

BRITISH BROADCASTING CORPORATION

RADIO 4

TRANSCRIPT OF "FILE ON 4" - "LIVERPOOL 08"

CURRENT AFFAIRS GROUP

TRANSMISSION: Tuesday 27 May 2008 2000 - 2040

REPEAT: Sunday 1 June 2008 1700 - 1740

REPORTER: Allan Urry

PRODUCER: Paul Grant

EDITOR: David Ross

PROGRAMME NUMBER: 08VQ4262LH0

THE ATTACHED TRANSCRIPT WAS TYPED FROM A RECORDING AND NOT COPIED FROM AN ORIGINAL SCRIPT. BECAUSE OF THE RISK OF MISHEARING AND THE DIFFICULTY IN SOME CASES OF IDENTIFYING INDIVIDUAL SPEAKERS, THE BBC CANNOT VOUCH FOR ITS COMPLETE ACCURACY.

“FILE ON 4”

Transmission: Tuesday 27 May 2008

Repeat: Sunday 1 June 2008

Producer: Paul Grant

Reporter: Allan Urry

Editor: David Ross

ACTUALITY OF WHISTLES AND CHANTING

URRY: Last week, council workers took to the streets to protest about closing care homes for the elderly in a city enjoying £4 billion worth of regeneration. This display of public anger comes at a time when Liverpool’s having a year-long party as European Capital of Culture. But not everybody’s celebrating.

ANDERSON: People who live in the poorest districts of the city of Liverpool, they’re not particularly concerned or bothered about Capital of Culture, and they’ll often use the phrase of Ricky Tomlinson in the Royle Family, you know, ‘Capital of Culture – my arse.’

URRY: The council says it’s determined to boost prospects by presenting itself as a confident, capable city going places, especially when the eyes of the world are now upon it. Yet the authority has just been rated by independent auditors as the worst performer in the country. So what is going on at the Town Hall? Tonight File on 4 carries out its own audit, and a Government minister issues a warning.

KENNEDY: I think here in Liverpool we have reached such a point where the resources are so chronically adrift that the city is in danger of being described as a basket case.

SIGNATURE TUNE

ACTUALITY OF ANNOUNCEMENT OF RINGO STARR

ANNOUNCER: We are going to welcome on stage one of the most loved children of Liverpool who has come to join us on this day. Mr Ringo Starr.

URRY: January 11th and Ringo gets the 08 culture party underway. It's a party costing £116 million pounds, most of it taxpayers' money. £30 million from Government and European sources, but more than double that amount is coming from the local council taxpayers.

BRADLEY: Liverpool City Council are putting 70% of the funding in. No other European Capital of Culture city has seen that scale of funding from the local authority. Invariably most of the funding has either come from national Government or from the private sector and it has been a private sector led celebration. But a city council has to be seen to put the money where their mouth is.

URRY: Warren Bradley is the leader of Liverpool City Council. His Liberal Democrat party has been in charge for ten years.

BRADLEY: If you look at where Liverpool was in 1998, it was at an all-time low. We couldn't drive any investment in, there was no confidence, people were leaving the city in their droves. And the City Council, part of our policy as an administration was to re-drive, rebuild that confidence, the investment in, to make sure we've got a sustainable economy. Culture's great in 2008, it is important that we have a fabulous festival, but there has to be a legacy at the end of it, and that legacy must include economic stability.

URRY: It may be great in 2008, but it had a difficult birth five years ago, when the council set up the Liverpool Culture Company as a wholly owned subsidiary to deliver its events programme. Since then, there've been event-themed years leading up to 08. The company's seen departures of key staff, including an artistic director with an eye for the experimental who didn't go down too well in the city.

FEARON: When Robyn Archer was appointed, I thought, well, okay, that's a bit left-field, but it could be great for us. And to be fair to the people who appointed her, they might have thought that as well.

URRY: Robyn Archer was a controversial choice for local theatre people like Kevin Fearon. She's a singer and director of arts festivals but, as an Australian, is based Down Under. To win over the locals, she needed to demonstrate a real feel for the popular culture which appeals to Liverpool. Robyn Archer began to bring challenging works into the city's venues, at considerable expense. One, an American offering called Supervision, was a particularly costly lead balloon when it made a brief appearance at Kevin Fearon's Royal Court theatre.

