

## ***BUDGET 2021 - BUILDING THE FUTURE ECONOMY: RESILIENT CITIES FOR NATIONAL PROSPERITY***

### **1. Core Cities offer to Government**

Core Cities UK stand ready to manage a rapid, positive transition to the future economy, creating and protecting jobs, and growing business and trade links now we have left the European Union. Our cities are economic hubs of innovation; we know that we can do more to diversify the UK's urban offer, capturing more global economic activity and providing different and affordable lifestyle choices.

Recent policy focus from this Government has been on towns. We understand the need to address the long-term economic challenges of all places across the UK. The Levelling Up Fund will provide much needed capital investment in this respect, but emerging policy must recognise the UK's towns and cities have a complex, mutually dependent economic relationship.

Successful economic policy should understand how to leverage these relationships to get the most from all our urban communities, through a mixture of investment, freedoms and policy reform, encouraging innovation and making the most of cities' global links and international opportunities for everyone's benefit.

Core City authorities work closely with city region partners, and although there are functions that should be delivered at that level, urban local government has a unique set of powers and abilities to do much of the heavy lifting to manage economic transition. Urban cores have a distinct set of assets and role in helping others succeed and in delivering key national objectives like Levelling Up and Net Zero.

Our vision is a fully modernised, resilient UK economy and population, trading powerfully on the global stage; with growing business, quality jobs, improved social mobility, health and education back at home.

### **Core Cities need Government to...**

- 1) Set up Place Innovation Deals, brokered across Departments as a concrete step toward devolved, multi-year flexible budgets
- 2) Move to a sustainable local government finance model and three-year settlement
- 3) Create revolving door investment funds by flexing existing instruments, combined with any new funding including devolving the UKSPF
- 4) Maximise use of COP26 as a trade and investment as well as a policy platform
- 5) Co-design a Localised Skills and Employment Package
- 6) Establish a Green Industrial Growth Package
- 7) Leverage the role of Universities for innovation
- 8) Radically improve fixed and wireless access in our cities
- 9) Unleash an Urban and inter-urban 'Infrastructure Revolution'
- 10) Negotiate an Urban Trade Package, leveraging UK cities' Soft Power

### **2. Key Messages for Budget 2021**

- ***Harnessing the technological and social innovation of cities will help the whole of the UK Level Up***
- ***Back local leaders to secure employment and reduce health impacts***
- ***The UK's success relies on sustainable public services***
- ***Cities are the key to recovery, particularly the urban core which can do the heavy lifting***
- ***This crisis creates an opportunity to address long term issues that have held the UK back***

**a) *Harnessing the technological and social innovation of cities will help the whole of the UK Level Up:*** Cities are natural innovators and we must harness their creativity like never before.

Many past innovations we think of as ‘national’ have in fact emerged from place-based pilots and then scaled up: our great railways, the National Grid, utility companies and the NHS. Government has an opportunity to back civic leadership in cities to create a new wave of innovation, through ‘Place Innovation Deals’ between public, third and private sectors that can be scaled up, unleashing our talent to overcome the C19 legacy, and go further.

**b) *Back local leadership to secure employment and reduce health impacts:*** The combination of high employment in sectors like retail, hospitality and tourism across Core Cities - already at risk from restructuring - and further restrictions on activity and travel could result in large-scale unemployment, particularly for the young and vulnerable. This will have economic and public health consequences. After being off work for 6 months, only 1 in 5 return to work, and after 2 years, people are more likely to die or retire than return to work<sup>i</sup>.

City authorities have a unique set of connections and leadership ability across economy, community and business through which they can act to protect jobs, retrain and re-employ people. Changes in cities, for example turning some office space into residential, or housing retrofitting, will create new job opportunities. National Skills and Employment objectives must understand and support this local leadership role, providing local flexibility to maximise impacts. In addition, the proposed Integrated Care Services must be built on a partnership of equals with our authorities, recognising their democratic mandate, but also their ability to bring a wider range of services to focus on individual and community health (see Core Cities ICS consultation submission at [www.corecities.com](http://www.corecities.com)).

**c) *Success relies on sustainable public services:*** Properly resourced local government is a basic building block of success. Cities have been hit hardest by COVID-19 not because of density, but deprivation and inequality. For example, obesity increases COVID mortality risk by 50%, and people in deprived communities are far more likely to suffer from it. 40% of low productivity in Core Cities can also be attributed to deprivation. Local authorities have a key role to play yet, despite Government intervention throughout 2020, still face an unparalleled financial crisis, which unless addressed will undermine population health, recovery and future resilience.

