth of 2.0%. [Source](#)



the best performance among UK ITL2 areas, with Greater Manchester reaching about 97 per cent of the UK average.⁶ This is an impressive convergence from a low base. It is not yet in parity with the strongest European second cities or with London, which remains around one-third more productive.⁷

The headline should also be treated as a range rather than a precise fact. Centre for Cities found that post-2019 labour-input data appear to undercount self-employment, and that adjusted estimates reduce productivity growth across the country. Manchester remains one of the stronger performers after adjustment, but part of apparent convergence reflects London's stagnation and data uncertainty.⁸ The defensible conclusion is that Greater Manchester has probably outperformed, not that a precisely measured 'productivity miracle' has been proved.

However, employment is not disputed. **Total jobs increased by around 286,000, or 21 per cent, between 2013 and 2024, while jobs density rose from 0.77 to 0.84.**⁹ The economy is larger, denser and better able to offer opportunity than at the start of devolution. Yet, resident outcomes have not improved at the same rate. Employment rose from around 67.8 per cent in 2014/15 to 72.0 per cent in the year to March 2026 but remained 3.5 percentage points below Great Britain. Unemployment was 4.6 per cent against 4.5 per cent nationally, and claimant rates were especially high among younger adults.¹⁰ Greater Manchester's central policy problem is therefore less a shortage of all jobs than a mismatch between high-growth employment and residents facing ill health, weak qualifications, caring responsibilities, poor connectivity or insecure housing.

The Local Growth Plan estimates that around 256,000 residents with a long-term health condition are out of work, and not looking for work; it also reports that almost four in ten highly skilled workers cannot reach the city centre within 45 minutes by public transport.¹¹ These constraints explain why transport, employment support, health and skills cannot be treated as separate policy silos.

Growth has not yet translated into national-average household prosperity. Greater Manchester's gross disposable household income was £21,730 per head in 2024, compared with £25,965 across the UK. It ranked in the middle of the English combined authority group but remained around 16 per cent below the national

⁶ Ibid

⁷ GMCA, Greater Manchester Local Growth Plan, 2026. [Source](#)

⁸ Centre for Cities, How productive are the UK's big cities?, October 2025. Its adjusted modelling reduces post-2019 productivity growth but continues to identify Manchester as a strong performer. [Source](#)

⁹ ONS, City Regions Article (2013 jobs data), and Nomis Labour Market Profile for Greater Manchester (2024 jobs data). The two sources report 1.344m and 1.630m total jobs respectively. [Source](#)

¹⁰ Nomis/ONS Annual Population Survey, Greater Manchester Labour Market Profile, April 2025–March 2026. Local APS estimates carry sampling uncertainty and recent labour-force data quality concerns. [Source](#)

¹¹ GMCA, Greater Manchester Local Growth Plan, 2026. [Source](#)



figure.¹² This is a better test of how growth is felt than city-centre cranes or aggregate output alone.

There has been important progress within the urban core. Between 2010 and 2025, the share of inner-Manchester neighbourhoods in the most deprived national quintile fell by 17.3 percentage points, the strongest improvement of any UK urban core. Centre for Cities links part of this change to expansion of the central economy and improved public-transport access. However, deprivation across the Manchester primary urban area remained around 37 per cent and suburbs became more polarised.¹³

Professor John Tomaney argues that this is a limitation of the development model itself. Its city-centre growth demonstrates the strengths of that approach but provides less evidence that growth will spread to poorer boroughs and neighbourhoods. The next test is whether Greater Manchester can extend agglomeration benefits along transport corridors and into the northern and eastern boroughs, rather than assuming growth will diffuse automatically. This phase must build economic opportunity in all places directly, by drawing on their own assets, institutions and everyday economies, rather than relying principally on spillovers from the centre.¹⁴

Test	Evidence	Assessment
Economic scale	Average real GVA growth 3.1% a year, 2015–23; economy above £100bn	Strong relative performance
Productivity	About 2.0% annual growth; approximately 97% of UK average in 2023	Encouraging, with material data caveats
Jobs	1.344m in 2013 to 1.630m in 2024	Clear expansion
Participation	72.0% employment rate versus 75.5% in Great Britain	Persistent gap
Living standards	£21,730 GDHI per head versus £25,965 UK	Growth not fully felt
Spatial inclusion	Large urban-core improvement; wider deprivation broadly unchanged	Uneven progress
Fiscal balance	2021/22 estimated gap £15.0bn	Not improved; comparison is distorted and non-causal

¹² ONS, Regional gross disposable household income, UK: 1997 to 2024, published 19 August 2026.

