

UNLOCKING UK CITIES' POTENTIAL

Urban Growth Parliamentary Roundtable Recommendations

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FOREWORD

UK cities stand as crucial pillars for our nation's future, but as Core Cities UK has argued for more than 25 years they are far from fulfilling their huge economic and social potential. The potential to harness cities to grow the UK's economy is significant.

The Core Cities UK Urban Growth Parliamentary Roundtable, attended by some of the UK's leading urban experts and political leaders, underscored and discussed this reality. We built on The RSA's UK Urban Futures Commission Report, exploring how future governments can help ensure urban growth benefits everyone.

We asked three key questions on **productivity, power and place:**

1 What do UK Cities need to unlock productivity and inclusive growth?

2 What further powers do city leaders need to deliver prosperity, and what is the roadmap for getting there?

3 Against a funding crisis for local government, how can UK cities secure and leverage the investment they need?

We remain one of the most centralised countries in Europe. Some structural progress has been made, for example Combined Authorities and elected mayors in England, but we are still far from where we need to be in terms of a powerful and effective local state set free from the shackles of Whitehall and Westminster.

The resilience of our cities and their communities, especially in the face of austerity and Covid-19, has been simply remarkable. Cities are more than mere population centres, they are vibrant hubs of capital, culture and community. In an increasingly urbanised world, they are the future.

AN OVERVIEW OF THE RSA UK URBAN FUTURES REPORT

But time and again we came back to a simple question - what is national government's approach to harnessing these urban areas that contribute almost a quarter of our economy and are home to 20 million people?

A plan for long-term infrastructure investment, housing growth, net zero and tackling knotty social challenges for the country allows local leaders to deliver on their plans for their cities.

There is a mountain of robust economic evidence to show that productive cities benefit their surrounding areas, as no place exists in isolation economically.

To fully realise the potential of our cities, significant investment, particularly in transport and skills, is imperative. As the RSA Chief Executive Andy Haldane told us, historical underinvestment by governments of various political stripes has been a critical barrier to growth.

The RSA Urban Futures Commission suggests an estimated £1 trillion investment across diverse sectors, including green technology and light rail, is necessary for our cities to thrive. This level of investment is beyond either the local or national state and will require tapping into substantial private finance. The task is to funnel that investment into cities and make sure everyone benefits.

Collaboration across local business, academia, and other stakeholders is crucial to unlocking this investment, especially in the realm of climate finance, where 3Ci, a joint project between Core Cities UK, Connected Places Catapult and London Councils, is already making substantial progress.

Devolution offers an opportunity to overhaul our policy and governance approaches, allowing for localised decision-making and fostering collaboration beyond traditional governmental boundaries. Devolution allows us - the 'doers' - to get on and deliver transformation for our cities.

At a time when many councils' budgets have been slashed, with the LGA estimating a gap of £4 billion over the next two years, it's not an understatement to say that capacity to deliver should be at the forefront of our minds. Fairer funding and fiscal devolution debates sidelined for all too long are vital for delivery.

All the evidence shows cities will play a pivotal role in the UK's urbanised future. Whoever forms the next Government has a huge opportunity to make the most of them. They are vital to our national future and investment in them will pay dividends for generations to come.



Cllr Bev Craig
Chair, Core Cities UK

The RSA's report, Unleashing the Potential of the UK's Cities, brings to light the critical need for a unified urban strategy that transcends the current political discourse.

Drawing on the expertise of partners such as Core Cities UK, Lloyds Banking Group, and PwC, the report sheds light on the significant economic uplift that could be harnessed from our cities—a staggering potential of £100 billion annually through enhanced productivity. Yet, it lays bare the grim reality of our urban areas' current state: a landscape marred by persistent under-investment.

Analysis projects a £1 trillion investment requirement over the forthcoming two decades to bridge the productivity gap between UK cities and European counterparts.

However, the approach to local Government financing is holding us back. Local government formulae are outdated and lack incentives, while, nationally, fiscal rules stress debt and liabilities rather than assets you buy with them.

Amidst these fiscal challenges, the strides made in devolution, as outlined in the Levelling Up White Paper, do deserve credit and are a commendable shift towards empowering urban areas. Yet, to truly reinvigorate our cities, a multifaceted approach is needed. This includes tackling the endemic issue of health-related inactivity, overhauling employment and benefits systems, and enhancing recruitment and retention frameworks.

Crucially, local areas need to be able to leverage private capital successfully—from pension schemes to foreign direct investment.

Unleashing the Potential of the UK's Cities thus charts a comprehensive path forward to galvanise action and investment that can unlock growth and prosperity.

Elevating the productivity of UK cities to match that of their European peers is imperative for the UK's economic regeneration. The [RSA Commission report](#) underscores that achieving growth necessitates a comprehensive policy overhaul targeting innovation, infrastructure, and skills.

The potential benefits are profound: aligning city productivity with European standards could add over £100bn annually to the UK's economy. This is not merely an economic imperative, but a societal one, promising enhanced living standards for all.

WE ASKED

What do UK Cities need to unlock productivity and inclusive growth?

WE FOUND

That there is a pressing need for dynamic, place-based strategies that fuse the unique strengths of cities with overarching national priorities.

The success of devolution in regions such as Greater Manchester and the West Midlands serve as a clarion call for expanding trailblazer deals at pace as, ultimately, national growth does not really exist – only combined regional growth.

The critical role of investment in science, research, and innovation cannot be overstated. Examples from research institutions such as the University of Manchester demonstrate how such investment and collaboration are the bedrock upon which the future productivity of cities will be built.

