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Part One
The Vision
Foreword

For more than two decades Core Cities UK has been urging successive governments to fulfil the potential of UK cities and city regions by giving them greater freedoms and controls.

This report begins by imagining a future where our policy ideas have been implemented and the UK of 2030 is reaping the benefits of economic and social success.

In a dozen years’ time, our great cities and city regions are empowered, the UK’s economy is geographically rebalanced, our state is smarter and joined up, and our citizens are more engaged in democracy. Our places are benefiting from improved infrastructure, including HS2 Phase Two, and we have recovered from the economic shock of Brexit and are helping the UK seek out new markets and opportunities.

Our workforces are better skilled and educated, and our cities continue to be diverse, welcoming and friendly places to live, work, study and visit.

This isn’t an overly optimistic, unrealistic vision. Elements of what we propose have been achieved in other places around the world.

And we are already heading in the right direction. National and local government working together has delivered real change, including through devolution, helping us take positive steps on this journey.

For example, the UK’s cities have been extremely successful at getting people into work and have much higher youth employment levels than some other European cities.

However, the UK needs to accelerate the pace of change. We should not forget that we are an ‘outlier’ in international terms, by far the most centralised state in Western Europe, and that overall our productivity is low.

Our ideas are achievable and the rewards for success are huge.

We can generate almost £100billion for the UK economy every year if we bring ourselves up to the economic average of other comparable European cities.

Put into perspective, that is roughly the size of the UK education budget or the size of our country’s motor vehicle industry.

But, perhaps more importantly, this report sets out how we can begin to build a new contract between the state and the people it serves as Brexit becomes a reality.

Cities are at the heart of this vision, but we recognise other places matter as well, and policies that work for the Core Cities and their city regions can work for other towns and cities too.

The relationships between cities and the places around them are complex and interdependent. Internationally, this relationship isn’t questioned, and the UK needs to do more to understand these connections in detail and what policies will build a better, more inclusive future for all.

Cllr Judith Blake, CBE
Chair of Core Cities UK and Leader of Leeds City Council
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Core City UK Leaders and Mayors

**Councillor Ian Ward**
Birmingham

With a population of over 1.1 million people, Birmingham is the largest city outside London. Centrally located and at the heart of the motorway network, Birmingham is within four hours’ travel time for 90 per cent of the UK.

**Councillor Susan Aitken**
Glasgow

Glasgow City Region is critical to the UK economy and lies at the heart of the economy of Scotland. The region has a population of 1.8 million (34 per cent of Scotland), clustered round a vibrant urban core with world-class educational, recreational and business facilities.

**Mayor Marvin Rees**
Bristol

Bristol is consistently rated as one of the best places to live and visit in the UK. With its wealth of culture, dynamic food scene, festivals and events, together with its attractiveness, friendliness and accessibility, it has a visitor economy in excess of £1.3 billion that supports both leisure and business tourism.

**Councillor Judith Blake, CBE**
Leeds

Recently rated as one of the top places to visit in the UK, and third-best city for retail, Leeds has a diverse economy. In 2013, Leeds’ GVA was £20.4 billion, putting the city in the top five UK city economies for wealth creation.

**Councillor Huw Thomas**
Cardiff

Cardiff is the capital city of Wales. The city has a population of 350,000 and sits at the heart of the city region of 1.4 million, which is just under half the population of Wales. Cardiff was one of the fastest-growing Core Cities over the past decade and is projected to grow by a further 20 per cent over the next 20 years.

**Mayor Joe Anderson**
Liverpool

Liverpool is home to 13,800 businesses, employing 226,000 people. It is the economic, knowledge, transport and cultural centre of a wider city region area of almost 2 million people, 70,000 businesses and 1 million jobs.
Manchester is a cosmopolitan and ambitious city that continues to develop as a centre of national and international significance, where residents and businesses alike benefit from the ongoing economic and social improvements. With a population of more than 2.7 million and a GVA of £56 billion, the ten local authorities of Greater Manchester represent the largest functional economic area outside London.

Nottingham is establishing itself as an international city, with strong links to Ningbo (China), Chandigarh (India), and Karlsruhe (Germany). Its two internationally renowned universities deliver world-class research, with strengths across a wide range of science and technology sectors, including biomedical sciences, ICT, environmental technologies and advanced engineering.

Newcastle is the economic hub of the North East. A £92 million investment programme in the urban centre ‘Accelerated Development Zone’ is stimulating business and jobs growth. Over £250 million of investment in cultural regeneration has also created a strong visitor economy, worth £1.37 billion to the area.

Sheffield, England’s fourth-largest city, has a population of over 569,000 and an economy worth over £11.3 billion. Its economy is a driving force for a city region of over 1.8 million people. An international city, with two world-class universities and more than 60,000 students, Sheffield competes on a global stage, attracting talented people, inward investors, major events and tourists.
1. Core Cities UK 2030: Our Ambition

In 2030 the UK’s Core Cities and city regions are powering a new era of national success and global trade. Their productivity rivals the greatest cities in Europe, North America and Australia, bringing around £100billion more into the economy each year. Record numbers of citizens are in high-quality jobs, because their cities had the resources and freedoms to address the Grand Challenges of the 2018 Industrial Strategy.

Decisions that looked bold when set out in a Post-Brexit Settlement a decade ago, as a pledge from government to reduce inequality and increase prosperity for all, now seem obvious and unquestionable. Investing in infrastructure and skills, devolving decision making and creating a smarter, locally responsive state has resulted in better economic and public service outcomes for cities and towns. It has also renewed the UK’s social contract between citizens and Government.

At home, populations across the Core Cities’ urban areas have expanded to 25million, including more skilled young people who have taken up residence in city centres, boosting and rebalancing the economy and strengthening labour markets. These cities are regarded as beacons of diversity and tolerance, where living standards have increased and earnings particularly for those on low incomes have grown faster than the national average, so no working family experiences poverty.

Life and healthy-life expectancy across Core Cities city regions has risen to match the UK average, and differences between the longest and shortest lived within Core Cities have halved. This is partly because air quality has improved, but also because of the shift from spending on crisis and failure to investing in prevention and success. This has reaped dividends for public services, with integrated budgeting at the local level further reducing demand and cost.

Educational attainment has risen dramatically in schools, with a diversity of skills in competitive urban labour markets supported by jobs-based migration policy and a devolved adult skills-system which meets the needs of business. This has taken employment levels to well above the national average.

Internationally, the Core Cities have created a dynamic trading platform for the UK, accessing new markets and exploiting their global links through locally tailored programmes of trade, investment and business support. Alongside this there has been an urban renaissance in research and development, linking business, universities and city authorities, making the UK’s Core Cities among the most innovative in the world. An ambitious infrastructure overhaul has underpinned this shift, with the UK ranked highly against competitors for transport, and 5G coverage across every square mile of its city regions now available.

As capitals of creativity their global brands and visitor economies are also built on a sustainable, well-resourced cultural sector, attracting and exporting world-class theatre, cinema, sport, dance and digital media.

The UK has turned a constitutional corner, from being the most centralised state in the developed world to a modernised, dispersed form of governance which has heralded a new era of local freedom and revitalised democratic participation. Aspiring young politicians now see city rather than national government as a primary career goal, because it’s where they can make most difference.