The 2024 combined-authority estimates are provisional. [Source](#)

¹³ Centre for Cities, Uneven cities and Cities Outlook 2026. The Manchester geography is the primary urban area and does not exactly match the ten-borough combined authority. [Source](#)

¹⁴ John Tomaney, “Political Economy of Manchesterism,” *Progressive Review* (2026) [Source](#)



growth and reform

A central argument in Greater Manchester's case for devolution was that economic growth and public-service reform must be pursued together. In 2012/13, Greater Manchester generated an estimated £17.7 billion in tax revenues against public spending of £22.5 billion - a fiscal gap of nearly £5 billion.¹⁵ Growth alone would not close that gap if many residents remained disconnected from new opportunities by poor health, low skills, worklessness and entrenched dependency.

Equally, cutting services without strengthening the economy would simply manage rather than resolve these problems. Devolution would enable Greater Manchester to integrate services around people and places, invest earlier in prevention, connect more residents to higher-skilled employment and retain a share of the resulting savings and revenues. The objective was therefore not merely to spend less, but to create a more productive and inclusive city region that could progressively narrow the gap between public expenditure and locally generated taxation.

Unfortunately, the current position does not suggest that the city region is moving in the direction partners may have hoped.

Year	Public expenditure	Tax revenues	Estimated gap
2012/13	£22.5bn	£17.7bn	£4.8bn
2021/22	£41.2bn	£26.2bn	£15.0bn
Nominal change	+83.1%	+48.0%	+212.5%

Source: New Economy (2012/13); GMCA (2021/22) – Espresso dataset

Comparing data from 2012/13, used in the original case for devolution, with the most recent data from 2021/22, reveals a significant widening of the fiscal gap. Over this 10-year period, the difference between public spending and tax revenues in Greater Manchester has increased by over 200% - from nearly £5bn to £15bn. At the same time, public spending increased by 83%, while tax revenues increased by less than 50%. More than 36% of expenditure was not covered by revenues compared to 21% in 2012/13.

It should be noted that these figures have not been adjusted for inflation. Furthermore, central government funding, although falling, was still particularly high in 2021/22 due to the Covid-19 pandemic and measures taken in response to increases in the cost of living. So, this was probably not the best time to assess whether Greater Manchester was nearer to becoming a net contributor to HM Treasury.

¹⁵ ResPublica, Devo Max - Devo Manc: Place-based public services, September 2014 (p.26) [Source](#)



Yet, when we compare all strategic authorities during this same year, we find that Greater Manchester is mid ranking in terms of the proportion of tax to spend.

2021/22	Total (Billions £)					Per Capita (Thousands £)			
Strategic Authority	Spend	Tax	Gap	%	Rank	Spend	Tax	Gap	Rank
West Midlands	£42.30	£22.70	£19.60	46.4	1	£14,500	£7,771	£6,729	1
West Yorkshire	£32.00	£19.10	£12.90	40.3	2	£13,611	£8,125	£5,486	4
North East	£28.30	£16.90	£11.40	40.3	3	£14,367	£8,572	£5,795	3
Liverpool City Region	£23.70	£14.50	£9.30	39.1	4	£15,304	£9,316	£5,988	2
South Yorkshire	£19.10	£11.70	£7.40	39	5	£13,893	£8,479	£5,414	5
Greater Manchester	£41.20	£26.20	£15.00	36.4	6	£14,359	£9,135	£5,224	6
Tees Valley	£9.80	£7.00	£2.80	28.4	7	£14,377	£10,299	£4,078	7
West of England	£12.80	£10.10	£2.80	21.6	8	£13,446	£10,538	£2,908	8
East Midlands	£29.30	£25.30	£4.00	13.6	9	£13,278	£11,478	£1,800	9
Greater London	£141.20	£146.10	-£4.90	-3.5	10	£16,053	£16,609	-£556	11
Cambridgeshire and Peterborough	£11.30	£11.80	-£0.40	-3.8	11	£12,638	£13,117	-£479	10
York and North Yorkshire	£7.00	£11.10	-£4.00	-57.2	12	£8,579	£13,483	-£4,904	12
England	£774.80	£686.40	£88.30	11.4		£13,704	£12,141	£1,563	

Source: GMCA (2021/22) – Espresso dataset

Only Greater London, Cambridgeshire and Peterborough, and York and North Yorkshire are net contributors to the Treasury. This raises a question about where the next phase of fiscal devolution should begin. Cambridgeshire and Peterborough arguably offers a less risky test of whether a stronger tax base can support investment in the infrastructure that further growth requires.

