



Devolution, Cities & Economic Growth: Where are we now?

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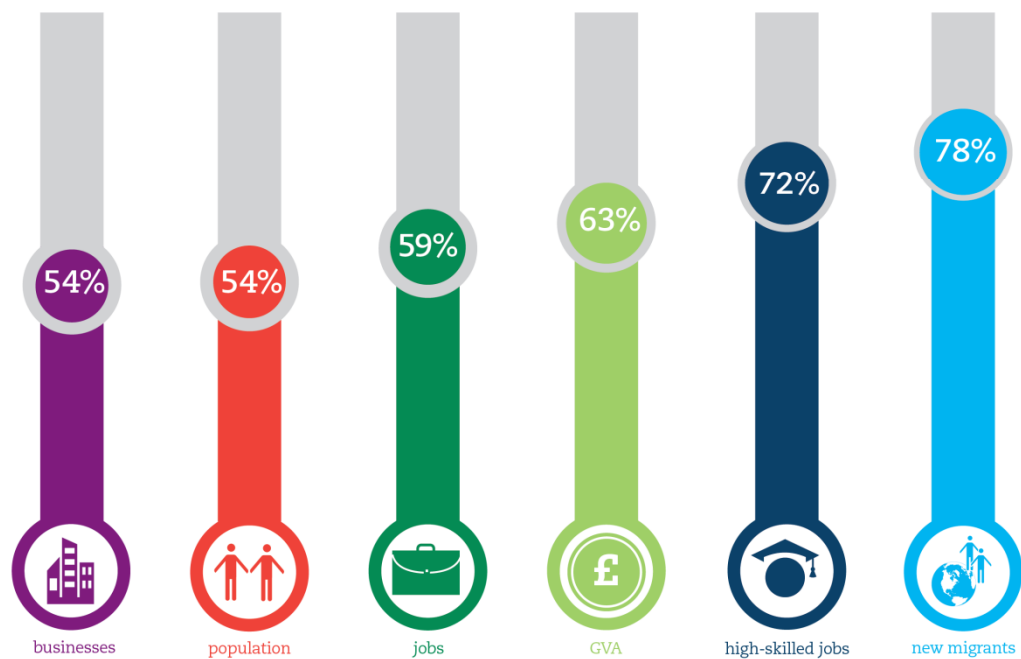
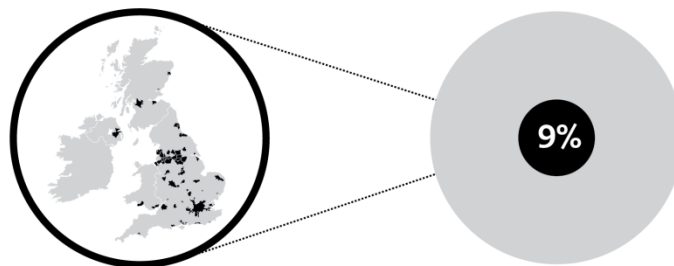
 @AndrewCities





Cities matter to the UK economy

Cities make up just 9% of the UK's landmass ...



... but make a much bigger contribution to the national economy



National recovery has been led by cities

Contribution to national private sector job creation, 2010-2012



Source: NOMIS 2013, Business Register of Employment Survey, 2010-2012 data



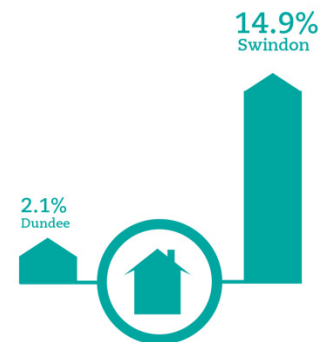
But the variation is stark and growing

Over the last decade, the variation between cities has increased....