**d) *Cities are the key to recovery, particularly the urban core which can do the heavy lifting:*** COVID-19 has impacted profoundly on cities, but they have weathered pandemics before, are here to stay and critical to our economic future. Core Cities city regions deliver 26% of the UK economy, and are at the heart of mutually dependent networks of towns and cities. Success relies on understanding how the assets, capacity and institutions of big urban centres can best be put to work to benefit the whole. Without Core Cities firing on all cylinders, other places will continually struggle and Levelling Up will not be achieved.

**e) *This crisis creates an opportunity to address long term issues that have held the UK back:*** To address not just the direct challenges of the pandemic, but to build on the Levelling Up agenda and changes accelerated by COVID-19 to chart an ambitious new course for a resilient, international future. To succeed, strategies must deal with underlying issues that were already holding back cities: low productivity; deprivation and poor health; low skills-levels; and poor air quality. To revolutionise urban connectivity and infrastructure we must invest in digital; mobility; energy; strengthened global links and increased innovation.

The alternative is 'Levelling Out', a limited recovery resulting in disengaged urban communities, with health, educational and productivity challenges worsening, acting as a drag on national economic performance. Below we set out how to achieve the positive vision.

### 3. Summary: Key Priorities for Budget 2021

Whilst we continue to live with COVID-19, economic recovery and renewal must be built around three related objectives which should be reflected in The Budget.

1. Continue to reactivate city economies as safely as possible.
2. Provide additional support to business, workers and residents in cities as national lockdown continues and is then lifted.
3. Back city leadership to innovate, address challenges, leverage opportunities and build resilience.

**Five Key Priorities** must be enacted to achieve the positive vision above, urgently increasing effort and accelerating impact across set out below, which take advantage of the density and concentrations of assets, population and skills found in urban areas, to benefit the national economy.

1. **Place Innovation Deals:** Next-generation place-based models (at locally determined geographies, e.g. Core City / city region / other) including: Whole System Public Service approaches; Single Pots for Infrastructure; and Core City and Neighbourhood recovery and renewal funds.
2. **Community:** building cohesive, resilient populations with a sense of shared civic purpose and pride, supported by sustainable public services including local government.
3. **Liveability:** smart, high-quality placemaking that creates attractive urban environments where people want to be and will trust.
4. **Opportunity:** inclusive, innovative economies and skilled labour markets, responding positively to opportunities and shifts that have been heightened by COVID-19.
5. **Connectivity:** accessible, internationally networked cities with fluid mobility within and between them, which look outwards to the world.

Our vision is a fully modernised, resilient UK economy and population, trading powerfully on the global stage; with growing business, quality jobs, improved social mobility, health and education back at home.

## 4. What we need to do: Five Key Priorities

### 4.1 Levelling Up: Place Innovation Deals: *Next-generation place-based model (across locally-determined geographies, e.g. Core City / city region / other) including: Whole System Public Service approach; Single Pots for Infrastructure; City Recovery & Neighbourhood Renewal funds.*

C19, like previous economic shocks, has had asymmetric impacts on communities and economies but many responses have been, and still are, place blind and siloed. This issue goes to the heart of the Levelling Up agenda and addressing productivity. For example, delivering positive Levelling Up outcomes for young people in towns and cities relies on joining up services to create a pathway that incorporates: Early Years, education and careers guidance; employment, entrepreneurship and job creation; access to affordable housing, workspace and childcare.

If Government wants to deliver Levelling Up and tackle inequalities, it should promote such joined up programmes, harnessing local knowledge and capacity to deliver in a place-based manner. The current system is not equipped to deliver this and needs to be incentivised to do so – in fact unaligned services can and do fatally undermine each other at the local level.

Opportunities will otherwise be missed, particularly in dealing with large-scale unemployment in areas where cities are vulnerable, like retail, hospitality and tourism, which will worsen if further restrictions are enforced. Cities have the ability to manage retraining, job creation and re-employment through local networks and knowledge in a way that national systems cannot deliver. Employment and Skills programmes must therefore have strongly localised components and flexibility built-in if they are to achieve stated national objectives (see 4.4 'Opportunity').

City authorities must have the ability to address these issues in a way which meets needs and opportunities of each area, alongside the resources to reactivate and then grow city centres, as drivers of wider regional economies. It is also critical that local economies can align local, sub-regional and national investment to capture maximum benefits and unleash potential. Without this, impact and value for money cannot be measured. Place-based deals should therefore be a vehicle to enable the following policy:

1. **Whole System Public Service approaches:** addressing deprivation, health, skills and employability in the round, with a focus on prevention, early intervention and Early Years.
2. **Infrastructure Single Pots:** enabling government's 'infrastructure revolution' in an efficient and timely manner, transitioning to the digital and Net Zero economy.
3. **Area-based Initiatives, specifically City Recovery and Neighbourhood Renewal Funds,** getting the urban core up and running and revitalising urban neighbourhoods, including through the Shared Prosperity Fund (see 4.3)

The key to a well-functioning place-based model is that it wholly incentivises and frees up the full range of national and local players relevant to a particular issue to work collectively at the right spatial level, pooling effort and resource over a long enough time horizon. Our view is that these geographies should be decided locally, and include measures specific to the urban cores.