Whether this is an appropriate measure of success is debatable. Firstly, there is the macro-economic context already alluded to. The highly centralised British state limits how English regions might respond to external shocks like Covid. For example, Germany's federal system meant that it was able to respond more rapidly and effectively at the local level, since health is a 'state competency'. Secondly, the scale of devolution to date has been very modest. Greater Manchester has been at the vanguard with bigger and better deals, but the totality of these powers are underwhelming compared to the asks set out in Devo Manc. Then there is the problem of the counterfactual. We simply don't know how these places would have performed otherwise. Without devolution or with additional powers.



improved public services

Despite a widening fiscal gap, with rising public spending, devolution has been able to evidence tangible improvements to public services.

Transport is the clearest demonstrative effect. The Bee Network is the most visible example of a devolved power translated into a different delivery model. Greater Manchester became the first area outside London in almost four decades to bring the full local bus network under public control, completing franchising in January 2025. The authority specifies routes, timetables, standards and fares, while private firms operate services under contract.

In the first franchised areas, patronage rose 14 per cent year on year, and punctuality increased to 76 per cent when compared with about 66 per cent before franchising. The network-wide evidence is newer and more modest - GMCA reported a 5 per cent passenger increase over a 12-month period - but fares revenue exceeded forecast and franchising was delivered on time and budget.¹⁶ This is a credible devolution effect because the institutional change, policy lever and observed service outcomes are closely connected.

Transport also illustrates the limit of local power. City-region control can improve network design and fares, but it cannot on its own resolve national rail capacity, east–west connectivity or the scale of capital investment required. Devolution works best when national investment and local integration are complementary rather than substitutes.

Employment and skills are better integrated, although they have an incomplete reach. Working Well began in 2014 as a locally designed alternative for people with complex barriers to employment. By July 2023, GMCA reported more than 70,000 residents supported and over 25,000 entering work; the 2025 Greater Manchester Strategy summary reported that the wider family of programmes had supported 110,000 residents since 2017, with more than 30,000 progressing into employment.¹⁷ These are programme outputs rather than a complete estimate of additional jobs, but the model demonstrates how health, skills and employment support can be sequenced around an individual.

The devolved Adult Education Budget has also enabled Greater Manchester to target basic skills, ESOL, digital inclusion and priority sectors more deliberately. Yet the city-region still does not control the whole pathway from age 14 or 16, apprenticeship levy flows, Jobcentre Plus, most employment support or the incentives embedded in

¹⁶ Department for Transport, Setting up a bus franchising scheme, 2026; and GMCA, Bus Franchising. Early franchised-area figures report patronage up 14% and punctuality at 76% versus about 66% before franchising. [Source](#)

¹⁷ GMCA, Greater Manchester Strategy 2025–2035 summary, including Working Well programme outputs and Bee Network indicators. [Source](#)



national welfare. The Government's 2026 commitment to devolve 16–19 vocational routes and employment support respond directly to this fragmentation.¹⁸

Health devolution has had some promising impact but there is no simple verdict on its success. Greater Manchester's health-and-social-care agreement was the most ambitious element of early devolution, but it was not a transfer of the NHS into mayoral ownership. It created shared strategic governance and greater scope to align health with housing, employment, transport and prevention.

A major evaluation found that between 2016 and 2020 life expectancy increased by 0.233 years (about 12 weeks) relative to a control group of similar places. Healthy life expectancy, life satisfaction, alcohol-related admissions and cancer-screening coverage also improved. But across 98 measures the results were mixed: adult obesity and A&E waiting times worsened, and researchers could not isolate which changes were caused by devolution rather than by earlier or concurrent reforms.¹⁹ The right conclusion is that place-based health governance created useful coordination and some promising outcomes but did not escape national funding pressures or establish a universal causal effect.