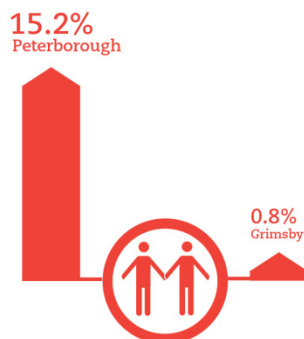
Jobs growth 2004-2013



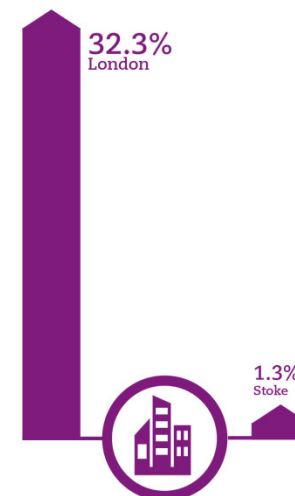
Housing growth 2004-2013



Population growth 2004-2013

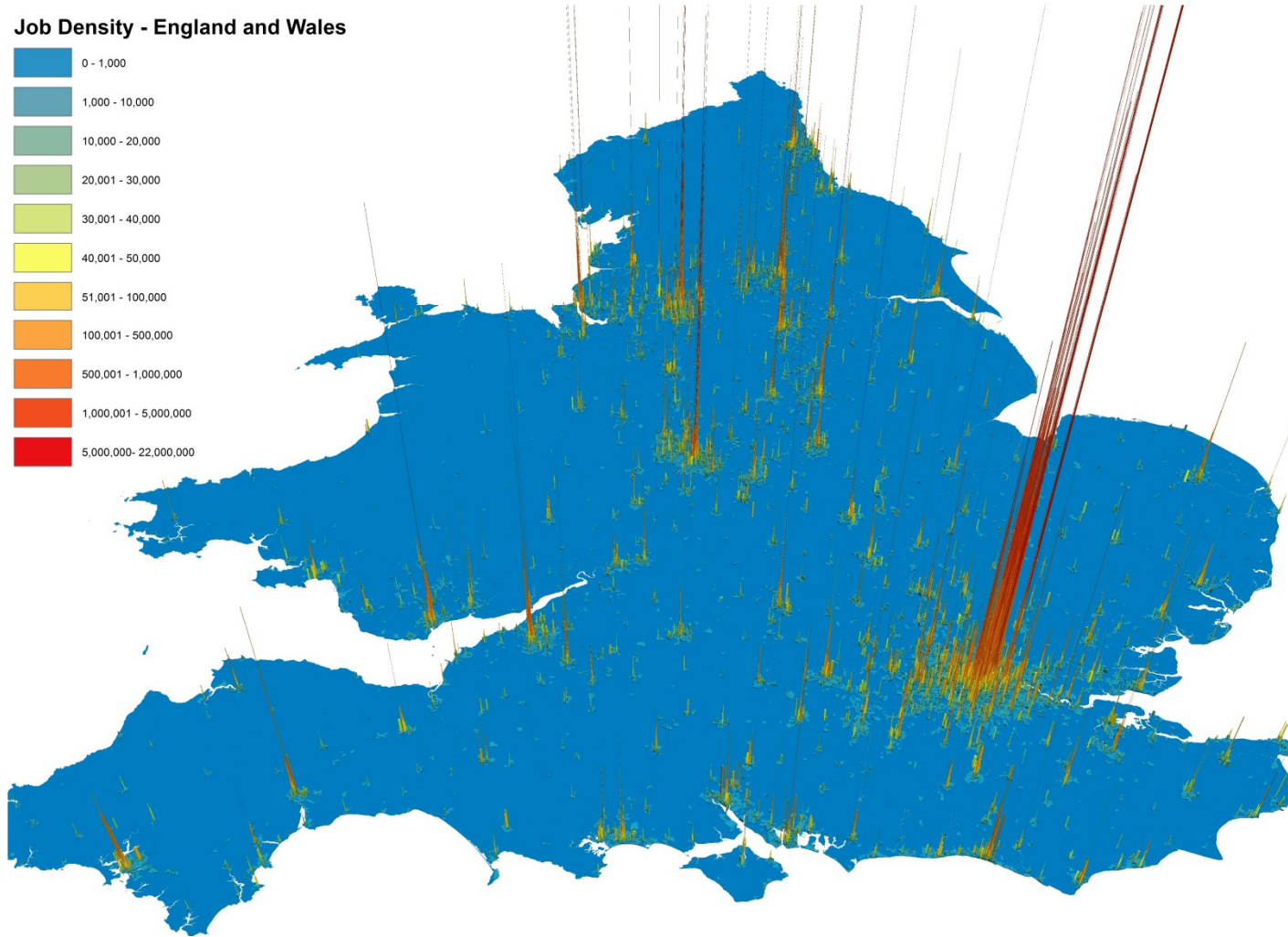


Business growth 2004-2013



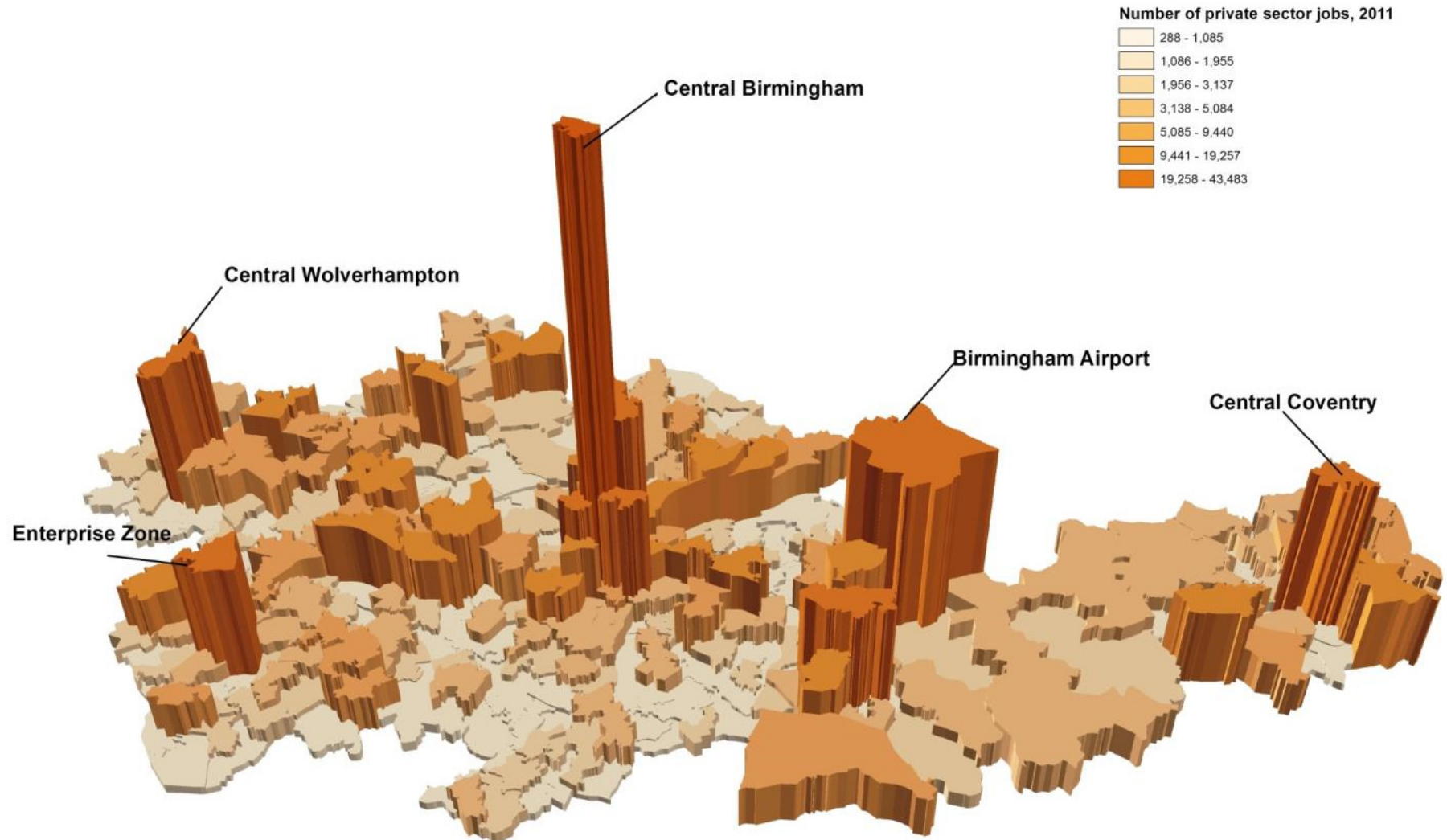
Between cities

Job Density - England and Wales





And within cities





Most of UK's large cities punch well below their weight

	Employment rate, Jul 2012-Jun 2013 (%)	Business start-ups per 10,000 population, 2012	Residents with high level qualifications, 2012 (%)	Residents with no formal qualifications, 2012 (%)	Workplace earnings, 2012 (£)