It must also have democratic leadership and accountability built-in. Three sets of options are proposed to achieve this, which would be judged against the capacity and governance structures of each place to deliver.

1. Incentivised co-commissioning
2. Legally binding co-commissioned frameworks
3. Full devolution, with resource, powers and accountability (preferred for many Core Cities priorities)

Although what we are suggesting would have radical results, it is in some ways not a radical step, but instead a formalisation and tidying of pre-existing models into a National Framework around which Deals can be built that suit each place including, but beyond, Core Cities. These would cut across three broad areas of policy above, i.e. any of them could potentially be 'incentivised' 'binding' or 'fully devolved', operating at the relevant and agreed geography for each place.

Although a fully devolved model is likely to work best, the advantage of this approach is we do not need to wait and can take immediate action through this framework, constructing place-based settlements across Departments and agencies. This has to be a priority for both budget and the forthcoming Devolution White Paper.

### **For Budget 2021**

- Place Innovation Deals, # brokered across Departments as a concrete step toward devolved, multi-year flexible budgets, enabling the following:

- increased capacity in local government to deliver;
- pooling economic and infrastructure funds and resources locally to support Levelling Up;
- delivery of national funds to support City Recovery, including reactivation and adaptation of centres, and neighbourhood renewal;
- Whole-System approach to addressing deprivation and its impacts, and social mobility; and
- increasing focus on prevention, linked to growth of SME/tech/digital that can support this.

**4.2 Community:** *building cohesive, resilient populations with a sense of shared civic purpose and pride, supported by sustainable public services including local government.*

C19 has starkly exposed the links between our economy and a well-functioning public sector. The worse health impacts in urban areas are due to structural inequalities, particularly for deprived communities, ethnic minorities, women, migrants, people in poverty and the elderly<sup>ii</sup>.

Social cohesion, strengthened over many years by civic and community leadership, is coming under increasing strain in urban areas through localised lockdowns. It requires the sensitivity that only local knowledge can bring as we move through the pandemic. Communities as well as business are increasingly reliant on strong local leadership and uninterrupted public services to tackle these issues.

Yet local government faces an existential threat in cities through a combination of increased spending and reduced income resulting from C19, which has only been partially met by government support. In the short term, we must be adequately funded to deal with ongoing challenges, including temporary lockdowns and addressing community cohesion issues that have spiked as a result of the pandemic. In the longer term, a more diverse income should be available to local authorities, including fiscal powers.

Local public health interventions, coupled with other services like skills and employment, should be resourced to target deprivation through place-based interventions. There must now be a far greater focus on prevention. These are not just issues of health, social policy or wellbeing, but have a direct bearing on the future competitiveness of the UK. Prior to COVID-19, 40% of low productivity in some major urban areas was due to deprivation.

***For Budget 2021***

- A sustainable local government finance model and three-year settlement is a top priority, including for social care, enabling authorities to plan and play a full role in urban recovery. This should include increased headroom for capitalisation to meet revenue pressures.
- Support to connect university expertise and local authority community access to continue Test, Track and Trace, to create agile, sophisticated local responses and to ensure that a successful vaccination programme is put in place which learns the lessons from the overall COVID response.
- Link this to restructuring of Public Health England, strengthening local public health functions /capacity, and ensure that place-based approaches and equal partnership with local authorities is placed at the heart of future Integrated Care Services.

***For further exploration / co-design***

- Fundamental review and reform of how local and national taxation is used to fund public services in the future, including the current Business Rates model responding e.g. to rise in online retail.
- Widening the future income base for local government based on the above, de-risking future potential crises for public services, including greater local fiscal powers / devolution.

### 4.3 **Liveability:** *smart, high-quality placemaking that creates attractive urban environments where people want to be and will trust.*

Cities are here to stay, but what residents and visitors want and value about them has changed. Placemaking needs to respond positively, creating high quality places, housing and public space. Carlos Moreno's '15 Minute City', and Richard Rogers '2 Kilometre neighbourhood' offer a vision.

Urban regeneration, previously reliant in large part on EU funds, must be reinvigorated by innovative financing models, ensuring the UK Shared Prosperity Fund (UKSPF) is devolved, to at least the same level as existing EU funds. Smart Cities technology should be vigorously deployed in creating better places, strengthening resilience, creating tech sector growth and jobs in a global market that will be worth \$1.7trillion by 2025<sup>iii</sup>. Data can then be used to create maximum public service efficiency and impact.