Investment, or a lack of, in vital infrastructure projects is seen as a barrier. Participants The cancellation of HS2 Phase 2 was cited as an example of the short-term thinking which can hold the country back. There is an indispensable need for sustained infrastructure development.

Moreover, the discussion re-emphasised the importance of skills — people are cities' most important asset and, without the skills of the future, cities cannot hope to compete in an increasingly globalised economy.

Our city centres are in a unique position and are hubs where we cluster – live, work and learn. The brain drain of talent to London and the South East was identified as a critical challenge, pointing to the necessity of leveraging the full potential of the nation's educational institutions to rebalance opportunity and prosperity.

All places, including in the South East, have been underperforming – not just the big industrial towns of the North. The need for an industrial strategy is clear and pressing and must genuinely reflect local needs and realities and be 'bottom up' – not a top-down imposition.

Collaboration is key, with cities achieving more by working together with neighbours, academia, and other partners.

Policy pointers

1 Strategic investment in innovation and infrastructure: There is a critical and urgent need for increased investment in R&D alongside a commitment to strategic infrastructure development. Investment should be aligned with the long-term vision of fostering dynamic, productive and globally competitive cities

2 Bridge the skills gap: Policies should focus on enhancing local skills through education and training. Regional universities and colleges should be leveraged to ensure that local populations are equipped with the skills needed for the jobs of tomorrow and reducing brain drain to London and the South East.

3 Bottom-up industrial strategy: Government should work with cities and regions to develop and implement industrial strategies that are tailored to their unique strengths and needs. This necessitates fostering collaboration between local authorities, businesses, universities, and other stakeholders to create collaboration that can drive innovation, sustainability and growth.



POWER

Greater local autonomy and the empowerment of city leaders is pivotal to unlocking growth and reducing inter-regional inequalities. There is consensus for a substantial shift towards devolving power, advocating for a future where cities are equipped with the necessary tools to unlock future growth and tap into their true potential.

WE ASKED

“What further powers do city leaders need to deliver prosperity, and what is the roadmap for getting there?”

WE FOUND

The progress of devolution in England through the combined authority model is welcome. There is a pressing need for more and deeper devolution. The consensus is clear: to unlock the true potential of our cities, we must empower local leaders with greater autonomy to foster prosperity and effectively tackle regional disparities.

There was a warning that devolution should not be about shifting tasks from national to local – it is about recognising cities as dynamic hubs of growth and innovation, each with different strengths, opportunities, threats and challenges.

There is a clear disconnect in the current system, where places are eager to address their unique challenges and opportunities but are constrained by the UK’s centralised system. The call is for a new kind of partnership between central and local government— one that values local insight and empowers cities to make strategic decisions that reflect the needs and aspirations of their communities.

Such a model would not only harness the innovative potential of local areas but also contribute to bridging the regional divide, creating a more balanced and prosperous future.

The future structure of devolution is not clear, some favour a more rigid structure and others suggest that this could lead to some voices being drowned out.

Clearly there are some clear and present core funding challenges facing local government. There is a view that these need to be dealt with before moving forward with further devolution.

Policy pointers

1 Expand and deepen devolution: To unlock productivity and inclusive growth, the Government must extend the Trailblazer devolution models given to Greater Manchester and the West Midlands to other regions. Strong local leaders should be empowered to tailor strategies that reflect their unique economic landscapes and needs. The current rollout is too slow.

2 Fiscal autonomy for cities: Delivering local fiscal autonomy and the ability to raise capital for long-term planning and development projects.

3 Simplify funding: Move towards single consolidated budgets, ending the time-intensive and inefficient competitive bidding process.

4 Enhance collaboration: More collaboration between central and national government and stakeholders (businesses, universities, etc.) to improve delivery, outcomes, and support for important projects – particularly in areas such as local transport.

In the face of a funding crisis confronting local government, UK cities stand at a pivotal crossroads. The urgent need to bridge the gap between dwindling resources and growing investment demands to drive the transition towards a sustainable, low-carbon future has never been more critical. Cities need a way of leveraging the funding they need to lead the way to a high-growth, net zero economy.

WE ASKED

Against a funding crisis for local government, how can UK cities secure and leverage the investment they need?

WE FOUND

The huge potential for cities as key actors in the transition to a low-carbon economy is clear. However, in the context of a funding crisis, there is a need to leverage and secure capital and influence – particularly on the international stage.

The USA, for example, is pulling ahead in the race thanks to national strategy and action with the Inflation Reduction Act.

There is an urgent need for innovative strategies which align global capital with the specific needs and opportunities in local places. There is currently a significant gap between demand and supply.

City leaders can drive change through collaboration. While more UK Government support is needed, through co-operation, collaboration and partnership, UK cities can negotiate and deliver on their ambitions.

Work from initiatives such as 3Ci (a collaboration of Core Cities UK, London Councils, Connected Places Catapult, Scottish Cities Alliance and Key Cities) is vitally important if net zero and regeneration is to be delivered locally. 3Ci works to align the logic of capital with local needs and opportunities, ensuring projects are investible and deliverable, closing the gap between demand and supply.

Policy pointers

1 Support cities to decarbonise: A clear and coherent strategy direction that people could support and follow is needed along with funding commitments.

2 Local leaders should collaborate: Strong leaders should cooperate and leverage their power to negotiate with business, lenders and Government and deliver their ambitions.

3 Bridge demand and supply: Local authorities need support to align the £60+ trillion of global capital with local needs and opportunities.



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