Local political and business leadership is at the heart of this transformation, which includes cities retaining more of the taxes raised in them to spend on priorities decided by local people who know their places best. In 2030, it is not just our cities that are empowered, but our citizens.
Building on our cities’ success story

This vision may seem radical – it is certainly different from where we are now – but it is achievable and we are not starting from scratch. It is important to remember that the story of UK cities and city regions over the last 20 years has largely been one of success. Policies such as devolution, built by local and national government working together, are getting results and making big gains for the UK economy. Thanks to strong local leadership Core Cities city regions are succeeding, have high employment rates and growing economies. For example, a some Core Cities were recently ranked in the top ten globally for Foreign Direct Investment.1

Leeds is currently developing its H21 project through which the city will be the first in the UK to run on hydrogen instead of natural gas, while Sheffield’s Advanced Manufacturing Research Centre (AMRC) is shaping and creating industries across the globe from aerospace to the automotive industry, to agriculture, healthcare and artificial intelligence.

Further south, Nottingham has built the Creative Quarter (CQ) Company, a thriving and successful public–private partnership based in the central business district, while Birmingham is transforming its city centre through a City Centre Enterprise Zone. Oracle, one of the biggest names in global tech, has based its UK accelerator at Engine Shed in Bristol, and Cardiff is growing its creative and digital sector via strategic investment.

In Scotland, Glasgow is developing a hub for translating science into economic and patient benefit for the whole of the UK. And the famous river cities of Liverpool and Newcastle are also embracing new developments that will transform their city skylines and economies through science and technology.

We also recognise that the UK urban story is not just about cities. In this report we set out some of the growing evidence that the economies of cities and towns are intrinsically linked. Therefore, delivering this vision also means that towns, cities and other areas must work closely together. The effectiveness of such collaboration is already proven, with many examples within and between our city regions.

Public investment should not in this context be an ‘either/or’ choice. Instead, public policy should understand the links between places, investing and providing flexibilities and freedoms that benefit towns, cities and other areas too.

For example, Greater Manchester worked closely with Cheshire East Council and BEIS to develop a Science and Innovation Audit, which was published in 2016. The report recognised the core strengths in health innovation and advanced materials across Greater Manchester and in key locations across Cheshire East.

Pan-city projects are also all delivering significant results. The Northern Powerhouse Investment Fund (NPIF) has invested more than £50million across the Northern Powerhouse region, supporting over 260 small and medium growing companies in its first year. The Midlands Engine has recorded its highest number of foreign direct investment (FDI) projects in the past decade, securing more than 10,000 jobs.

In the South West, the West of England Combined Authority has developed an initiative called Future Bright, which helps those already in paid work and who are on in-work benefits into secure, more meaningful and better-paid careers.

Despite these early success stories, we must continue to set our sights high and accelerate the pace of change. Achieving a positive post-Brexit economy requires all the UK’s cities and city regions to perform at the highest level they can, to at least equal the global competition. This should be our ambition regardless of Brexit.

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1 Liverpool and Manchester cited in; IBM Global Location Trends 2017.
2. Our Plan for Change

Core Cities are global hubs with unrealised potential

The UK’s ten Core Cities have long been understood as critical national economic hubs, drivers of local and regional economies, but they are also increasingly important centres of global trade in their own right.

The Core Cities city regions deliver 26 per cent of the UK’s economic output and 20 per cent of its trade and exports. In the run-up to Brexit and increased international competition, their importance to the UK economy has to be reassessed in this global context. Yet their productivity is low by international standards, and this is one of the most critical economic challenges now facing the UK.

Growing productivity means reducing deprivation

Cities’ productivity can be increased by investing in infrastructure, business and innovation. But these so-called ‘in-work’ productivity factors account for only about 60 per cent of low productivity across the Core Cities city regions.

Almost 40 per cent of low productivity exists because of deprivation. Too many of our citizens are distant from the labour market, not in employment or training, are experiencing poor physical or mental health, and have low or no skills to help them get better jobs.

Addressing productivity therefore means investing in high-quality, agile and innovative public services. Although local authority finances are not currently on a sustainable trajectory, as Core Cities have repeatedly set out, this is not just a ‘more money’ agenda. It is also about the freedom to align local and national efforts to get better results, preventing problems before they arise.

CASE STUDY 1: NOTTINGHAM

Nottingham has a sister city agreement with Ningbo in China. This developed after the University of Nottingham established a Ningbo campus in 2006. The growth and acceleration of the relationship over the last two years has been built on developing four areas:

- **trade**: we regularly host industry exchanges, with the latest involving 30 Chinese life science businesses
- **education**: links with the University of Nottingham, Nottingham Trent University, Nottingham College and Nottingham schools
- **cultural**: football coaches from Nottingham Forest are coaching students in China, and Ningbo artists are performing in Nottingham
- **civic**: twice-yearly city visits between the respective local governments and partners.

The remit of this work has expanded to include the cities of Hangzhou in Zhejiang province and Chengdu in Sichuan province, with additional benefits including:

- visiting Nottingham businesses have been given access to exhibition spaces at a trade fair which has up to 400,000 people visiting, and have full funding for the visit from the Hangzhou government
- contacts have been created which offer the potential for local Nottingham businesses to have access to sell to the Chinese market through Alibaba, the world’s largest online retailer.

Nottingham now has a Trade Investment Officer working in Ningbo, funded by the Ningbo government.
CASE STUDY 2: NEWCASTLE

Newcastle Helix, formerly known as Newcastle Science Central, is a partnership between Newcastle University and Newcastle City Council, with Legal & General as a corporate partner.

An ambitious joint development project, it brings together businesses, top researchers and communities in a unique, sustainable innovation community.

Helix draws on Newcastle’s proud history of innovation and represents an exciting future of growth and sustainability for the city’s people. The first phase, with its award-winning Urban Sciences Building and The Core, a seven-storey home for knowledge-based science and technology SMEs, is already in place, with more development planned in 2018 and beyond.

Bringing together world-class researchers, creative startups and international brands, it is creating a unique space for collaboration and innovation.

The focus of Helix is data science, urban science and life science, and to create jobs and homes alongside the work carried out in the new developments.

Forward plans include the creation of over 450 homes available at Helix for anyone to rent or buy. They will be an exemplar of sustainable urban development, efficient-to-heat smart homes that represent the future of living for people of all ages.

Our systems are out of date, out of step and out of touch

The UK stands at the threshold of massive change: Brexit and future trade, technological shift and artificial intelligence; climate change and air quality; diversity and social cohesion. These are all largely urban issues which are too complex for national Government to address on its own.

Yet the UK’s centralised system is out of date for the challenges it now faces, out of step with the competition, and out of touch with the people and the places it is supposed to serve.

We recognise the good progress that has been made on devolution and its results, but we are in real danger of not following through, thinking it is ‘job done’ when we’ve only just started and of not building on the great work that our cities are already doing.
Summary of key points

Our plan for change begins with three steps setting out: where we want to be; how we are going to get there; and a tangible commitment to change.

1. Where do we want to be?
Outcome-focused policy

Let’s agree a new shared vision of UK urban success, decide where we want to be, then design the system to get us there, instead of letting it limit our ambition from the start.

A step change in ambition: Our primary aim should be to raise Core Cities’ and city regions’ productivity beyond the UK average to match that of similar groups of cities across Europe, North America and Asia, which will add £100 billion to our economy – roughly the size of the UK motor vehicle industry.

Beneath this ambition we have clear economic, social and environmental goals, for example to rebalance the UK economy and improve quality of life and place.

Employment growth of five per cent since 2013 means Core Cities city regions now contain over 30 per cent of all the UK’s jobs, and have higher employment rates than some other European cities, particularly for young people.

However, the average unemployment rate of 5.2 per cent is higher than the UK average of 4.5 per cent. If the unemployment rate in the Core Cities city regions was brought down to the UK average, an additional 80,000 people would be in employment. It is also worth noting that 22.5 per cent of jobs in the Core Cities city regions pay below the living wage – more than the national average (22 per cent).