A thriving cultural life and sector has long been understood as central to successful city economies, but in urban areas has been particularly vulnerable to COVID-19. It is vital that government support for the sector continues, otherwise we risk a cultural infrastructure built up over many decades and of immense, irreplaceable value to urban areas. Culture has also been used to reactivate troubled city centres (Detroit and others in the US). This could provide part of the solution to the challenge centres are facing.

#### **For Budget 2021**

- **Creating revolving door investment funds** by flexing existing instruments, combined with any new funding including devolving the UKSPF, that might pay back the majority of monies to govt over time.
- **Freeports linked to existing Enterprise Zones and TIFs, which should be re-energised** and the period for retaining business rate growth within any Zone / TIF extended from 25-40 years.
- **Enabling a second wave of TIF-style projects and value capture** (e.g. land values in growth corridors) to generate investment and safer routes to borrowing – invite proposals on what this should look like.
- **Strategic Place Partnerships with Homes England** quickly rolled out, including Housing Infrastructure Fund, aligning funding and capacity around the needs of each place, including affordable housing.
- **Implementing the Cultural City Enquiry recommendations:** The Enquiry Board has reconvened under its chair Dame Jayne Anne Gadhia, CEO of Virgin Money, and set out proposals in the context of C19, including the following, which Core Cities support<sup>iv</sup> based on making Cultural Compacts – formal local partnerships between cultural and other agencies, - central to economic recovery plans.:

#### *Funding proposals:*

- Maintain public support for the cultural sector at least at current levels in real terms.
- Provide additional funding to promote innovation and renewal within places:
  - £80m for a capital investment programme over 2021-2024 to repurpose underutilized high street and city centre facilities for cultural activity and to host early stage creative industries ventures.
  - £15m to extend existing government support of the Compact network to cover start-up costs of an expanded network, over 2021-24.
  - £75m for pathfinder projects deploying place-based portfolio approaches to redevelop cultural/heritage publicly-owned property assets, over 2021-24.

### *Policy proposals:*

- Recognise the role of Cultural Compacts within national policy and programmes, starting with the coming Devolution White Paper.
- Increase the flexibilities available to employers on the Apprenticeship Levy, so that the cultural and creative industries sector can help deliver government's ambitions in the Plan for Jobs.
- Consider the potential for fiscal incentives to stimulate investment in the cultural sector, particularly in places that will benefit from levelling up – for example, any future increase in Corporation Tax could be offset against evidence of positive local impact.
- We also urge government to ensure that changes to the planning system promote the potential for culture-led recovery and renewal.

### *For further exploration / co-design*

- **Planning reforms** have the potential to negatively impact on recovery, and should consider how to provide localities with the flexibility to ensure quality urban design, use of space to reactivate urban centres and address longer term changes in usage. Additional Burdens funding should be made available so local authorities can move quickly to use new tools, and an additional 'Zone' should be considered to deal with the complexity of urban development and regeneration, which is not encompassed by existing proposals. In order to achieve that % uplift in housing numbers within city areas, Government will need to provide extra resource to release difficult brownfield city sites. (see Core Cities submission to the Planning White paper, Annex 1).

#### **4.4 Opportunity: *inclusive, innovative economies and skilled labour markets, responding positively to opportunities and shifts that have been heightened by COVID-19.***

This crisis has also created positive shifts that people want to see remain and accelerate, particularly for a greener and more inclusive economic future. The opportunity is to build sustainability across multiple dimensions at the same time in line with the UN Sustainable Development Goals: improved population health and decreased deprivation; green industry, accelerated Net Zero and air quality; radically improved infrastructure; stronger labour markets and local industrial composition, creating resilience to future shocks.

The combination of high employment in sectors like retail, hospitality and tourism across Core Cities - already at risk from restructuring - and further restrictions on activity and travel could result in large-scale unemployment, particularly for the young and vulnerable. This will have economic and public health consequences. City authorities have a unique set of connections and leadership ability across economy, community and business through which they can act to protect jobs, retrain and re-employ people. National Skills and Employment objectives must understand and support this local leadership role.

To avoid permanent scarring of city economies we must keep more people in work and learning, and reskill people being made redundant, linking them to opportunities within economies through local knowledge and joined up policy. Kickstart is welcomed, but needs to flex more at the local level, linked to flexibilities for apprenticeships, targeted furloughing and support for businesses to adapt, keep people in work and create new jobs.

### **Core Cities Universities Declaration**

Universities are key to the future of modern urban economies, delivering innovation and business start-ups. R&D funding should be deployed to support the Levelling Up agenda particularly through our suggested Place Partnership approach.