FEARON: I was a challenge and not many people met the challenge.

URRY: How many people did come?

FEARON: Four hundred – over three nights.

URRY: And what were the takings on that night?

FEARON: £1,200.

URRY: Did you try to find out how much that cost?

FEARON: We'd heard rumours, because there were a lot of people who were working in the culture company knew how much it was costing and they couldn't tell us, but they let it be known it was expensive.

URRY: A quarter of a million?

FEARON: That's the rumour. It was flown in from America. The set, the company, everything came over for us specially. It wasn't even a tour of the world, it was a one-off. And we worked out it would have been cheaper to fly the audience over to America to see it there.

URRY: The Royal Court was one of the city's venues in need of repair. Jasper Gilbert, formerly of the RSC, was hired by the culture company as technical production manager. It was his job to help fix up Liverpool's theatrical and performance infrastructure, but he was left without support and found it impossible.

GILBERT: When I arrived at the culture company, I was surprised by the amount of infrastructure work that we were going to have to do in terms of bringing venues and possibly reopening some venues. So I kind of was aware that we were going to have to spend quite a lot of money quite quickly. And so one of the things that I was very very keen to do was to put a team of maybe twelve people together to kind of start delivering the events that Robyn was planning and the culture company was planning. My ultimate frustration was that eighteen months later, when I finally left, I was still sitting in the office on my own with no team around me.

URRY: Why couldn't you get that team put together then?

GILBERT: Because we were never given the opportunity to employ any extra staff.

URRY: You didn't have a budget for it?

GILBERT: I was never physically given a budget. I've worked in this business quite a long time and I've had a number of long term relationships with people, and when you develop ideas for events and ideas for projects and then you don't ever actually really confirm them, it puts you in a very difficult light. So as far as I was concerned it was putting me in a very difficult position.

URRY: No budget, no team, no chance. In 2007, Mr Gilbert resigned in frustration. Artistic director Robyn Archer left too, citing personal reasons for her sudden departure. She'd been a rare visitor to Liverpool for most of her two years employment, save for the last few weeks leading up to her resignation. She declined to be interviewed by File on 4. The culture company lost others along the way, among them a senior director who lasted just twenty days in post, another senior director who left last year, and two chief executives, including Jason Harborow, who departed after a fiasco involving the late cancellation last year of Europe's largest free city centre music festival - Mathew Street. The culture company's then events manager, Lee Forde, says he was put under too much pressure to make the festival happen, despite his reservations about health and safety.

FORDE: The culture company seemed, in my opinion, to find itself in a difficult situation financially, but also there seemed to be some issues between the senior officers of the culture company and the politicians. Mathew Street Festival seemed to be the political football between the two. Cost cuts meant that it couldn't be done - in my opinion - safely, I was put under a massive pressure to deliver for nearly half the budget that I was given a year previously. I resigned through the pressure I was being put under, through the lack of resource to put on a safe and comfortable event,

URRY: What about the financial situation overall with the culture company? What sort of budget did you have to operate?

FORDE: Overall, the budgets decreased and some of the events decreased, if that makes sense. We lost some events and budgets decreased so we were actually started running and delivering events with less than we'd walked into the culture company with. They were cutting budgets left, right and centre.

URRY: Another resignation. The cancellation of the Mathew Street Festival sent shockwaves around Liverpool. A council report into the affair blamed poor communication between Mr Forde and his line manager. Chief executive Jason Harborow was cleared of any wrongdoing in the report. He later left with nearly a quarter of a million pounds severance deal. Robyn Archer, who'd gone the year before, is believed to have got a pay off too, but the figure's never been made public. Someone else who resigned, this time from the company's board, was the leader of the labour group on the council, Joe Anderson. Part of his concern was about financial stewardship.

ANDERSON: I think there needs to be a real audit of the accounts, you know, we've seen many many things go wrong with Capital of Culture. We saw Robyn Archer, who was supposed to bring a vision and stuff for the city, but she took away with her a hell of a payoff. You know, you look at the fallout which resulted in Jason Harborow, the chief executive of the culture company leave and again with a pay out of a quarter of a million pound or thereabouts, and it's a phenomenal amount of money that seems to have been wasted. So no, I wasn't happy with the stewardship of the finances of the Capital of Culture company.