The public service record shows that the strongest cases share three features: a clearly devolved lever, competent city-region institutions and the ability to integrate delivery with adjacent services. Where funding remained departmental, short-term or permission-based, the scope for reform has been correspondingly limited. This supports a shift from programme delegation towards outcomes-based place budgets, but it also strengthens the case for transparent audit and evaluation as powers grow.

so, has devolution worked?

In terms of governance, the answer is yes. Greater Manchester is a durable strategic institution able to coordinate ten councils, represent a functional economy and negotiate with government. Its integrated investment pipeline, transport system and partnerships provide capabilities that individual boroughs or Whitehall departments could not easily replicate.

On economic performance, the answer is more qualified. Output, jobs and likely productivity have grown faster than national comparators since 2015. Devolution is one plausible contributor, especially through continuity, coordination and investment, but the city-region's recovery predates 2014 and no robust whole-economy counterfactual permits the effect to be isolated. The weaker claim, that devolution

¹⁸ Cabinet Office, Rewiring the State – Cabinet Statement, 31 July 2026. [Source](#)

¹⁹ The Health Foundation, Devolution in Greater Manchester: findings from a major study, March 2024. [Source](#)



helped Greater Manchester exploit its assets, is supported; although stronger claims that devolution has caused the growth surge is not yet proved.

On public service reform, the answer is promising but partial. Transport offers a clear demonstration; integrated work-and-health support and health devolution show benefits alongside uncertainty. The original ambition to pool the full public-service footprint, shift decisively into prevention and share the resulting savings has not been realised.

On inclusion and fiscal sustainability, the answer is 'not yet'. Employment and household incomes remain below national averages, deprivation has shifted unevenly, ill health keeps a large population outside the labour market, and the available fiscal snapshot has worsened. These are not reasons to abandon devolution. They identify the outcomes against which the next phase must be contracted and judged.

The fairest overall verdict is that Greater Manchester has made a success of the limited powers it could genuinely use, but the settlement has been too constrained and too recent in key areas to answer the original Devo Manc proposition. The experiment has passed the institutional-readiness test; it has not completed the economic and fiscal test.



is GM a model for rewiring the state?

The Government's July 2026 Rewiring the State statement adopts much of the original Manchester diagnosis: economic and social progress must proceed together; services should be integrated around people and place; central government should become smaller and more strategic; and local leaders should control a greater share of locally generated revenues. It commits to greater business-rate retention from April 2027, an assigned share of income tax from April 2028, stronger pooling for prevention and a default presumption in favour of devolution.²⁰

Greater Manchester should lead in demonstrating how devolved powers can be used: it has the deepest institutional history and the broadest experience of coordinating policy across a city region. But it need not be the sole, or necessarily the first, test of greater fiscal autonomy. The strength of an authority's institutions, the capacity of its tax base and the risks attached to new revenue powers are separate considerations. A national reform should test the settlement in places with different economic and fiscal characteristics.

More broadly, the GM model should not become a template copied mechanically. City-regions differ in economic scale, settlement pattern, administrative capacity and identity. Rural and polycentric areas may require different strategic boundaries and governance. As Tomaney contends, population density alone does not determine a place's prospects: the quality of its institutions, infrastructure and assets matters. Giving every area the same city-centred growth strategy would risk reproducing the inequalities that devolution is intended to address.²¹ Nor should 'devolution by default' become 'mayoral centralisation by default': strategic authorities must devolve delivery and participation to boroughs, neighbourhoods, civil society and frontline organisations.

The international evidence also counsels ambition with discipline. OECD data show that the UK central government collected 91.8 per cent of general-government revenues in 2023, compared with an OECD average of 53.2 per cent.²² This extreme centralisation weakens local incentives and flexibility. But fiscal decentralisation does not automatically produce convergence: poorly designed tax competition can widen disparities, volatile taxes can destabilise budgets, and national government must retain macroeconomic stabilisation, redistribution and minimum service standards.