UK Average	71	42.3	34	10	502
London	71	75.5	47	8	684
Bristol	73	44.1	39	8	489
Birmingham	63	33.5	26	15	474
Glasgow	65	34.3	41	13	486
Leeds	69	39.2	35	10	489
Liverpool	63	30.1	23	16	479
Manchester	68	43.7	33	11	484
Newcastle	65	30.0	31	11	469
Nottingham	66	29.8	31	8	452
Sheffield	68	28.7	30	11	444

Source: NOMIS 2013, Annual Population Survey, residents analysis, July 2012- June 2013, 2012, data; ONS 2013, Business Demography, 2012 data; NOMIS 2013, Mid-year population estimates, 2012 data; ONS 2013, Annual Survey of Hours and Earnings (ASHE), average gross weekly workplace based earnings, 2013 data. Green signifies that a city outperforms the national average, whereas red means that it underperforms it.

And face a big challenge to retain talent

Net migration to London
by age group and city size,
2009-2012

**22-30 year old
migration flows**

Out of London

→ -1,245 - -500

→ -499 - 0

In to London

→ 1 - 1,000

→ 1,001 - 6,000

→ 6,001 - 10,000



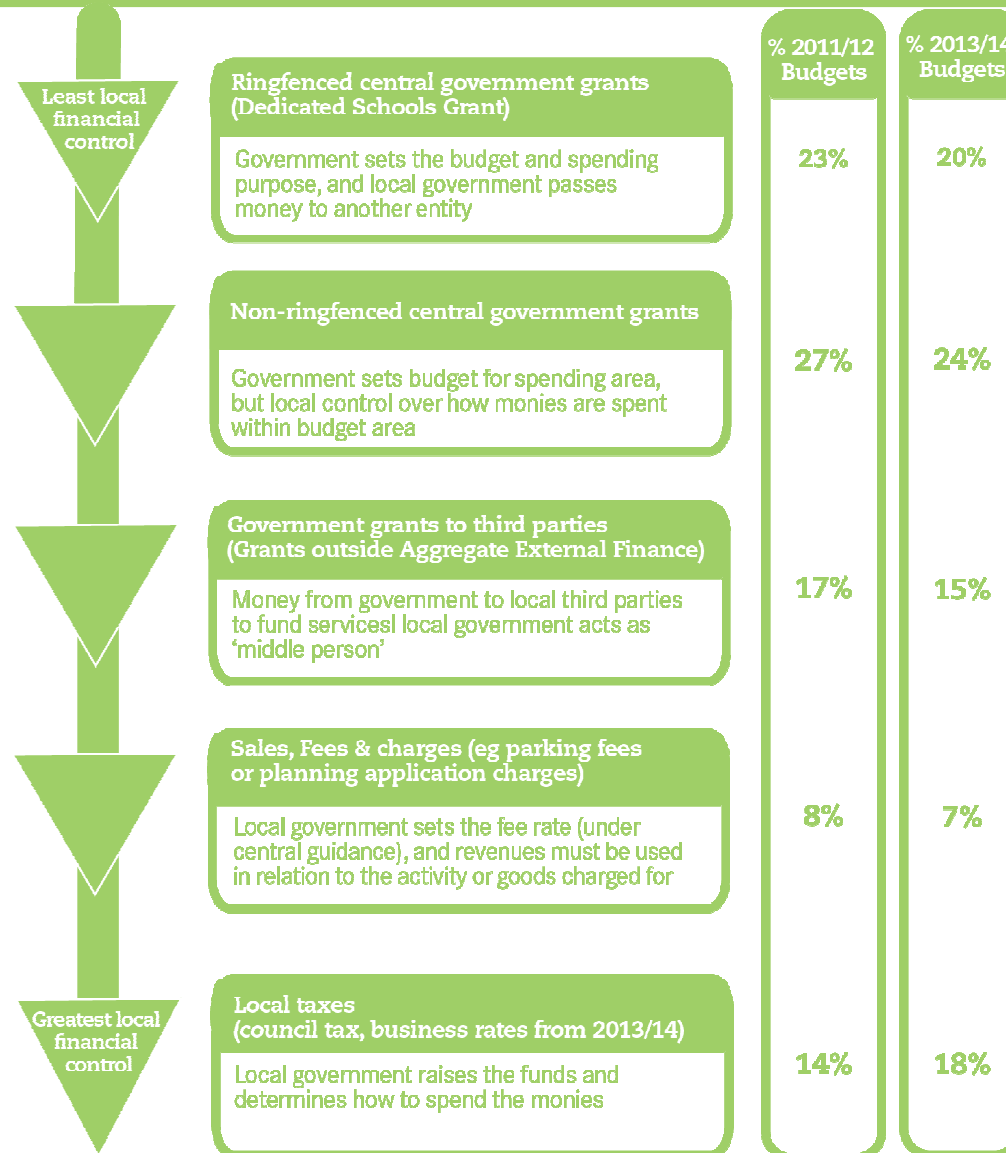
Source: ONS 2013, Internal Migration by Local Authorities in England and Wales
Contains Ordnance Survey data © Crown copyright and database right 2013