Life expectancy in Core Cities city regions is slightly lower than the UK average, but varies by as much as ten years within the same city region. Demand for some public services is rising and if unchecked, by 2025 the number of homeless families could increase by 78 per cent and the costs of adult social care rise by 30 per cent, resulting in a funding gap for local authorities of £7–8 billion per year.1

Outcomes we want to aim for include:

- creating more and better jobs, improving living standards
- more people paid at least the real living wage and an end to in-work poverty
- higher educational attainment, building talent in local labour markets
- increases in life and healthy life expectancy, reducing the inequalities between different places
- radically improved infrastructure, urban environments and air quality
- a significant reduction in the numbers of looked-after children.

Potentially an additional

£100 billion

The same size as the UK motor vehicle industry

Measuring progress: To know how well we are doing, information needs to be easier to understand at the level of cities and city regions, with social and economic data being given more equal weight.

We would like to see:

- better and more consistent data available at the level of the Core City and city region
- an annual Inclusive Growth report at Budget each year to accompany the one on national economic growth2
- performance reported on at city and city region as well as regional level.

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1 LGA analysis 2018, England-only figures.
2 As recommended by the RSA Inclusive Growth Commission, supported by Core Cities.
2. How are we going to get there?
An Urban Trade and Productivity Package

Action to grow the economy and UK balance of trade through its cities, reducing deprivation, changing our systems from centralised to devolved, from ‘why not’ to ‘can do’.

Boosting trade and making cities more attractive to investors: This an urgent national priority. We are already doing well, with several Core Cities ranked highly within the UK and globally for attractiveness and investment, but we can deliver a lot more.

Rail-passenger journeys in Core Cities city regions rose 22 per cent over a six-year period, with some cities seeing an increase of 30 per cent.1 Yet rail travel has been increasingly unreliable on many routes, further adding to road congestion and poor air quality, which results in 15,000 premature deaths across Core Cities city regions each year.

The Core Cities city regions are the UK’s most significant international centres for trade and distribution outside London, delivering 20 per cent of UK export trade. They handle 13.5 per cent of UK sea freight, and air freight volume is increasing by around ten per cent a year.

Business start-ups in Core Cities city regions are rising at a faster rate than the national average, with one-quarter of creative industries jobs, one-third of health-related jobs and 28 per cent of business, financial and professional services jobs located in them.

Our proposals include:
+ a focused effort on growing key urban industrial clusters
+ a major local and national infrastructure upgrade including HS2, as recommended by the National Infrastructure Commission2
+ consolidating the strong trade links Core Cities city regions already have as a stepping stone to further global trade
+ strengthening the UK’s financial services offer through Core Cities, building a complementary offer to London.

Increasing urban productivity and inclusive growth:
We need to make our cities more productive to achieve our economic ambition of an extra £100billion a year, which also means dealing with the 40 per cent of low productivity linked to deprivation, ensuring that more people can contribute to and share in future prosperity.

Brexit is taking up much of Government’s capacity. But there is a massive risk in not ‘thinking beyond Brexit and acting now’, to ensure the UK’s cities can continue to work with other cities and their institutions across Europe, that their labour markets can access the talent they need, and their businesses are not held back by unnecessary or costly red tape.

Thirty-nine per cent of Core Cities city region residents have a degree or equivalent – a higher average than the ten EU comparator cities used in this report3 (39 per cent). Yet research and development spending per capita across Core Cities city regions is nearly half the average of those EU comparator cities, meaning that employment in high-tech sectors is far lower than competitors such as Helsinki, Frankfurt or Munich. The Core Cities city regions would have over 100,000 more jobs in high-technology sectors if they matched the EU cities average.

Employment levels are high – the envy of some other European cities – but as set out above, many jobs do not pay well and have poor future prospects, which lowers living standards, contributing to the 50 per cent of households experiencing poverty that are also in work.

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1 To 2016/17
2 National Infrastructure Assessment; NIC; 2018.
3 Barcelona; Cologne; Düsseldorf; Frankfurt; Helsinki; Leipzig; Lille; Munich; Rotterdam; and Turin.
Our proposals include:

+ protecting UK business and jobs in Brexit negotiations, for example avoiding unnecessary tariffs or new regulations, maintaining access to talent and collaboration with other European cities and their institutions
+ UK industrial strategy and local industrial strategies investing in the foundations of successful cities, aiming to make them the best places in the world to do business, grow, attract and retain talent
+ increase and exploit the innovation and research and development potential of Core Cities city regions
+ raise skill levels and strengthen productivity, ensuring Core Cities city regions are resilient to future economic shocks
+ investment focused on reducing deprivation, for example through the future Shared Prosperity Fund.

3. Tangible commitment to change: a new Post-Brexit Settlement

Renewing the social contract between citizens, localities and the UK state, as a powerful symbol of hope as we exit the European Union.

In 1919, the post-First World War coalition Government was a driving force behind the International Labour Organisation, setting out a new social contract for fair pay, working conditions and social justice, understanding the link between these goals, economic prosperity and peace.

That changed countless people’s lives for the better, but today across the UK too many people once again feel left behind by global change and that our economic model is failing them.

Almost 100 years on, as we leave the EU and face new economic and social challenges, a renewed social contract is needed between the UK’s national and local states, between citizens and Government.

We propose the following:

+ a bold, powerful statement of ambition to address inequality, create more and better jobs, equip people with the skills to take them, and give citizens more control over the decisions that affect their lives and their communities.
3. Where Are We Now And How Did We Get Here?

Success and challenge

History shows us that the economic future of a place is not written in stone. London is now a highly productive global city, but this was not the case in the 1980s. London’s population actually fell from 8.6 million in 1939 to 6.7 million in 1988. The UK’s Core Cities were very productive in the 1970s, with some outperforming much of the South East until the 1990s.

Dealing with a post-industrial legacy led to economic slowdown for several Core Cities city regions, with a decline in traditional manufacture resulting in low skills levels within local labour markets, making it challenging to adapt to new industrial opportunities.

Yet where many other countries had a history – and in some cases an explicit programme (e.g., Japan, Finland and France) – of decentralisation, instead in the UK a creeping centralism gathered power to Whitehall and away from City Hall, across successive governments. Although there were attempts to address this through regional policy, ultimately it left the Core Cities and others vulnerable, already experiencing a rise in deprivation and less able to deal with a succession of economic shocks, including the four recessions since 1974.

After each economic shock it took the Core Cities and city regions longer to recover than other places. This is because sufficient attention was not paid by national governments to ensuring that local economies were not only equipped with the right assets and investment to grow, but that they were also able to be resilient to and recover from shocks when they happened.

What is needed most is investment in infrastructure and skills and the powers and control to manage them in way that matches local demand.

A similar pattern emerged in the late 19th century after the industrial revolution when the UK failed to capitalise on its global leadership position by investing in its cities and their skills base, which saw it outcompeted on the global stage. This is a major lesson that the UK needs to learn in the launch of local industrial strategies.

The urban revival

Locally led efforts at economic regeneration and restructuring from the late 1980s onward were successful in dealing with many of the economic challenges faced by the UK’s Core Cities, with some cities increasing their productivity by over 50 per cent between 1990 and 2009. Core Cities city regions’ combined average productivity rose steadily between 2002 and 2007, but slowed since the crash of 2007–08.

Many European cities also had to deal with deindustrialisation and met that challenge in a similar way, but then sustained and increased their productivity growth in a way that most UK cities did not match.