²⁰ Rewiring the State – Cabinet Statement, 31 July 2026. [Source](#)

²¹ John Tomaney, "Political Economy of Manchesterism," *Progressive Review* (2026) [Source](#)

²² OECD, *Government at a Glance 2025: revenues and spending by level of government*. The measure is the central share of general-government revenue, not the same as local tax autonomy. [Source](#)



Testing fiscal devolution in different places

A credible fiscal devolution programme should begin with more than one type of place. Greater Manchester is a demanding test of whether retained revenues, pooled budgets and prevention agreements can improve outcomes in an area with substantial spending needs and a large estimated fiscal gap. Cambridgeshire and Peterborough present a different proposition. Its research and business base generates substantial tax revenue, while housing shortages, transport constraints, water scarcity and limited grid capacity threaten to hold back future growth. Allowing it to retain a share of additional revenue could test whether earlier investment in these constraints generates growth that helps finance further investment.

This does not make Cambridgeshire and Peterborough risk-free. Its attributed fiscal surplus is small relative to total spending, tax receipts may fluctuate, and Cambridge's strength masks marked differences across the combined-authority area. A successful settlement would need to share the benefits with Peterborough, Fenland and other communities, as well as protect national redistribution. Nor would assigning a share of existing taxes hand the authority an immediate windfall: if tax receipts initially replace an equivalent grant, the practical gain comes from greater certainty and an agreed share of future growth.

The two areas should therefore be assessed against different, explicit questions. In Greater Manchester, can fiscal incentives and integrated services raise participation, living standards and the local tax base? In Cambridgeshire and Peterborough, can retained growth fund infrastructure sooner and extend prosperity beyond Cambridge? Both tests require comparable tax-and-spend accounts, safeguards against shocks, an equalisation mechanism, and evaluation against a clear baseline. Together they would reveal more about the merits and limits of fiscal devolution than a single flagship deal.

a fiscal compact for established strategic authorities

The next phase of devolution should offer established mayoral strategic authorities a durable fiscal compact, rather than another list of delegated programmes. Each agreement should connect revenue, responsibility, risk and accountability over at least ten years. The core rules should be consistent across England, while the share of revenue assigned, the functions covered and the pace of further autonomy reflect each area's tax base, service needs and institutional capacity.



Element	Proposed settlement	Safeguard
Income tax	Assigned share of locally generated receipts from 2028; retain part of growth above baseline	National rates and base initially; equalisation floor; review before any local rate power
Business rates	Substantially greater retention, pooling across ten boroughs and limited multiplier flexibility	Protection against sudden tax-base losses and harmful inter-borough competition
Property and visitors	Overnight Visitor Levy and stronger land-value capture	Transparent use for infrastructure and place improvement
Borrowing	Prudential borrowing against predictable assigned revenues	Debt-service ceiling, published reserves policy and no borrowing for recurrent deficits
Prevention	Pool suitable health, work, skills, housing and justice budgets; retain verified savings	Agreed counterfactual, national standards and independent evaluation
Accountability	Local Accounting Officer and independent fiscal/outcomes office	Open data, borough distribution analysis, scrutiny and audit

assign revenues without abandoning equalisation

The first stage should assign - not initially vary - a share of income tax raised by residents of each area. The starting allocation should replace an equivalent amount of grant, with place-specific tax shares or equalisation adjustments so no authority loses funding simply because its tax base is smaller. Authorities should retain a material share of growth above an independently forecast baseline. This would reward policies that raise employment and earnings without assuming that places with different starting positions can finance an identical settlement from an identical tax percentage.

Equalisation must be transparent and durable. It should reflect both local tax capacity and the cost of meeting service needs, protect a funding floor, and avoid clawing back every marginal gain. Greater retention of business rates should include protection against sudden losses and future resets. Within each strategic authority, councils should agree how growth revenues are pooled and invested, so that high-value commercial locations help fund infrastructure and opportunity across the wider area rather than only where receipts arise.²³

turn predictable revenue into patient investment

Predictable revenues could support long-term investment without implying that any strategic authority will become self-financing. Subject to clear prudential rules, established authorities should be able to borrow against reasonably forecast revenues

²³ Centre for Cities and Resolution Foundation, In place of centralisation: A devolution deal for London, Greater Manchester and the West Midlands, November 2023. [Source](#)



for projects with a credible economic return, including transport, housing, employment land, innovation assets and town-centre regeneration. The investment priorities would differ: Greater Manchester might build on its Good Growth Fund and integrated transport pipeline,²⁴ while Cambridgeshire and Peterborough might focus on the housing, water, energy and transport constraints on further growth. A locally assembled, recyclable fund should be available where there is a sound pipeline and the capacity to manage it.