URRY: All sorts of sums relating to payoffs have been bandied about in the city's prolific rumour mill. Council figures obtained by File on 4 show £350,000 have been spent on severance deals. But it's not just paying off people where public money's been wasted. There've been grand ideas which never came off, and according to Joe Anderson, were never likely to.

ANDERSON: We've seen a crazy scheme to drain one of the docks near the historic waterfront in the city. To drain one of those docks, put the fish in a tank, clean the dock, put a stage back in it, re-float the stage in that dock, put the fish back in it. A crazy idea, a real stupid hair-brained scheme which cost the city £250,000, a quarter of a million pounds.

URRY: In fact that figure only relates to feasibility studies and at £323,000 is even higher. But it wasn't so crazy, according to those who worked on the idea. Lee Forde, the former events manager for the culture company, says plans for the Salthouse dock to stage the Liverpool Sound concert, featuring Sir Paul McCartney, were ambitious, but achievable.

FORDE: It's a fabulous, iconic location and the cost of draining the water out and damming the dock would have been around 5% of the total budget. And we'd have then put a basically a floor in and constructed arena seating for 30,000 people. Relatively simple to do, although it probably sounds quite challenging. The challenges were in looking after the marine life and being responsible and making sure that the businesses that operate here were looked after and still had access, and we were managing that relationship with them quite well as far as I was aware.

URRY: Lee Forde saw the potential for a visual spectacular on Liverpool's waterfront, generating interest from international TV stations. Even better, he says, they'd pay good money for the rights to broadcast an event which would have shown off the city in her best clothes and which would have helped recoup some of the costs of staging it.

FORDE: This as a location is very very attractive to TV companies and would have been attractive to a lot of international artists. There were many names mentioned - Beyonce, Bruce Springstein was mentioned as very keen to play Liverpool, and this hopefully would have been a suitable location for him to play.

URRY: So why didn't it go ahead here?

FORDE: I think people became aware of the shortfalls in the budget, the budget issues within the culture company and the City Council, and to go ahead with potentially an event that was going to cost £7.5 million was not something they were prepared to take on, so they went for what they believed to be the safer option in relation to Anfield football stadium. It's a concert in a football stadium, they're ten a penny, there's nothing special about them.

URRY: And that's where a different kind of Liverpool Sound concert featuring Sir Paul is now taking place. The ambitious waterfront setting was beyond the city's reach. Council Leader Warren Bradley also sits on the board of the culture company. But he wasn't keen to answer questions in detail about how some of the money's been spent.

What happened to this plan to do out Salthouse Dock? What was all that about?

BRADLEY: I would think you're best asking the artistic team in the culture company. I'm only the Liverpool City Council deputy chair. If I was part of the artistic team, maybe I could answer that. But it was, whenever you built a programme, you've got to be ambitious. Probably if we say there's a hundred projects on the table, if one or two of those projects fall off the table, that is not something that only happens in Liverpool.

URRY: But wasn't some money wasted here? I'm not talking about necessarily on artistic events themselves, which are always a subjective matter, but six-figure payoffs for people you'd employed that didn't really work out.

BRADLEY: Liverpool is not unique to these festivals and this fallout. People have this when you try to deliver such a big festival. But we've always said, and I've always said that we will move on and move forward and deliver, and that's exactly what we've done this year.

URRY: Something like the Liverpool Sound concert, which is by all accounts a centrepiece to this year, has been scaled down, hasn't it? Scaled down from, you know, a big event with worldwide TV rights now to a concert basically in a football stadium.

BRADLEY: Well there's 36,000 people will be watching it and there'll be people all around the world who will take an interest in it.

URRY: But do you accept that the scale of the ambition for the Liverpool Sound concert has been downgraded now?

BRADLEY: No, because it was always about Paul McCartney coming and playing in his home city in the European Capital of Culture year, and that's exactly what Paul McCartney will be doing at Liverpool Football Club.

URRY: Last September Brookside creator Phil Redmond was made deputy chairman and creative director of the culture company. The board was streamlined to achieve better governance. Since then he's been talking about a scouse wedding as a way to try to describe how Liverpool does business - lots of falling out behind the scenes, but the best ever party on the big day itself. We wanted to question him about the points raised in this programme, but his terms for agreeing to our interview were not acceptable to the BBC.