There is no doubt however that UK cities have seen a determined and bold revival over the last 20 years. There has been a rebirth of urban centres through city-centre living, vibrant cultural offers and strengthened business growth. More and more people – particularly young people – want to live and work in the Core Cities – increasing city centre populations by over 180 per cent from 2002 to 2015 in some cities – and the effects of many businesses and workers clustering together is boosting their economies on the global stage.

1 National Infrastructure Assessment, NIC, 2018
2 Britain’s Cities, Britain’s Future, Emmerich, M, 2017
3 ONS Statistical Bulletin, small area population estimates, 2018
CASE STUDY 3: LEEDS

The Leeds City Region Enterprise Zone is one of the most strategic employment locations in the located at junction 45 of the M1 yet only minutes from Leeds city centre. It offers 142 hectares of prime development land and the companies within it benefit from a range of support and incentives. Over 1million square feet of new floor space has already been delivered with 750,000 square feet planned or under construction. It has become home to Leeds-based businesses such as Samuel Grant, Watershed Packaging and ACS as well as businesses growing or investing in the city such as John Lewis, FedEx, Premier Farnell and Perspex Distribution (part of the Mitsubishi Group).

The Enterprise Zone will be a catalyst for growth across Leeds City Region and is expected to deliver £550 million of additional economic output and over 9,500 new jobs to the region once fully developed. The latest exciting addition will be a world-leading facility testing high-speed trains, track and systems integration, developed by the University of Leeds in a £10million investment. The Institute for High Speed Rail and System Integration will provide the UK with an opportunity to lead globally, de-risking rail expansion, delivering innovation for business, uplifting engineering skills and supporting advanced manufacturing. The delivery of these world-leading facilities, otherwise available only in China, will boost efforts to secure investment into the Enterprise Zone from other rail sector businesses seeking to benefit from close co-operation with the university and utilise the state-of-the-art testing facility.

The fact that cities have continued to grow and improve, despite the challenge of austerity, is testament to their determination and innovative leadership. The Core Cities demonstrated strong leadership in creating the environment where these things could happen, through radical and innovative strategies from individual cities to the collective push for devolution. This led to City Deals, supported the establishment of some combined authorities and pan-regional programmes like the Northern Powerhouse, Midlands Engine and Great Western Cities.

We have witnessed an increased recognition of the importance of cities in national policy, but the UK still suffers from a centralised mindset, despite the fact that the link between decentralised systems of governance and finance, and increased competitiveness has been clearly made. For example, in the UK cities retain less than ten per cent of taxes raised in them, whereas the figure for taxes retained at the local or regional level is: around 35 per cent in Germany; 25 per cent across the OECD on average; and as much as 50 per cent in North America. For some of our counterparts in Europe and elsewhere, it is inconceivable that national Government could or would exert such extreme local control.

4. Towns And Cities: The Links

Cities play a prominent role in the UK economy as major hubs of business, jobs and talent. However, they are not isolated economies, but instead are interlinked with the economies and populations of surrounding towns.

Understanding these links is critical to creating good policy at the local and national level, and ensuring that living standards for people in both towns and cities rise, and that no one is left behind. Yet our collective knowledge of these links leaves a lot to be desired. That is why Core Cities UK is working with think tank Centre for Cities and others to examine the evidence base for how these links work, and what policies will best help towns and cities to both become stronger economically.

Early findings from this work are as follows:

+ **More isolated towns have worse employment outcomes:** Rural towns, beyond the hinterlands of the nearest city, often have poor employment and weak economies. Neither their own economy, nor that of a city, is providing sufficient job opportunities to raise employment rates.

+ **Towns with strong links to productive cities have the lowest unemployment rates:** In contrast, towns in the hinterlands of a productive city have a very interlinked labour market with their nearest city and also a strong economy themselves.

+ **Towns with close links to less productive cities do not see the same positive employment outcomes:** Proximity to a city does not guarantee a town economic prosperity. Some towns are in the hinterlands of less productive cities. They tend to have a weaker economy themselves, but despite the high share of residents commuting into a city for work, unemployment is relatively high. This suggests the weak economic performance of the city is unable to compensate for the lack of jobs locally.

+ **A few towns have strong economies in their own right and only weak links to cities:** There are a few exceptions to these patterns. These towns have strong economies in their own right but weak labour market links to cities. Despite this, they are able to sustain low unemployment rates. However, they are outliers and represent only a very small percentage of UK towns.

We will build on this report to explore how the links between towns and cities can be better understood and strengthened. Early recommendations include strengthening connectivity, for example improving transport, as well as looking at a different approach to investing in skills and talent.

+ The full report will be published in August 2018 and will be available on both the Core Cities UK and Centre for Cities websites.
CASE STUDY 4: SHEFFIELD

Capitalising on its renowned industrial heritage, the Sheffield and Rotherham economy is at the forefront of Industry 4.0, forging new global links due to its capabilities in advanced manufacturing. The world-leading research, commercialisation and tech-transfer expertise at the Advanced Manufacturing Research Centre (AMRC) is shaping and creating industries across the globe, from aerospace to the automotive industry, to agriculture, healthcare and AI.

The AMRC is clustering some of the world’s major manufacturing companies with ground-breaking academic research and development in a centre of innovation that is already home to McLaren’s £50million composites centre, Boeing’s smart fabrication facility, and Factory 2050, the UK’s first fully reconfigurable collaborative research facility. And the AMRC continues to drive its influence forward through a new partnership with one of the most dynamic manufacturing regions in South Korea.

The AMRC is also working closely with Sohar University to develop a new cluster of research and development and industrial production in Oman. AMRC Oman will be the first of its kind in the Gulf and further demonstrates the global influence of the collaborative approach pioneered by the University of Sheffield in shaping the future of high-value manufacturing, product development and research commercialisation.
5. Conclusion

This report began by painting an optimistic vision of where our cities could be in 2030. This vision is perfectly achievable, and the rewards are huge, but it will take political will and a lot of hard work on the ground.

Meanwhile, the UK’s urban story continues to develop. Our Core Cities have faced incredible challenges and tackled them head on. They are now regarded as global success stories in their own right, driving trade, business and jobs growth.

Yet the Core Cities’ and surrounding city regions’ success has been restricted by a lack of investment and foresight from successive governments, and a state system that is overcentralised and unable to act in a locally agile way.

We cannot simply shift policies wholesale from one nation’s system to another, but we can learn from other places. If the UK’s Core Cities city regions are to achieve the same levels of sustained productivity as those of other international cities, we must support and build on the strong local leadership the UK has seen over recent decades, backing people who know their places best.

At the heart of our vision is a new Post-Brexit Settlement, to renew the social contract between citizens and the state, uniting people behind a common ambition to improve living standards and local quality of life as we leave the European Union.

All of our ideas are eminently achievable. A better, more inclusive future for all is within our reach. As cities, we will work together and with others to make our vision for 2030 a reality.
Three Steps To Achieve Our Ambition

Below we set out practical, achievable and measurable steps to achieve our ambition. We don’t need to wait to rewire the whole system or change legislation; we can start to build a positive, prosperous future today. As we have seen, strong city leadership, despite its limited suite of powers, is already making substantial progress.

**Step One: Where Do We Want To Be?**

**Outcome-focused policy**

Fundamental to achieving our ambition is deciding where we want to be and measuring progress along the way. That will ultimately require more detailed work, benchmarking performance nationally and internationally in a more standardised way than we do now in the UK.

It also means that information needs to be easier to understand at the level of cities, not just regions, which is not the case for much of our data, for example for international trade and poverty.