Core Cities signed a joint Declaration with 24 of their Universities, which has been acknowledged by Government ministers and is to result in ministerial meetings in early 2021. The Declaration<sup>v</sup> sets out clear proposals to:

- Boost innovation to support Levelling Up across the UK, enabling councils, universities and business to work closely together, creating business and jobs growth;
- Reposition the UK internationally, increasing trade and export by exploiting the international links and Soft Power assets of cities and their universities; and
- Improve future local and national policy design and implementation by combining the research and other capacity of universities with their local authorities.

### ***Utilise COP26 as a trade and investment as well as policy platform***

COP26, taking place in Glasgow November 2021 – a Core City – offers a major opportunity to boost UK green industry and jobs. It is traditionally a policy event, but Core Cities have brought forward proposals to build a trade and investment Green Industry Expo alongside this, as a platform to promote UK business and investment opportunities. We are working with the Connected Places catapult to create major investable propositions for green industry which will boost jobs and business growth, and which will be presented to investors at this planned Expo. UK Government should invest an initial £200K seed funding into this initiative, which will then be match-funded by cities and the private sector to create a major international growth opportunity.

### ***Budget 2021***

- ***Localised Skills and Employment Package, co-designed***
  - A clearer post-16 offer, enabling local tailoring of Governments 'Plan for Jobs' package to improve impact and outcomes, including local flex of Kickstart
  - Choice in job offers to young people, with some sense of permanence in placements
  - Flexibility on Kickstart eligibility to reach 'inactive' young people and NEETS
  - Wraparound support from other services for the most vulnerable, e.g. health and mental health, creating a high-quality customer journey which understands support needs early on, providing support before, during and after placements
  - Achievement records and bankable skills for participants
  - Sectoral approach to skills for those most at risk / with biggest opportunities
  - Further devolution of Adult Skills Budgets
  - Repurposing existing funds with maximum flexibility including Skills Fund, ESF and unspent Levy. Flexibilities on current Levy Funds to include:
    - Extending the current two-year limit for use of apprenticeship levy funds, ensuring funds are not lost due to unavoidable recruitment or training freezes.
    - An extended window to re-engage redundant apprentices
    - Raising the 25% transfer cap so that additional funding can be made available to SMEs/supply chains that are able to continue employing/recruiting apprentices
  - Training for at-risk staff employed by viable businesses to be reskill and redeploy them;
  - Recruitment / job retention subsidies and extended NI reliefs to de-risk recruitment by business
  - Additional support for businesses in places entering local lockdowns and hardest-hit sectors, including targeted continuance of furlough
  - Improved data sharing, including post-code specific data of trainees, apprentices, job seekers and jobs created to enable local match



- **Green Industrial Growth Package**

- Provide £200K seed funding for a Green Industry Expo to run alongside COP26 in Glasgow
- Stimulus / government backed investment into major green industry programmes, including housing retrofit, mobility, energy, accelerating Net Zero.
- Support the Green Finances Institutes proposals for the CSR, including: £13.6bn fund for home energy efficiency measures alongside fiscal and regulatory incentives; the creation of a Zero Carbon National Investment Bank; and measures to end fuel poverty.
- Invest in further shovel ready schemes for energy efficiency, particularly Housing Retrofit as a major opportunity for jobs (employs twice as many people as new build).
- Prioritising grant funding to decarbonise urban areas (e.g. Heat Networks Investment Programme), alongside further support to expand and create local energy networks, thereby leveraging private investment.
- Stimulus to include growth in local food supply and production.
- Conditions placed on related subsidies / loans, fiscal incentives, whilst setting out measures to protect those disproportionately affected by changes
- Rethinking Clean Air Zone policy and funding, developing a collaborative and innovative rather than competitive funding model.
- Govt appraisal /Green Book to have stronger consideration of socioeconomic and environmental impacts and values of related investment in urban areas

- **Leveraging the role of Universities for innovation**

- Increasing R&D spend in universities, turning more research into economic wealth, supporting business spin outs into surrounding urban areas, creating jobs.
- Innovate UK funding devolved, linked to Place Innovation Deals, deployed to support Levelling Up and build local innovation partnerships with city authorities.
- Support the Core Cities Universities Declaration

#### 4.5 **Connectivity:** *accessible, internationally networked places with fluid mobility within and between them, and which look outwards to the world.*

Government has an opportunity to strengthen and exploit urban networks. If the pandemic has taught us anything, it is that stronger digital connectivity is basic to future success. UK connectivity is improving, but we are still ranked only 15<sup>th</sup> globally for digital competitiveness<sup>vi</sup> and 34<sup>th</sup> for broadband speed<sup>vii</sup>, whilst large sections of the population have little or no digital access or skills. The future delivery of health, other public services, economic and jobs growth relies on getting to grips with this issue now. Whilst economic rewards will be bigger in urban areas, it should not be an ‘either or’ choice, it is something the nation needs now.