ACTUALITY OF NEWS CONFERENCE

REDMOND: You've read the stats, we've had a ... Just about three million people have gone through our cultural institutions, but if you talk to the taxi drivers they will say the city is actually blooming. If you look at

URRY: At a news conference a fortnight ago, the message from the company was "so far, so good". Reporters were told visitor numbers to key attractions in capital of culture year had risen to almost three million, a 25% increase on last year. But Mr Redmond didn't seem particularly enthusiastic about File on 4's interest.

REDMOND: I've found it a little bit disappointing this week that some of our media colleagues in the BBC, who shall remain nameless, like File on 4, are still trawling round trying to do a story that's nine months old – who left, who's this, who got paid off, who did that? What's kind of disappointing about it is the fact that they're behind the agenda, but not only that, some of the people they're listening to are the kind of the second cousins and the people who didn't get invited to the wedding.

URRY: But questions were still being asked about the McCartney concert, including the recent withdrawal of an offer of \$3 million for TV rights from a company called Control Room.

REDMOND: They were going to be paying for additional artists to be flown over from America, and when that wasn't going to happen, that money wasn't going to come forward, so it went, that's it, you know. So it was never going to be a big bonanza from that. In fact, the history of the Maccer concert was that it was going to be a huge thumping loss, but it was going to be one of the highlights of the year. At the moment we've come up with a fantastic arrangement, working with Maccer and his people, where it's actually going to end up as an integral event for the city, so you you know, that's cool.

URRY: Sources have told File on 4 the Control Room offer of \$3 million was taken off the table because the city couldn't secure other artists to complete the line-up of the calibre needed to satisfy broadcasters in America. Sir Paul's Anfield gig came late in the day, and according to Labour councillor and barrister Paul Brant, had been in danger of collapse.

BRANT: It became clear that Paul McCartney's company had serious concerns about the way that the event was being managed and required something of the order of \$2 million to be put into an account to make sure the event went ahead. I think there's no doubt that the event was teetering on the brink at one stage. I'm glad for the city's reputation that it is continuing, but of course it can't continue at all costs or at any cost and we, as an opposition, have very serious concerns to make sure that council tax payers in Liverpool are getting good value for money. There runs the risk of any cost overspends being met by council tax payers if the event can't be delivered at no additional expense, and that seems a real risk at the moment.

URRY: What has been the difficulty then in organising this, given that it's been two and a half years – and probably more in somebody's head – that this was going to happen in some shape or form?

BRANT: Well, there have been a series of structures put in place by council to deliver 2008. The administration decided that they wished to have almost semi controlled entity of the culture company organising and delivering the Capital of Culture, where all its staff were seconded City Council employees and the budgets were managed by the City Council. Now that led to a controlling influence that led to a lack of autonomy from the culture company, and consequently where there were high profile failures, which there undoubtedly were, the lack of confidence in the private sector and external organisations led to a lack of private investment. We are £2 million short of the private sector's contribution or planned contribution.

URRY: Council figures obtained by File on 4 suggest it's even worse than that - they show a shortfall of almost £4 million in the total amount of private sponsorship and grant money the culture company was expecting to raise. And, as the council has agreed to underwrite £20 million for its 08 celebrations, any shortfall will put a strain on the City Treasury. That's been worrying the district auditor. Tim Watkinson says he's been warning the council about the state of its finances for three years, but as 08 approached, it became critical.

WATKINSON: In the previous two years, the council was recognising the need for improvement, but frankly in my view hadn't taken enough action about improving its long term financial planning and management arrangements. And, of course, par for that would be the budgeting and the planning for Capital of Culture expenditure.

URRY: You were worried about the fact that their reserves were low. Why is that such an important area?

WATKINSON: Well, we've had some concerns around the level of reserves that the council's had for some time, but during last year I guess we became more concerned, not just about the level of reserves that the council was holding, but around its longer term financial planning arrangements as it was moving towards setting the budget for 2008/2009. And most notably, there was an element of funding for paying for Capital of Culture for 2008 some £20 million, and the council didn't have a plan in place for finding that £20 million as part of its setting the budget for 2008/9.

URRY: It's news to no one, is it, that this year is Capital of Culture year, so why do you think it is they didn't have any sustainable plan in place to actually pay for it?