As cities, we will refine our targets and monitor progress against them, but also call on Government to do the same. At Budget each year the Chancellor reports on national economic growth. We would like to see a report on inclusive growth as well, how the UK is reducing deprivation, and to see performance reported on for cities and city regions as well as regions.

In this section we set out some of the main outcomes the UK must now chart a course towards for its cities.

**Economy**

The Core Cities city regions deliver 26 per cent of the UK’s economic output, which now stands at £446.5 billion, a figure which has risen by 18.4 per cent since 2013. If the Core Cities average economic output was raised to the same level as a set of comparable EU cities, it would put around £100 billion into the economy each year – the value of our country’s motor vehicle industry.

<table>
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<th>Potentially an additional</th>
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<td>£100 billion</td>
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*The same size as the UK motor vehicle industry*

Although Core Cities city regions’ productivity has grown, particularly quickly in the early years of this century, and the gap has closed with some international competitors, it has not been at levels that would be expected internationally. As drivers of the national economy, the Core Cities represent a unique part of the UK’s ‘productivity puzzle’ and show significant potential for further growth.

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1 Measured against the per capita combined averages of: Barcelona, Cologne, Düsseldorf, Frankfurt, Helsinki, Leipzig, Lille, Munich, Rotterdam and Turin.
However, economic rebalancing of the UK remains an unachieved ambition, with little sign of change, and increased infrastructure investment and a decentralised adult skills system cited as two critical issues. Compared to the Core Cities average, productivity per person is 64 per cent higher in Munich, 54 per cent in Helsinki and 22 per cent in Rotterdam.

### Productivity per person

<table>
<thead>
<tr>
<th></th>
<th>Core Cities</th>
<th>Munich</th>
<th>Helsinki</th>
<th>Rotterdam</th>
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<tbody>
<tr>
<td>+64%</td>
<td>+54%</td>
<td>+22%</td>
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### Economic outcomes

- Core Cities city regions’ productivity to rise above the national average to match comparable clusters of cities in Europe, North America and Asia, adding around £100billion to the economy.
- Halting the rising economic gap between the South East and the rest of the UK, halving it by 2030.
- Increasing the UK’s urban balance of trade, eliminating the trade deficit.

### Infrastructure and environment

Climate change has significantly affected the Core Cities over recent years, resulting in severe flooding in several city centres. Poor air quality is resulting in around 15,000 premature deaths across Core Cities city regions each year, and worsened health for many others. Core Cities represent a significant opportunity to tackle carbon emissions, by increasing density and reducing reliance on cars through investment in green public transport.

Yet despite Government commitments to rebalance transport spending, investment levels across the South East as a whole remain several times higher per person than in the Core Cities urban areas.

In 2016/17, Core Cities’ urban areas saw 633.8 million rail-passenger journeys, a rise of almost 22.6 per cent over the past six years, with some cities seeing an increase of 30 per cent over the same period. Some 126.1 million tram and light rail journeys were made across the Core Cities in 2017/18 – an increase of ten per cent from 2015/16. Around 27 per cent of all UK bus journeys are made across Core Cities, and although this has risen in some cities, the total number has been in decline since deregulation. Rail travel has been increasingly unreliable on many routes, further adding to road congestion for commuters. Some estimates put the annual cost of congestion to the UK economy by 2030 at £21 billion a year, about the same as the total annual budget for transport now.

England’s Core City areas completed 25.6 per cent of the UK’s new housing in 2017/18; in Cardiff and Glasgow (where housing is a devolved matter) there was a combined total of 2,200 units, but much faster housing delivery is needed.

Housing costs have risen significantly, and private rents even more so, which has hit young people and families on low incomes hardest, creating a barrier to social mobility. There are around 130,000 residential planning permissions across the ten Core Cities, which if built on would be the equivalent to eight years’ delivery at 2015/16 levels. In addition, there is substantial brownfield land which could be brought into use for housing, near existing infrastructure.

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1 Ernst and Young Regional Economic Forecast 2018.
2 INRIX and the Centre for Economics and Business Research, 2014.
3 ukpublicspending.co.uk 2018–19 figures.
4 2016 figures.
Cultural vibrancy is key to city success, yet resources for culture overall are decreasing. The Cultural Cities Enquiry, supported by the Core Cities, Key Cities, London Councils and all four UK Arts Councils, is working to deliver recommendations that address this.

Digital infrastructure in the UK is falling behind the competition, with the UK ranked 35th out of 200 countries for broadband speed in a recent survey.¹

**Infrastructure and environment outcomes**

+ Improved travel times within and between city regions.
+ Reduced carbon emissions and improved air quality, reduced congestion, car and non-electric car journeys.
+ Safe, decent and affordable housing at a level that matches local need, with no one sleeping rough.
+ A high-quality, sustainably resourced culture and leisure offer for all.
+ Future-proofed digital infrastructure that supports commercial, social and public service activity.

**Measuring progress**

To know how well we are doing as cities and city regions, we would like to see the following:

+ Better and more consistent data available at the level of the city and city region.
+ An annual inclusive growth report at Budget each year to accompany the one on national economic growth.
+ Performance reported on at city and city region as well as regional level.

**Employment and skills**

Core Cities city regions now contain over 30 per cent of all the UK’s jobs, yet the average unemployment rate is higher than the UK as a whole. If the unemployment rate in the Core Cities city regions was brought down to the UK average, an additional 80,000 people would be in employment. Importantly, employment rates are rising and unemployment falling at a faster rate in the Core Cities than the national average, indicating this gap may close.

Although employment figures are currently very high, working patterns have changed significantly across the Core Cities, reflecting UK trends, with big increases in people working part-time, on zero-hours contracts, for agencies and in self-employment. Wage growth has also slumped, and these factors contribute to sluggish productivity in the UK economy. Reductions in working age and in-work benefits are exacerbating this shift, increasing earnings inequality.²

On average 22.5 per cent of jobs in the Core Cities pay below the living wage – more than the national average (22 per cent). If the proportion of jobs paying below the minimum wage across Core Cities met national levels, an additional 116,571 jobs would pay the living wage.

+ More and better jobs, above the levels currently predicted across Core Cities urban areas, with better opportunities for in-work progress.
+ Numbers of people paid the real living wage exceeding the national average.
+ All young people in education, employment or training following compulsory education.
+ Levels of adults with no qualifications reduced significantly.
+ All children starting school ready and able to learn.

¹ M-Lab and Cable UK, 2018.
Inclusive growth

Although prosperity and economic inclusion is increasing across the Core Cities city regions – and in some cases faster than the South East of England\(^1\) – they still contain higher levels of deprivation, numbers of people on low incomes and working families experiencing poverty than the UK average.

Life expectancy in Core Cities urban areas is improving, although lower than the UK average by a year for men and slightly less for women, largely because it varies enormously – as much as ten years between more and less affluent areas – suggesting a place-based approach to health policy is needed.\(^2\) There is some evidence that UK life expectancy rates have flattened, due to reduced public services and increased fuel poverty, which disproportionately affect the elderly poor.\(^3\) Urban life expectancy for EU comparators is on average two years higher than the UK’s Core Cities.

Demand for local services, particularly adult and children’s care, is rising, which impacts more significantly on urban areas because of their density and higher levels of deprivation. If current rises remain unchecked, by 2025 the number of homeless families could increase by 78 per cent or 65,000, and the costs of adult social care may rise by around 30 per cent in England alone. This could result in a funding gap between the services needed from and the income received by local authorities of £7–8billion per year,\(^4\) leaving little if anything to spend on economic development.