Borrowing should be governed by a published debt-service ceiling, stress tests for recession and tax volatility, minimum reserves and a prohibition on borrowing to cover recurrent operating deficits. These safeguards should be common, but borrowing headroom must be assessed against each authority's resources and risks. National government should state in advance when exceptional support would be available, reducing both moral hazard and arbitrary intervention.

make prevention financially rational

Devolution often leaves the body paying for prevention unable to retain the resulting savings. A council or strategic authority may invest in housing, skills or employment support while benefits accrue to the NHS, DWP, police or Treasury. Fiscal compacts should permit prevention accounts for agreed cohorts and outcomes, with relevant public bodies pooling suitable budgets and sharing verified savings against a pre-agreed counterfactual. This should reward demonstrable improvements without transferring national benefit entitlements or demand-led care liabilities to local authorities.

The opportunities will vary by place. In areas with high economic inactivity linked to ill health, local leaders may prioritise integrated NHS, employment, adult skills and community support. Elsewhere, prevention may focus on housing, youth transitions or the conditions for independent living. National entitlements and clinical standards should remain national; the design of pathways and suitable preventive budgets should respond to local circumstances.

replace permission with transparent accountability

Fiscal freedom requires clearer local scrutiny than the present combination of departmental returns and uneven strategic-authority oversight. Each compact should name a Local Accounting Officer and provide for independent fiscal and outcomes scrutiny, with the form proportionate to the authority's size and responsibilities. An authority might establish its own office or commission a shared independent function. Every authority should publish:

- an annual, reconciled account of estimated taxes raised and public expenditure received;
- medium-term revenue and expenditure forecasts with sensitivity analysis;

²⁴ GMCA, Greater Manchester Local Growth Plan, 2026. [Source](#)



- debt, reserves and contingent liabilities;
- outcomes for productivity, participation, household income, health and service demand;
- the distribution of investment and outcomes across constituent councils, neighbourhoods and population groups; and
- evaluations using comparator areas and clearly stated counterfactuals.

The objective should be to replace detailed input controls with a smaller set of outcome obligations, open data and effective democratic challenge. Comparable reporting would allow Parliament, councils and the public to judge what different fiscal settlements achieve. The National Audit Office (NAO)'s warning remains pertinent: central departments will continue to micromanage if local accountability is too weak to support the transfer of control.²⁵

The limits of devolution and the national role

Devolution should transfer decisions that can be improved by knowledge of a place, its institutions and its people. It should not transfer risks that a place cannot control or weaken rights that should apply wherever someone lives. The distinction matters particularly for higher education, research, welfare and adult social care. Each contributes to local growth, but each also serves national purposes and crosses local boundaries. A fiscal compact must specify who sets the rules, who makes delivery decisions and who bears the cost when demand rises.

Higher education illustrates the value of partnership rather than mayoral control. Universities recruit students, researchers and employers across regional and national boundaries; their teaching and research cannot be planned solely around the immediate needs of one labour market. Student finance, the Lifelong Learning Entitlement, quality regulation and the protection of institutional autonomy should remain national. Strategic authorities should nevertheless have a stronger role in convening universities, colleges and employers to build routes from technical education into higher study, support adult participation and address local shortages. They could co-invest in facilities, placements and provision agreed with institutions. This would give universities a place in regional growth strategies without making a mayor the commissioner of their courses.

The same distinction applies to research and development. National research funding should continue to support scientific excellence and opportunities whose benefits may emerge far from the institution undertaking the work. Local leaders are better placed to identify where firms, universities, hospitals and public investment can turn those capabilities into jobs and growth. Devolving more funding for applied innovation, demonstrators and commercialisation could therefore strengthen regional clusters. It should be matched with independent assessment, cooperation across boundaries and

²⁵ National Audit Office, Devolution in England: funding and accountability, July 2026. [Source](#)



continued national support for discovery research. Different places offer different opportunities to test this relationship between national research strength and local economic benefit.