Urban areas have strong international links, built partly through their ‘Soft Power’ connections: cultural and anchor institutions; diaspora communities; trade and travel links. Although nations set the rules, actual trade is between business in places, mainly urban areas. Government can build on these links to recalibrate the UK’s international relationships and positioning post-Brexit, increasing trade and exports. A sustainable public transport funding model is needed. Powers available in one place should be available to all.

#### **For Budget 2021**

- **Radically improve fixed and wireless access**, rolling out full fibre and 5G across urban areas alongside digital inclusion programmes, including expansion of the Urban Connected Communities programme.

- ***Urban and inter-urban 'Infrastructure Revolution'***
  - Devolved and pooled infrastructure funding, in line with National Infrastructure Assessment, to which government should now urgently respond
  - Climate resilience infrastructure accelerated, e.g. for urban flood management
  - Public-private investment model for low carbon urban rapid transit programmes, based on incremental increases in demand, correcting historic geographic funding imbalances
  - A Green National Bus Strategy to support the above, including regulation
  - Establish sustainable financing model for public transport based on National Infrastructure Assessment recommendations (long-term, devolved subsidy)
  - Continued Government commitment to the full HS2 development as a step toward a UK-wide system, integral to future growth and Levelling Up
- Temporary powers granted made permanent, e.g. for transport, highways and public space controls along with providing transport and highways powers similar to those held in London. This should result in the full set of such powers being available for all public transport bodies.
- ***An 'Urban Trade Package'*** supporting place-to-place exports and trade, including through urban air and sea ports, leveraging urban areas Soft Power.
  - Urban areas to co-author a UK Urban Trade and Investment Strategy: identifying growth sectors, aligning them to the world's regions, taking action to improve their performance.
  - An Urban Trade Fund, matched to locally tailored business plans, including urban trade missions.
  - Government to endorse the international role of UK urban leadership, which can be misunderstood and misrepresented particularly in local media.
- A more flexible approach to Free Ports / Zones, so urban areas can join up local assets to build up shorter supply chains and support re-shoring. For example, allowing more than one Freeport area or designation within a place, and the ability to connect the benefits of Freeport designation between different places where this makes sense. Also linking Freeport designation to a refreshed and increased wave of Enterprise Zones and Tax Increment Financing schemes, as above (and in Annex 2).



## CORE CITIES SUBMISSION BUDGET 2021: MATRIX OF PROPOSALS

Issue area	For Budget 2021	For further exploration / co-design
<p><b>1. Place Innovation Deals:</b>  <i>Next-generation place-based model including: Whole System Public Service approaches; Single Pots for Infrastructure; and City Recovery and Neighbourhood Renewal funds.</i></p>	<ul style="list-style-type: none"> <li>Place Innovation Deals, brokered across Departments through the CSR as place-based settlements, as a concrete step toward devolved, multi-year flexible budgets, enabling the following: <ul style="list-style-type: none"> <li>increased capacity in local government to deliver;</li> <li>pooling economic and infrastructure funds and resources locally to support Levelling Up;</li> <li>delivery of national funds to support City Recovery, including reactivation and adaptation of centres, and neighbourhood renewal;</li> <li>Whole-System approach to addressing deprivation and its impacts, and social mobility; and</li> <li>increasing focus on prevention, linked to growth of SME/tech/digital that can support this.</li> </ul> </li> </ul>	
<p><b>2. Community:</b>  <i>building cohesive, resilient populations with a sense of shared civic purpose and pride, supported by sustainable public services including local government.</i></p>	<ul style="list-style-type: none"> <li>A sustainable local government finance model and three-year settlement is a top priority, including for social care, enabling authorities to plan and play a full role in urban recovery. This should include increased headroom for capitalisation to meet revenue pressures.</li> <li>Longer term review of taxation and its future link to the delivery of high quality public services, e.g. future of Business Rates in face of increasing online sales.</li> <li>Support to connect university expertise and local authority community access to Test, Track and Trace, to create agile, sophisticated local lockdown, and prevention.</li> <li>Link this to restructuring of Public Health England, strengthening local public health functions /capacity.</li> </ul>	<ul style="list-style-type: none"> <li>Fundamental reform of Business Rates model responding e.g. to rise in online retail.</li> <li>Widening the future income base for local government, de-risking future potential crises for public services, including greater local fiscal powers / devolution.</li> </ul>