Inclusive growth outcomes

+ Reduced inequality, improved living standards and higher wages for the least well-off, with no working family experiencing poverty.
+ Life and healthy life expectancy levels at least matching the UK average, with disparities between areas within cities and city regions significantly reduced.
+ Service demand reducing in key areas, including numbers of children in need of safeguarding.
Step Two: How Do We Get There? An Urban Trade and Productivity Package

1. Boosting trade and making cities more attractive to investors

As Brexit negotiations proceed it is critical that the Government fully understands how Core Cities trade and attract international investment, co-designing strategy to improve performance. The Core Cities city regions are the UK’s most significant international centres for trade and distribution outside London, delivering 20 per cent of UK export trade, 48 per cent of which is to the EU and 52 per cent to non-EU countries. Collectively, their biggest international markets are the USA, EU (particularly Germany, France, Spain and Ireland), China, UAE and Japan. Strong emerging links include India, Canada and Australia.

The levels of foreign direct investment (FDI) are rising across several Core Cities at a faster rate than London and the UK as a whole. A recent survey concluded that:

“Looking across the FDI performance in 2017 ... outside London, it is clear that cities remain a strong and often vitally important focus and driver for inward investment activity.”

Although the way we promote the UK’s cities internationally needs an overhaul, with for example more trade missions specifically for cities, promotion itself is not enough. Securing greater FDI, trade and exports relies on recognising and improving the asset base that makes cities attractive and investable in the first place. The Core Cities already have a unique asset base to build upon.

Core Cities have dynamic international business and university links. Their airports connect directly to over 280 cities across Asia, Africa, Europe, the Middle East and North America, stretching beyond London to Chicago, Dubai, Istanbul, Beijing, Hong Kong, Singapore, Vancouver and Los Angeles. International cultural and community connections are very diverse, the foundations of which go back many generations, with around 200 languages spoken across the Core Cities. In 2017, over 80 million passengers used a Core City airport, a rise of 7.7 per cent over the previous year.3

Business, financial and professional services employ over 1.9 million people in the Core Cities – 28 per cent of this important sector.

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1. Where comparable data available for eight of the ten cities, 2016 figures.
2. Ernst and Young Attractiveness Survey 2018: In Transition.
3. Civil Aviation Authority: Table 8 Air Passengers, 2017.
Growing key industrial clusters

+ **Tailored packages of support to exploit key industry clusters:** Working jointly with cities and industry on ‘place and sector deals’ as part of a speeded-up launch of local industrial strategies. Alongside this, work should take place jointly with Whitehall to specifically exploit the Core Cities ability to address the Industrial Strategy Grand Challenges.

+ **Strengthening the UK’s financial services offer:** Core Cities provide an opportunity for a complementary offer for financial services that are not dependent on a London base. Each of the Core Cities has strengths in financial services, which could be further developed.

Improving infrastructure and attractiveness

As set out under ‘Where do we want to be?’ above, the Core Cities are essential and busy transport hubs, connecting out into city regions, the rest of the UK and with increasingly strong global links. Levels of infrastructure investment – including for digital – are however not keeping pace with demand or with the competition elsewhere, which has an economic and social cost.

Maintaining a world-class cultural offer, safe and vibrant city centres and availability of housing are all important to the attractiveness of a city, to residents and potential investors.

+ **World-class infrastructure upgrade:** The infrastructure investment package earmarked for cities in the National Infrastructure Assessment\(^1\) should be committed to immediately by Government, and transport resources and governance devolved where cities and groups of cities want this to happen. HS2 is fundamental to rebalancing the UK’s economy and supporting the investability of the UK and its cities. Commitment to this must continue as a step towards a full UK-wide high-speed rail network. The UK’s urban digital infrastructure is also behind the competition.

+ **More and better housing:** Housing delivery across the UK and the Core Cities is improving, but we can do more. For example, incentives and disincentives to land banking and developers sitting on unbuilt planning permissions could unlock 130,000 more homes across the Core Cities. The rental market across the Core Cities has grown significantly since 2008, and there is a need for greater regulation to ensure people have access to safe, decent homes with fair rents over the coming years.

+ **City centre street scenes:** Safe, attractive high-quality city centres are critical economic drivers, but cities do not always have the powers needed to keep them this way. Cities need more ability to: regulate taxis; address pedlars, aggressive begging and ‘chuggers’; and more support for bringing rough sleepers off the streets and ensuring they don’t get there in the first place.

+ **Sustainable, vibrant culture:** Culture and creative industries are key business sectors for Core Cities, and a vibrant cultural scene is vital to attract and retain the talent business needs. Core Cities are supporting the Cultural Cities Enquiry, jointly with Key Cities, London Councils and the four UK Arts Councils. Its recommendations – due in autumn 2018 – should be adopted to ensure culture can be sustainably resourced.

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\(^1\) National Infrastructure Assessment, 2018.
CASE STUDY 5: CARDIFF

The overlap between its thriving creative cluster and its digital sector is a central part of Cardiff’s economic strategy. In developing the cluster our response has been multi-faceted. While major developments, such as the BBC Wales HQ in Central Square, anchor the sector, there has also been a focus on softer sector support. The council has supported the Cardiff University-led Creative Cardiff initiative, which has not only created a network of over 1,750 companies, but has also provided a platform for partnership working in the sector. This has led to the development of funding bids such as the recent submission to the Creative Industries Clusters Programme that will invest £80million in eight new creative research and development partnerships in the UK.

The council has also supported the establishment of Cardiff Start, a group of entrepreneurs, startup founders, creatives, students and investors who provide sector specific support.

The council has also worked with private partners, such as Tramshed Tech, to provide appropriate space for technology and creative startup businesses in the city, providing a shared space to network and collaborate. Critically this is located near to the new BBC Wales HQ to link new businesses with the city’s anchor development.

Consolidating and growing trade links

+ **Flex UK trade and investment policy to exploit cities’ unique assets and connections:** This should include more trade missions focused on Core Cities and groups of cities within regional networks, working with other international city networks and tasking the UK’s ambassadorial and consulate network to support Core City links.

+ **Consolidate then expand international links:** Focus initially on the USA, EU, China, UAE and Japan. The Core Cities and Department for International Trade should then build a collective approach to new market opportunities, eg. India, Canada and Australia.
In February this year Core Cities UK leaders and mayors along with representatives of EUROCITIES travelled to Brussels to meet with the EU’s chief Brexit negotiator, Michel Barnier. A useful and constructive conversation took place about the role of cities in a post-Brexit Europe. BBC Home Affairs Editor Mark Easton accompanied the group as part of a report for BBC News at Ten, and leaders and mayors were also featured in national, international and specialist media. Further meetings in the European Parliament are planned and leaders and mayors will attend this year’s EUROCITIES summit in Edinburgh.

2. Urban productivity and inclusive growth

The UK has the widest regional economic disparity in Western Europe, and although the Core Cities’ average productivity was rising before the crash of 2007–08, it has remained relatively static since, and UK urban productivity is low by international standards. Compared to the Core Cities’ average, productivity per person is 64 per cent higher in Munich, 54 per cent in Helsinki and 22 per cent in Rotterdam.

The type of Brexit the UK experiences matters for Core Cities’ trade. Leaked Government estimates have suggested that a ‘no deal’ scenario, relying on World Trade Organization rules, will impact the UK’s regions, and therefore the Core Cities, harder than other options, with current economic output reducing by up to 16 per cent, impacting on sectors that are particularly important for Core Cities.