Welfare requires a firmer national boundary. Benefit eligibility, payment rates, assessment rules and appeal rights should not depend on the health of a local tax base. Nor should a mayor be made financially responsible for a recession or a rise in disability and ill health that local policy cannot quickly reverse. Employment support is different: its design can respond to local employers, transport, health services and skills provision. Mayors should be able to commission and coordinate that support, including for people currently poorly served by national programmes. Any agreement to share verified savings from better outcomes must avoid incentives to exclude people with the greatest needs or to claim savings that would have occurred anyway.

Adult social care presents a further limit. The proposed National Care Service will test how far national consistency can coexist with local integration. The Casey Commission has been asked to develop a plan for its introduction, with final recommendations now expected in summer 2027. National government should guarantee rights, establish standards for care and its workforce, and fund services according to need. That does not require a single national organisation to commission or deliver every service. Councils should retain clear responsibility for assessing and meeting eligible needs, while strategic authorities and NHS partners help coordinate care with housing, community health and prevention.

Greater Manchester offers qualified support for this arrangement. Its health and care partnership aligned decisions across NHS organisations, councils and other services without transferring the NHS into mayoral ownership. Evaluation found improvements in life expectancy and some adult social care outcomes relative to comparable areas, although results across the health system were mixed and the contribution of integration cannot be separated cleanly from additional funding and earlier reforms. The lesson is that national standards and local partnership can reinforce each other. A National Care Service would undermine devolution if it centralised commissioning and weakened these relationships; local integration would fail in turn if national government left councils to bear rising care costs without adequate funding.

These boundaries define an active national role. Central government should maintain redistribution, insure places against major shocks, fund national networks and uphold common rights and standards. It should give capable local institutions room to design services and invest across policy boundaries, while remaining accountable for the risks and commitments only the national state can carry. The test of rewiring the state is whether each level has the powers, resources and responsibilities needed to do its job.



conclusion

Greater Manchester is economically stronger and institutionally more capable than it was when the first devolution deal was signed. Its post-2015 growth, job creation and likely productivity convergence are significant; bus reform and integrated work-and-health programmes show that usable local powers can change delivery. The city-region has also developed a strategic capacity and civic partnership that are national assets.

But the evidence does not support triumphalism. Greater Manchester still has lower employment and household incomes than the national average, a large population excluded by ill health, severe and spatially uneven deprivation, and a substantial estimated gap between public spending and tax revenue. Some of the productivity evidence is uncertain, and the causal contribution of devolution cannot be separated cleanly from longer-term regeneration, private investment, universities and national economic conditions.

The central lesson is therefore about institutional possibility rather than completed transformation. Greater Manchester has shown that a place can govern across boundaries, integrate policy and use devolved powers visibly. It has not yet been given the scale of fiscal control necessary to test whether local incentives, prevention and investment can narrow the structural fiscal gap. The next phase of devolution must therefore test the distribution of growth as well as the extent of local autonomy: greater powers will matter most if they improve living standards and opportunity beyond the most successful urban centres.

The Government's commitment to assign income tax, retain more business rates and devolve by default makes the next phase possible. Established mayoral strategic authorities should be offered ten-year fiscal compacts with common rules for equalisation, risk and scrutiny, calibrated to each place – with different fiscal profiles. Greater Manchester can test whether fiscal powers support service reform and inclusion; Cambridgeshire and Peterborough can test whether retained growth funds infrastructure and widens opportunity.

The purpose is not to find a single successor to Whitehall's model, but to establish which powers work, under what conditions, and whether the gains can be shared within and between places. That compact must also define the boundary between local discretion and national responsibility, particularly where universities operate across places or welfare and care obligations rise independently of local economic performance.

Greater Manchester has become the leading example of English devolution. Its leaders have built institutions that work across council boundaries, reshaped local transport and brought public services into closer partnership. Yet stronger growth has not erased deep inequalities, and the city region still lacks the fiscal powers to test the full promise of its approach.

This report examines what Greater Manchester has achieved, where the evidence is less certain and which lessons other places can use. It argues for a new phase of devolution: long-term fiscal agreements for established mayoral authorities, with powers and safeguards suited to each area to provide different tests of what greater local control could achieve.

The question is not whether every place should follow Manchester's path. It is how national government can give places room to act while protecting the rights, funding and shared responsibilities that must remain national.