Issue area	For Budget 2021	For further exploration / co-design
<p>3. <b>Liveability:</b>  <i>smart, high-quality placemaking that creates attractive urban environments where people want to be and will trust.</i></p>	<ul style="list-style-type: none"> <li>• <b>Creating revolving door investment funds</b> by flexing existing instruments, combined with any new funding including devolving the UKSPF, that might pay back the majority of monies to govt over time.</li> <li>• <b>Freeports linked to existing Enterprise Zones and TIFs to be re-energised</b> and period for retaining business rate growth within any Zone / TIF extended from 25-40 years.</li> <li>• <b>Enabling a second wave of TIF-style projects and value capture</b> (e.g. land values in growth corridors) to generate investment and safer routes to borrowing – invite proposals on what this should look like.</li> <li>• <b>Strategic Place Partnerships with Homes England</b> quickly rolled out, including Housing Infrastructure Fund, aligning funding and capacity around the needs of each place, including affordable housing.</li> <li>• <b>Implementing the Cultural City Enquires recommendations:</b> the Enquiry Board has reconvened under its chair Dame Jayne Anne Gadhia, CEO of Virgin Money, and set out proposals in the context of C19, including the following, which Core Cities support:</li> </ul> <p><i>Funding proposals:</i></p> <ul style="list-style-type: none"> <li>• Maintain public support for the cultural sector at least at current levels in real terms.</li> <li>• Provide additional funding to promote innovation and renewal within places: <ul style="list-style-type: none"> <li>- £80m for a capital investment programme over 2021-2024 to repurpose underutilized high street and city centre facilities for cultural activity and to host early stage creative industries ventures.</li> <li>- £15m to extend existing government support of the Compact network to cover start-up costs of an expanded network, over 2021-24.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Planning reforms</b> have the potential to negatively impact on recovery, and should consider how to provide localities with the flexibility to ensure quality urban design, use of space to reactivate urban centres and address longer term changes in usage. Additional Burdens funding should be made available so local authorities can move quickly to use new tools.</li> </ul>

Issue area	For Budget 2021	For further exploration / co-design
	<ul style="list-style-type: none"> <li>- £75m for pathfinder projects deploying place-based portfolio approaches to redevelop cultural/heritage publicly-owned property assets, over 2021-24.</li> </ul> <p><i>Policy proposals:</i></p> <ul style="list-style-type: none"> <li>• Recognise the role of Cultural Compacts within national policy and programmes, starting with the coming Devolution White Paper.</li> <li>• Increase the flexibilities available to employers on the Apprenticeship Levy, so that the cultural and creative industries sector can help deliver government's ambitions in the Plan for Jobs.</li> <li>• Consider the potential for fiscal incentives to stimulate investment in the cultural sector, particularly in places that will benefit from levelling up – for example, any future increase in Corporation Tax could be offset against evidence of positive local impact.</li> <li>• We also urge government to ensure that changes to the planning system promote the potential for culture-led recovery and renewal.</li> </ul>	
<p>4. <b>Opportunity:</b>  <i>inclusive, innovative economies and skilled labour markets, responding positively to opportunities and shifts that have been heightened by COVID-19.</i></p>	<ul style="list-style-type: none"> <li>• <b>Enhanced Skills and Employment Package, co-designed as it evolves</b> <ul style="list-style-type: none"> <li>○ Enable local tailoring of Governments 'Plan for Jobs' package to improve impact and outcomes, including local flex of Kickstart</li> <li>○ Sharing post-code specific data of trainees, apprentices, job seekers and jobs created to enable local match</li> <li>○ Further devolution of Adult Skills Budgets</li> </ul> </li> </ul>	

Issue area	For Budget 2021	For further exploration / co-design
	<ul style="list-style-type: none"> <li>○ Repurposing existing funds with maximum flexibility including Skills Fund, ESF and unspent Levy. Flexibilities on current Levy Funds to include: <ul style="list-style-type: none"> <li>▪ Extending the current two-year limit for use of apprenticeship levy funds, ensuring funds are not lost due to unavoidable recruitment or training freezes.</li> <li>▪ An extended window to re-engage redundant apprentices.</li> <li>▪ Raising the 25% transfer cap so that additional funding can be made available to SMEs/supply chains that are able to continue employing/recruiting apprentices.</li> </ul> </li> <li>○ Training for at-risk staff employed by viable businesses to be reskill and redeploy them;</li> <li>○ Recruitment / job retention subsidies and extended NI reliefs to de-risk recruitment by business</li> <li>○ Additional support for businesses in places entering local lockdowns and hardest-hit sectors, including targeted continuance of furlough.</li> <li>● <b>Green Industrial Growth Package</b> (announced CSR, for further joint national / local co-design) <ul style="list-style-type: none"> <li>○ Provide £200K seed funding for a Green Industry Expo to run alongside COP26 in Glasgow</li> <li>○ Stimulus / government backed investment into major green industry programmes, including housing retrofit, mobility, energy, accelerating Net Zero.</li> <li>○ Invest in further shovel ready schemes for energy efficiency, particularly Housing Retrofit as a major opportunity for jobs (employs twice as many people as new build).</li> </ul> </li> </ul>	