WATKINSON: Well, we've obviously been talking to the council for a number of years around the need to improve its longer term financial planning arrangements, so it was a concern to us going into 2008/9 that that still wasn't in place.

URRY: Such was Mr Watkinson's concern that he took the unusual step of using statutory powers to make recommendations to which the council has had to respond in public in order to try to force the issue. Council leader Warren Bradley argues they're dealing with the problems highlighted by the district auditor. Why didn't you build up a war chest to pay for this 08 Capital of Culture year?

BRADLEY: We have delivered the largest festival, cultural festival ever in the history of European Capital of Culture, because we realised how important and how it could really drive regeneration in a city like Liverpool. We have underwritten this year additional on top of the budget that we set aside because we know how important this year is to the city.

URRY: But the question was, why didn't you have that provision in place? Why is there a £20 million projected shortfall in the budget?

BRADLEY: Well there isn't a £20 million. We always said that we would underwrite that. We passed in March this year a legal, balanced budget with the £20 million covered and that will mean that the European Capital of Culture will be delivered and we'll have the events that everybody's expecting.

URRY: But why then does the District Auditor write, only two months ago in his annual audit and inspection letter you had no agreed means of meeting this additional financial pressure – and by that he was talking about the £20 million spend this year on Capital of Culture?

BRADLEY: But we've, as I say, in March we delivered a balanced, legal budget that covered the £20 million.

URRY: But he's not satisfied with the various schemes that you've put forward, is he?

BRADLEY: No, he is yeah. The District Auditor is satisfied we've got, we had two forms of covering the £20 million and they've gone through council and they've been agreed by the District Auditor as being a way forward.

URRY: Well he tells us it's still a work in progress.

BRADLEY: Well, I beg to differ.

URRY: The Audit Commission rates Liverpool as the worst performing council in the country. At the heart of its problems – poor financial planning and management. The authority may have passed a legal budget in March, but in the run up to that it emerged that as well as the £20 million for culture, a further £42 million needed to be found in a hurry. The bulk of those savings are coming through what the council describes on paper as “internal efficiencies and funding changes” of £21million, and a further £13.5 million on something which sounds innocuous called Service Reviews. The reality is rather more painful.

ACTUALITY OF CHANTING AND WHISTLES

PEOPLE: No more cuts! No more cuts!

URRY: Care workers and families who rely upon them were on the march last week through the city centre.

PEOPLE: No more cuts! No more cuts! Save the elderly services!

URRY: At a time when the eyes of the world are on Liverpool in its Capital of Culture year, this was the last thing city image makers wanted to see.

ACTUALITY ON STREETS

URRY: The protestors have stopped briefly on their route from the north end of the city right down to the town hall. They've stopped outside the council offices. There are plenty of banners on display. One of them I can see here reads 'Capital of Culture 08' and underneath it 'City of Shame. Stop the closures'. And that really is the tone of most of the placards and banners that are being waved around here today in what is, as you can probably hear, a pretty vociferous protest.

And for the families who depend on the services provided by the two specialist care homes out in the districts scheduled for closure, this is a disaster. Eighty year old Mary Robinson relies on respite care at one called Leighton Dene for her mother, who's 104. Your mum's been in there for physical rehabilitation, has she?

ROBINSON: Yes, she's been in twice. The first time they got her legs going again and we took her home. And it was lovely, she was walking again. But the second time we took her in, they couldn't get her legs going again, so they sorted us out, they kept her while I got the house ready, they sorted me out with a care package, they sorted it all out for me and showed me how to handle my mum.

URRY: One of the things that place does is it provides that element of respite, doesn't it, while you get provision in place in your own home, like you did?

ROBINSON: Yes, yes.

URRY: Could you and your mum have managed without that sort of service?

ROBINSON: No, no, we couldn't have. There's nowhere, only Leighton Dene I would allow my mother to go. Why save money on the old people? You know, why not save money in town for this Capital of Culture? These people are not interested in Capital of Culture. I'm not. My mum's not. The people that they're harming are not interested in Capital of Culture. And why not? The old people come first.

URRY: The 77 year old mother of Joyce Provost has dementia. Joyce joined the march to speak up for the staff who care for her mum.