Meaning the UK economy is unbalanced



Source: ONS 2013, Workplace based GVA^{1,2} NUTS3 at current basic prices, 2012 data; Nomis 2013, Business Register of Employment Survey, 2012 data; Nomis 2013, Mid-year population estimates, 2012 data; own calculations.

Cities lack financial control over their income for services



How has urban policy
developed since
2010?





The Localism Act



The Localism Act

- Gave a general power of competence to local authorities
 - Paved the way for City Deals.
 - Included a range of reforms and funding pots
 - Allowed Bristol to vote for a directly elected mayor
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City Deals



City Deals

- Gave many cities greater influence over local finance
 - Gave those cities greater powers to deliver skills, jobs and infrastructure through bespoke settlements
-



Growth Deals

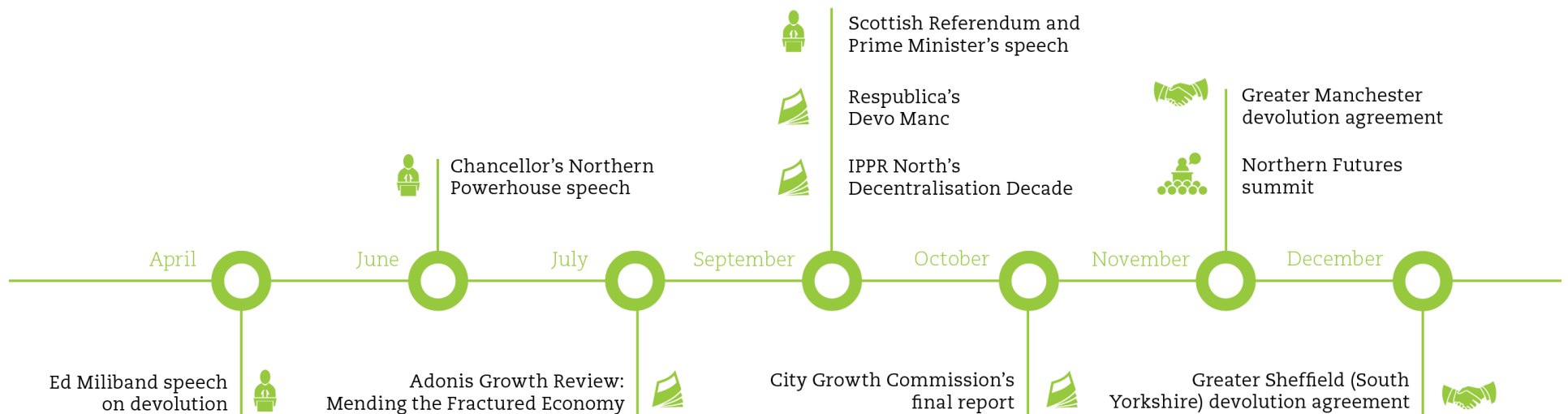


Growth Deals

- Assigned pooled funding for projects benefiting the local economy
- Major city regions were given specific freedoms to redirect funding over time



2014: the turning point?