Issue area	For Budget 2021	For further exploration / co-design
	<ul style="list-style-type: none"> <li>○ Prioritising grant funding to decarbonise urban areas (e.g. Heat Networks Investment Programme), alongside further support to expand and create local energy networks, thereby leveraging private investment.</li> <li>○ Stimulus to include growth in local food supply and production.</li> <li>○ Conditions placed on related subsidies / loans, fiscal incentives, whilst setting out measures to protect those disproportionately affected by changes</li> <li>○ Rethinking Clean Air Zone policy and funding, developing a collaborative and innovative rather than competitive funding model.</li> <li>○ Govt appraisal /Green Book to have stronger consideration of socioeconomic and environmental impacts and values of related investment in urban areas</li> <li>● <b>Leveraging the role of Universities for innovation</b> <ul style="list-style-type: none"> <li>○ Increasing R&amp;D spend in universities, turning more research into economic wealth, supporting business spin outs into surrounding urban areas, creating jobs.</li> <li>○ Innovate UK funding devolved, linked to Place Innovation Deals, deployed to support Levelling Up and build local innovation partnerships with city authorities.</li> <li>○ Support Core Cities Universities Declaration</li> </ul> </li> </ul>	
<p>5. <b>Connectivity:</b>  <i>accessible, internationally networked places with fluid mobility within and between them, and which look outwards to the world.</i></p>	<ul style="list-style-type: none"> <li>● <b>Radically improve fixed and wireless access</b>, rolling out full fibre and 5G across urban areas alongside digital inclusion programmes, including expansion of the Urban Connected Communities programme.</li> <li>● <b>Urban and inter-urban 'Infrastructure Revolution'</b></li> </ul>	

Issue area	For Budget 2021	For further exploration / co-design
	<ul style="list-style-type: none"> <li>○ Devolved and pooled infrastructure funding, in line with National Infrastructure Assessment, to which government should now urgently respond</li> <li>○ Climate resilience infrastructure accelerated, e.g. for urban flood management</li> <li>○ Public-private investment model for low carbon urban rapid transit programmes, based on incremental increases in demand, correcting historic geographic funding imbalances</li> <li>○ A Green National Bus Strategy to support the above, including regulation</li> <li>○ Establish sustainable financing model for public transport based on National Infrastructure Assessment recommendations (long-term, devolved subsidy)</li> <li>○ Continued support for HS2 as key to growth and Levelling Up</li> <li>● Temporary powers granted made permanent, e.g. for transport, highways and public space controls along with providing transport and highways powers similar to those held in London. This should result in the full set of such powers being available for all public transport bodies.</li> <li>● <b>An 'Urban Trade Package'</b> supporting place-to-place exports and trade, including through urban air and sea ports, leveraging urban areas Soft Power. <ul style="list-style-type: none"> <li>○ Urban areas to co-author a UK Urban Trade and Investment Strategy: identifying growth sectors, aligning them to the worlds regions, taking action to improve their performance.</li> <li>○ An Urban Trade Fund, matched to locally tailored business plans, including urban trade missions.</li> <li>○ Government to endorse the international role of UK urban leadership, which can be misunderstood and misrepresented particularly in local media.</li> </ul> </li> </ul>	





<i><b>Issue area</b></i>	<i><b>For Budget 2021</b></i>	<i><b>For further exploration / co-design</b></i>
	<ul style="list-style-type: none"><li>• A more flexible approach to Free Ports / Zones, so urban areas can join up local assets to build up shorter supply chains and support re-shoring.</li></ul>	

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<sup>ii</sup> OECD Policy Responses to Coronavirus (COVID-19); Cities policy responses; July 2020

<sup>iii</sup> <https://www.mordorintelligence.com/industry-reports/smart-cities-market>

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<https://www.corecities.com/sites/default/files/field/attachment/ACE316%20Cultural%20Cities%20Enquiry%20V10.pdf>

<sup>v</sup> <https://www.corecities.com/cities/agenda/economy/core-cities-uk-and-24-universities-pledge-work-together-unleash-innovation>

<sup>vi</sup> <https://www.imd.org/wcc/world-competitiveness-center-rankings/world-digital-competitiveness-rankings-2019/>

<sup>vii</sup> <https://www.which.co.uk/news/2019/07/uk-ranked-34th-in-world-broadband-speed-league-table/>