Delivering a successful post-Brexit economy and society goes beyond the terms of the deal done with the EU and requires powerful local industrial strategies that enable all cities to respond better to economic shocks and seize opportunities.
CASE STUDY 6: MANCHESTER

Manchester City Council has worked with local and international partners including Health Innovation Manchester to establish a world-leading precision medicine campus in the Corridor Manchester Enterprise Zone. The council approved a one-off investment of up to £21 million which is underwritten by future income from business rates, alongside a £3 million loan from the Greater Manchester Combined Authority. The funding will be used to support the expansion of the German-headquartered firm QIAGEN into Citylabs 2.0.

This investment will directly create approximately 250 jobs and safeguard an extra 215, while supporting more than 1,000 more indirectly across the area, adding an additional £140 million to Manchester’s economy over the next decade. QIAGEN will anchor the life sciences sector, attracting small and medium-sized enterprises as part of an Applied Health Innovation Campus and reinforcing the city’s reputation as a world leader in this vital emerging industry. The sector already contributes more than £10.8 billion a year to the UK economy and was identified in the Northern Powerhouse Independent Economic Review as one of the North of England’s key strengths.

Core Cities city regions have a decisive role to play in addressing the UK’s productivity challenge, and delivering an inclusive economy for strengthened communities, improved life chances and living standards. All of these things are essential components of a successful post-Brexit economy and society. We must have growth, but more people must also feel they have benefited from it.
Thinking beyond Brexit, acting now

+ **Ensuring trade benefits:** EU exit negotiations should ensure continuing or replicating tariff-free UK–EU trade. Where there are adaptation costs (e.g. investment in new technologies to facilitate trade), transition support must be provided.

+ **Creating equivalent standards:** The ability of UK-based manufacturing firms to participate in European supply chains must not be diminished. Common standards are needed to ensure that key sectors like creative, digital and healthcare continue to benefit from equivalent regulations.

+ **Maintaining access to skilled people:** Supply for local labour markets and international students from the EU will still be needed. Immigration policy should be based on skills audits and gaps in local labour supply.

+ **Enabling future city-to-city collaboration:** Working with European cities in future EU programmes should be open to UK cities and their institutions along with funding, for example on innovation, research and development, cohesion policy and increasing the UK’s urban balance of trade (already agreed in principle by UK Government in some areas).

+ **Independent Post-Brexit Settlement Commission:** Devolution of power and resources from the EU to the UK must not stop within parliament, but be handed down to cities and their citizens, with a commission established to determine which powers will be devolved. This should begin work before Brexit (see page 33).

+ **An Urban Brexit Transition Forum:** A UK–EU forum should be instigated, including the Core Cities, Key Cities, London Councils, EUROCITIES and Government representatives to understand the impacts of transition specifically on cities and how to mitigate these in a mutually beneficial way.

Industrial strategy: investing in city foundations

+ **The world’s most innovative cities:** In addition to the proposals above for creating world-class infrastructure and accessing EU innovation links, innovation funding within the UK needs to be rebalanced over time to support a more innovative urban economy, meeting the Government’s Grand Challenges through the Core Cities.

+ **Globally competitive labour markets and better jobs:** Further devolution of adult skills and employment systems including elements of apprenticeships and underspent apprentice levies, creating a demand-led system to meet the needs of business. Link this to policies to increase inclusive growth, and to programmes to raise educational attainment in schools.

+ **The best cities in the world to do business:** Investing in the Core Cities Growth Hub network, aligning national and local programmes for business support to increase in-work productivity, and joining up Growth Hubs to create a valuable business intelligence resource for the nation.

+ **Building growth and resilience into urban economies:** The industrial strategy is based on a ‘growth’ principle, but each past decade has seen at least one economic shock in the UK. Therefore, we must also ensure urban economies are able to be resilient to shocks and recover quickly when they happen. A skilled labour market is key to this.
CASE STUDY 7: GLASGOW

The University of Glasgow Imaging Centre of Excellence (ICE) opened in March 2017 – a £32 million investment in a unique medical research facility at the Queen Elizabeth University Hospital, the largest acute hospital in Western Europe. It brings together world-leading research, cutting-edge technology and international business investment under one roof, and will act as a hub for translating science into economic and patient benefit for Glasgow, Scotland and the UK.

The unique facility was built in collaboration with NHS Greater Glasgow and Clyde (NHSGGC) and with funding from the Medical Research Council and Glasgow City Region City Deal.

ICE is pioneering the use of precision medicine. The facility hosts world-leading imaging clinical research facilities and is home to Scotland’s first 7-Tesla MRI scanner.

The state-of-the-art building also houses the Clinical Innovation Zone, a space dedicated to biomedical companies. This Zone has already attracted international small and medium-size enterprises (SMEs) from around the world.

The project will bring 396 new high-value jobs to the city over a seven-year period and has been independently assessed to contribute £88 million to the local economy.
CASE STUDY 8: LIVERPOOL

Paddington Village is part of Knowledge Quarter Liverpool, an unrivalled concentration of education, medical, bioscience, health-related research and digital technology industry situated on the eastern side of the city centre.

With its focus on the knowledge economy, the 30 acre site is recognised as one of the key areas of economic growth not only for the city but for the wider region, and it has an important role to play in rebalancing the national economy. In order to ensure that this growth potential is realised, Liverpool City Council has targeted policy and investment alongside the Liverpool City Region Combined Authority through the devolution agreement.

The Knowledge Quarter has been designated as a Mayoral Development Zone and expansion of the zone via the Paddington Village development scheme is a crucial internationally facing intervention to support the city and city region’s future growth.

In the next few years phase 1, Paddington Central, will become home to the Royal College of Physicians northern base in the iconic 14 storey Spine building. Alongside this there will also be a world-leading proton beam cancer treatment centre, a live/learn international college and a hotel. Further plots on the site are set to be office, lab and residential units as well as space for cafés, restaurants and shops to create a true urban village.

Driving inclusive growth

+ **Targeted investment and incentives for inclusive growth:** The proposed Shared Prosperity Fund should be focused on achieving inclusive growth targets and be devolved, with spending brought forward as soon as possible – this may negate the need for a separate nationally distributed fund at all. Tax incentives, based on the US model for ‘Opportunity Zones,’ should be adopted where these will bring investment to places that need it most.

+ **Asset-based approaches, investing in prevention and Early Years:** Investing in people as assets, rather than problems, shifting the focus to prevention and personal development, including a renewed understanding of the importance of Early Years and early intervention programmes.

+ **Longer-term joined-up national and local plans and budgets:** Delivering the above by enabling localities to plan further ahead for more of their services – at least five years – integrating spending and delivery plans across local and national services for: health, care, skills, employment, education, careers guidance, culture and housing.

+ **Ensuring sustainable public finances:** Addressing the need for a sustainable solution to social care funding for cities, which have greater demand and less ability to raise funds, which otherwise threatens to undermine the economic role of cities. This relies on increasing the overall level of resources available to local government.

Step Three: Tangible Commitment To Change

A New Post-Brexit Settlement

Together, the Core Cities have achieved great things. This partnership has always been stronger when Government and Parliament across parties and the UK’s regions has worked with us. Standing at the cusp of the greatest changes we have faced in decades, that partnership has perhaps never been more important.

But this is not just a case of engaging in technical discussion. The 20million people living in Core Cities city regions need to see a visible, tangible commitment that the outcomes we set out in this report will be delivered – and that things will change for the better.

In 1919, the Government was a driving force behind founding the International Labour Organisation, setting out a new social contract for fair pay, working conditions and social justice, understanding the link between these goals, economic prosperity and peace.