Greater Manchester Devolution



Greater Manchester devolution settlement and metro mayor

- Devolved powers of welfare, housing, transport, employment and business support
 - Long-term funding and strategic planning devolved on condition of a directly-elected metro mayor
 - £6bn to integrate health and social care
-



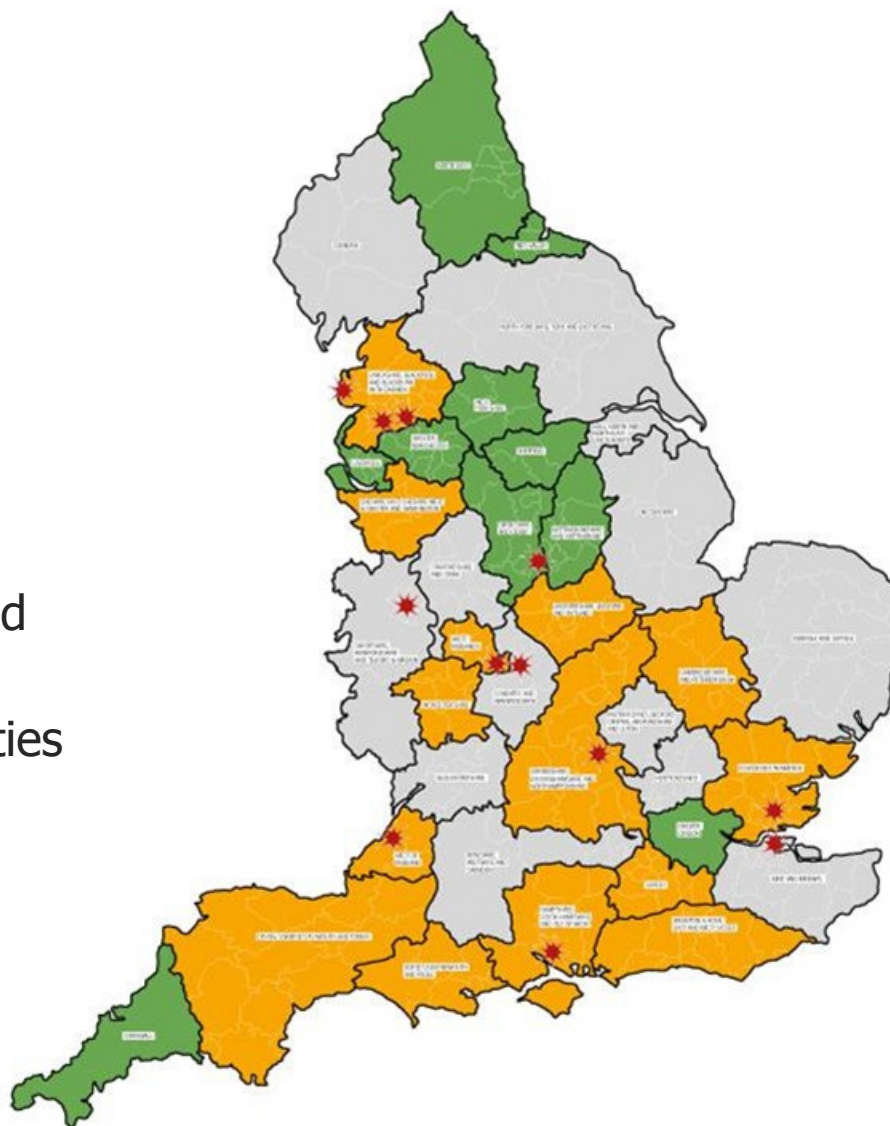
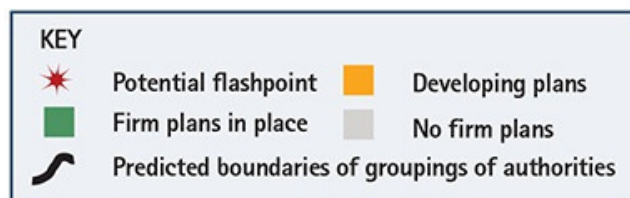
Increasing importance given to Combined Authorities