PROVOST: These people are brilliant, absolutely marvellous. They know how to treat her, they know what her needs are. She does respite as well. Mum's allowed six weeks in the year, but she can go on rolling respite if she's really bad and now she is getting really really bad, and these services are important because this is the only one in our area. I am sick and tired of them getting on at the older people. It was them that built this city, wasn't it? Be honest. I mean, all right, I've worked all my life and put money into the system, but these people went through the war, put the money in, did everything for the city and they're the ones that are getting thrown aside, and I don't think it's fair.

URRY: For Liverpool Labour MP and Government minister Jane Kennedy, who's Financial Secretary to the Treasury, the cuts will place an extra burden on the health service.

KENNEDY: When they haven't planned the resources and managed the resources in the way that they should have done, the consequences are that some of the most vulnerable people in the city are going to see the services they rely on cut.

URRY: Isn't the idea to take up the spare capacity in some of the more underused care facilities elsewhere around the city? Isn't that the justification for the closures?

KENNEDY: But the conversations I've had with managers in the Health Service around this demonstrated to me that the council is trying to whitewash what is going on. They are services that the hospitals have been using heavily and they've relied on them, they're regarded as some of the best services in the region, and I've heard the officers of the council say, 'We're determined to provide other services and we'll even invest in them to bring them up to standard,' but that's to me a nonsense way of managing resources. You've got, you've got a really good resource, but you can't afford to maintain it going forward. We need to make cuts, that's a priority; we'll shut that. That will mean spending more money somewhere else. It's barmy.

ACTUALITY WITH MEGAPHONE

URRY: Council leader Warren Bradley is the target of the protestors' anger.

ACTUALITY OF OLD MAN

MAN: This isn't about money for these people. This is about the elderly, the infirm and everything else. And when you're, you and the lot who are going to vote against this, when you get home tonight, I hope you have a good look in the mirror and like what you see.

BRADLEY: We've achieved a lot over a very short period; we've still got lots of challenges. As Leader of this City Council I'm not going to forget about those challenges to squirrel away millions of pounds for the future because something might happen. What we, what we've got to do is we've got to be, yes, have a medium term financial plan and have a robust financial system, but we've also got to carry on dealing with the challenges to the most vulnerable people. And there's lots of vulnerable people still in this city.

URRY: Is that why you're closing care homes then?

BRADLEY: Two areas, two areas, one in North Liverpool and one in South Liverpool. They are probably the most deprived areas in the country, so we're dealing with that.

URRY: So why close these care homes and other leisure services?

BRADLEY: No, we're not closing care homes.

URRY: Well, you are.

BRADLEY: No.

URRY: ... demonstrations.

BRADLEY: I'll come to that in a sec.

URRY: Pressure on Mr Bradley's time meant we couldn't come back to the point, but the council's interpretation of what's going on came to us later in a statement.

READER IN STUDIO: The services currently provided at Leighton Dene and Boaler Street are being transferred, not cut. We are saving money by spending less on bricks and mortar – not by reducing the level of care people receive. We are working closely with staff to ensure that they can be transferred to other posts within the council where possible.

URRY: It'll save £1.3 million. But local MP and Government minister Jane Kennedy says she doesn't just fear for the vulnerable. She's also worried about the damage to Liverpool's reputation and how that will affect its future.

KENNEDY: I think here in Liverpool we have reached such a point where the resources are so chronically adrift that the city is in danger of being described as a basket case. We had an expectation that we could have been in the position that Barcelona is. In twenty years' time we would be able to look back at the City of Culture for Liverpool and

KENNEDY cont: say that year was a pivotal year for the city, and my fear is we will be able to say it was a really good party and series of events, but what else is there left? And that's where there is a degree of disappointment even now, only halfway through the year.

URRY: What was supposed to happen, in terms of the legacy?

KENNEDY: Well I think people, people believed we could use it to transform the city's image in the eyes of the world.

URRY: Well, isn't that happening?

KENNEDY: I don't believe it is. I think, I'm afraid the experience of the last year has actually reinforced the reputation of the city. You might say, and your listeners might say, well she would say that. She's seeking to make political capital out of the political mess that the Liberal Democrats have made. However, if they had demonstrated competence in being able to manage this challenge – and it was a challenge for us – we would have been cheering from the rooftops.