CASE STUDY 9: BRISTOL

As part of the expansion of its Startup Cloud Accelerator programme, Oracle has based its UK accelerator at Engine Shed in Bristol. The accelerator works with local organisations and institutions, such as the University of Bristol, its award-winning SETsquared business incubator and Invest Bristol and Bath, to drive innovation and reimagine how enterprises help startups grow and contribute to the UK and global economies.

The initiative fuels cloud-enabled innovation round the globe by opening new centres in Bristol, Bangalore, Delhi, Mumbai, Paris, Sao Paulo, Singapore, Tel Aviv and Austin. Run by members of the Oracle research and development team, the programme provides six months of mentoring from technical and business experts, state-of-the-art technology, a co-working space, and access to customers, partners and investors. It also offers an ever-expanding global network of startup peers.

“Oracle’s support of the UK cloud ecosystem will be welcome news to startups across the UK. Increasing the adoption and use of cloud technologies is key not only to the growth of the IT sector, but also the digital transformation and expansion of organisations of all size in all industries across the economy,” said Julian David, CEO of techUK. “The tech supply chain often sees large and small companies working together to deliver innovative solutions that will help companies realise the full opportunities the cloud has to offer.”

Background note: Oracle is a multinational computer technology company that primarily develops software to sell to enterprises (B2B).
That changed countless people’s lives for the better, but today across the UK too many people once again feel left behind by global change and that our economic model is failing them.

Almost 100 years on, as we leave the EU and face new economic and social challenges, a renewed social contract is needed between the UK’s national and local states, between citizens and Government.

A New Post-Brexit Settlement for Place should be a bold, powerful statement of ambition to address inequality, create more and better jobs, equip people with the skills to take them and give citizens more control over the decisions that affect their lives and the place where they live.

+ A Pledge for Prosperity for the many, so no working family experiences poverty.
+ A roadmap to delivering our proposals, and to localise more of the tax base, empowering local people.
+ Ensuring all corporations pay their way and using proceeds to directly address inequality.
+ An Independent Settlement Commission to oversee devolution of power and resource to localities following Brexit.
+ A Cabinet minister with responsibility for delivering the New Settlement and cross-departmental committee with representation from localities.
+ Holding a convention to agree the detail of the New Settlement, announcing a commitment to do so within the next Budget and Spending Review process.
+ Signed by Government and localities in 2019, and reported on at each Budget thereafter.

CASE STUDY 10: BIRMINGHAM

The Birmingham City Centre Enterprise Zone (EZ) was established through the Localism Act of November 2011. It operates through the unique ability to retain future uplift in business rates. Borrowing against the forecast uplift in business rates is used to fund strategic site investment, infrastructure and business support. Initially the EZ covered 69 hectares across 26 sites with business rate uplift retention until 2038. As part of the West Midlands Devolution Deal of November 2015 the EZ was extended by an additional 44 hectares across a further 13 sites, and the period for business rate uplift retention was extended to 2046 to maximise the growth potential of the Curzon area surrounding the proposed Birmingham city centre HS2 terminus station. Since 2011 £109million has been invested into infrastructure and development schemes across the EZ, enabling:

+ £511million of private investment
+ the acceleration of 185,397 square metres of floor space
+ the delivery of 3,718 jobs
+ a range of key occupiers such as HSBC, HS2 Ltd and HMRC.

Over its lifetime the EZ is expected to deliver 1.1million square metres of new commercial floor space and 71,000 new jobs, and contribute £2.3billion to the economy in GVA per annum while generating in excess of £2.2billion in additional business rates.
CASE STUDY 11: BELFAST

Belfast’s global expertise in cyber security

Note: Belfast is not a member of Core Cities UK but works closely with and shares many aspirations of the group.

Northern Ireland is set to be one of the world’s leading cyber economies by 2026. This ambition will be realised because of our thriving knowledge economy, exemplary talent pool, pioneering research, and secure and resilient infrastructure.

Belfast is the world’s number-one destination for US-based cyber tech investment. With over 1,200 people currently employed in tech-related jobs, the city is fast becoming a global hub for cyber security. One of the focal points is the Centre of Secure Technologies, the UK’s innovation and knowledge centre for cyber security. The largest of its kind in the UK, this flagship centre counts BAE Systems, Infosys, IBM and Thales among its partners. It was recently re-accredited as a UK Academic Centre of Excellence in Cyber Security Research.

Belfast City Council is supporting the development and implementation of a Strategic Framework for Action for the Northern Ireland Cyber Sector. This framework will ensure that the city is ready to tackle head-on the demands and needs of cyber security for the public, businesses and public services. It will cement Belfast’s position globally as a leading cyber hub, deliver 5,000 high-value knowledge jobs, and create a safe and secure environment for all.
Core Cities UK Forward Programme

Core Cities UK remains a powerful and unique voice for UK cities, and continues to campaign and influence around a range of issues relevant to the urban agenda, including:

+ **Housing:** Core Cities UK has worked together and with Government to greatly increase new housing delivery. It also recognises the huge growth in private rentals in cities and the problems this can create of security and affordability for tenants. Core Cities are working together to address these challenges.

+ **Local government finance:** Core Cities UK believes the current system is broken and places increasingly unfair burdens on cities. Alongside proper fiscal devolution, we need finance settlements that are transparent, recognise the challenges caused by demographics and the economic role of cities.

+ **Towns and cities:** Core Cities UK is, with the think tank Centre for Cities, looking at the links between cities and their surrounding areas with the aim of creating policies that work for both.

+ **Skills:** Core Cities are exploring ways of ensuring the adult skills system is more able to meet local demand and the needs of businesses, particularly in the context of Brexit.

+ **Culture:** The Cultural Cities Enquiry is a joint enquiry with Key Cities, London Councils and Arts Councils in England, Scotland and Wales. Chaired by Virgin Money Chief Executive Officer Jayne-Anne Gadhia, the enquiry seeks to advance the debate by taking a detailed look at how culture can be more effectively resourced across the UK.

+ **Environment:** We are currently working with colleagues at DEFRA on city-specific solutions to air pollution. Several of our cities are currently consulting on Clean Air Zones. We are proud supporters of National Clean Air Day.

Core Cities and the devolved administrations of the UK

It is important to note that two of the Core Cities, Glasgow and Cardiff, exist within devolved administrations, where several policy areas of shared concern across the Core Cities are devolved matters, resting with those Parliaments for final decision rather than Westminster. Examples include – but are not limited to – housing, air quality, health, elements of infrastructure and aspects of the public finances.

While all the Core Cities share a common agenda for strengthening the role of the UK’s cities and unlocking more of their potential for communities and businesses, there may be differences in exactly how the policies to achieve this would be implemented in the devolved administrations. In particular it should be noted that Glasgow City Council shares the position of the Scottish Government on Brexit.
A Timetable for Change

**Budget 2018 and Spending Review**

- Government to announce plans to develop a New Settlement for Place, to be drawn up over the coming months and launched in 2019.
- A detailed set of proposals and investment plans drawn up jointly with cities and city regions to deliver the Urban Trade and Productivity Package, to boost productivity, inclusive growth and jobs.

**Early 2019**

- A process to build ‘outcome-focused’ policies given ministerial backing, with a joint forum agreed between city and Whitehall officials to set targets and agree monitoring and delivery.
- Launch of the New Settlement for Place, setting a course towards a decentralised future that empowers local citizens.
- Prime Minister to convene an urban economic forum with cities and city regions.
- Based on the above forum, Government to take urgent action to ensure that cities and city regions have the tools they need to grow their productivity and global competitiveness, to create a strong post-Brexit economy.