Powers & Functions

- Public transport network (strategy)
- Skills
- Business support
- Inward investment

Funding

- Transport: levy its local authorities and able to borrow
- Operating costs: met by local authorities

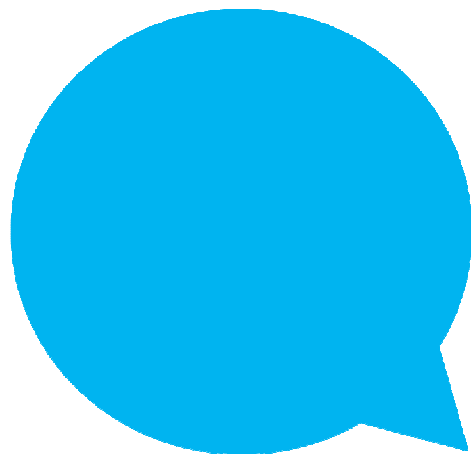


What are the parties
proposing for 2015-20?





The Conservatives



- Pledged to spend more national money on Northern cities
- Will build on Coalition policies to devolve to city-regions where combined authorities and metro mayors are in place



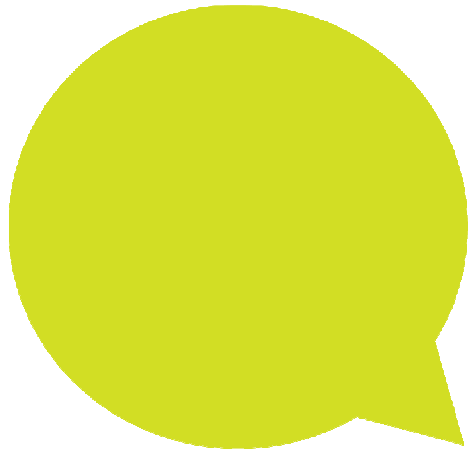
The Labour Party



- Pledged to devolve more power away from Whitehall
 - Will transfer £30bn of funding to local control over five years
 - Will reform the House of Lords to become elected Senate of the Cities and Regions
-



The Liberal Democrats



- Put forward a plan of 'devolution on demand'
- Proposed a 'Devolution Enabling Act' promoting incremental process of devolution



Agreements and Disagreements

Agreements

- Match economic geography & governance geography
- Combined Authorities & LEPs
- Policy issues that matter:
 - Skills, Transport, Housing, Employment support & Business support
- Collaboration between:
 - local actors – councils, businesses, universities
 - local actors & national actors
- No fiscal devolution

Disagreements

- Need for enabling legislation
- Universal vs deal-based approach
- Directly-elected Mayors
- Devolving up ED funding and functions
- Local government reorganisation

What does Centre
for Cities
recommend?





What should devolution look like?

- Powers at lowest scale where most effective
- Enshrined in a **Cities and Prosperity Act**

Combined
authorities for
major city regions

City-County
authorities for
the SMCs

Greater powers
for **Greater
London**

Simplified remit
and geography
for **LEPs**



A Cities and Prosperity Act



A Cities and Prosperity Act

- To ensure cities have the fiscal and policy powers to drive growth
- To enable the roll-out of deals to cities across the country without new legislation each time



More financial control



More financial control and funding certainty

- To meet the demands of local people and business
 - To enable cities to support economic growth and plan for the long-term
-



Influence over education and training



More influence and power to shape education and training

- To meet the demands of local business
- To give people the skills they need to secure a job



Invest in city-region transport



Invest in city-region transport

- To unlock economic growth
 - To give cities the regulatory powers and long-term funding to deliver transport that links people to jobs
-



Build homes where they are needed



Build homes where they are needed

- To reduce high housing costs
 - To enable people to access jobs in buoyant city economies
-



A Boris in every city





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