URRY: It's not just Jane Kennedy who's critical. The District Auditor has warned the council about the aggressive behaviour of some of its members. The Audit Commission found some felt too intimidated to take part in debate in the chamber. The Auditor was also concerned about the breakdown of trust between some senior members and officers, which was further impeding the authority's ability to sort out its financial problems. For Professor Gerry Stoker, an academic who specialises in the study of politics and governance, it's what's holding the city back.

STOKER: I think that we know, when we look comparatively at the success of cities across Europe, that one of the key factors in success is having sustainable and effective leadership at both political level and also in terms of officers, and I think that Liverpool's problem is that it just still cannot demonstrate that, and it's that lack of leadership capacity and a lack of a track record in delivering which I think would make it very difficult to convince many investors that Liverpool's a safe bet. And until you get that

STOKER cont: track record it's difficult to turn things round. Now it's possible to do it, as I think Leeds and Manchester have shown, with effective leadership you can make a big difference, but it's that lack of effective leadership in Liverpool which I think is a big issue.

URRY: I mean, is that the defining difference then for a city like Manchester or Leeds, is that political stability in leadership that you see?

STOKER: There are many cities that face similar challenges to Liverpool in terms of moving from an industrial to a post industrial future and yet many of them seem to be making a better fist of a response to it, and the defining difference appears to be that other cities have got their politics and their leadership together and in Liverpool they haven't.

ACTUALITY ON STREETS

URRY: But is it really that bad? Okay, some of the three million visitors who've come here this year have had to navigate their way round one of Europe's largest building sites - the big dig, as its known - and of course most of it was supposed to be over by now, but it isn't, so you move through temporary walkways past hard hat areas populated by men in high visibility jackets eating bacon butties when they're not operating noisy machinery. Visitors are left having to peer through the dust and scaffolding at some of the landmark buildings and views. But its still £4 billion worth of investment in physical regeneration, which is transforming the city centre. Only last week the Queen was here to officially open a billion pounds worth of retail, leisure and residential development.

So perhaps it's not doing so badly after all. But there's a stark warning from one of the city's own leading academics. Professor David Robertson, head of the Public Policy Institute at John Moores University, believes Liverpool is ill equipped for tough times ahead.

ROBERTSON: I'm now doubly pessimistic, given the global downturn that now appears to be in view. I think one of the problems with the Liverpool economy is that it's been developed in the last few years, it's a very frothy and flimsy basis, mainly that we've focused everything upon tourism, short term spending and increasingly on spend in shops and things like that. That's the first things to go in any economic downturn.

URRY: Liverpool and the surrounding area has had a lot of what you might call aid money, hasn't it? Government money, European money, that sort of thing, over the years. What difference has that made

ROBERTSON: Liverpool's had, in the last ten years, it depends which figures you count, anyway between £7 billion and £12 billion of European money, Regional Development Fund money. There has been an improvement of the inner core of the region for Liverpool itself, in the city centre, but beyond that into the wider Liverpool and the wider Merseyside region, there's been scant evidence of significant impact. It's almost as if you've poured a vast torrent of money onto a piece of blotting paper and the blotting paper's still dry. And then, as the aid money that we've been getting dries up and it's not renewed – as it will not be – bit by bit you will get a down tick in economic activity, a down tick in prosperity and I worry about the next few years, worry very severely that the legacy of Culture Year will be that we'll have not cracked the problem of Liverpool at all.

URRY: Only last month, Liverpool was again ranked by the Government as the most deprived area in the country. Life expectancy is three years below the national average. Much of this deprivation is to be found out in the districts. Council leader Warren Bradley says he recognises those challenges, but he's much more upbeat about meeting them.

BRADLEY: Thirty or forty years of degeneration isn't turned around in ten years. It takes thirty or forty years to feel that impact. Liverpool's population went from 800,000 down to 400,000 and that was because the economic decline that Liverpool saw. Liberal Democrats in this city have turned that ship round now, and it was important that the heart of the city became the vibrancy for Liverpool, and I think they've delivered on that. You know, you look at that, but we've got to really make an impact in North Liverpool and we've got to continue the impact in Speke, because if we don't ...

URRY: You can't do that if your finances are in such a mess, can you? You can't, much as you'd like to.

BRADLEY: There's another generation that are going to be forgotten about and I think it's important that we continue to push at that door, push that bar up another level to make sure that real people get an opportunity.

