Cities, Devolution and Growth:
The economic case for more powerful UK cities

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Globally economic activity is concentrating in cities

www.WhosYourCity.com
And it is the same in the UK
Cities matter to the UK economy

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

9% Landmass

93% Businesses
54% Population
58% Jobs
60% GVA
64% Foreign owned businesses
72% High skilled workers
79% New migrants

... but make a much bigger contribution to the national economy
And they matter to regional economic performance.
National recovery is a city-led recovery

Contribution to national private sector job creation, 2010-2012

Source: NOMIS 2013, Business Register of Employment Survey, 2010-2012 data
But our large cities punch well below their weight...

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


Green signifies that a city outperforms the national average, whereas red means that it underperforms it.
And face a big challenge to retain talent...
...meaning the UK economy can appear ‘unbalanced’

<table>
<thead>
<tr>
<th>Year</th>
<th>Policies</th>
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</thead>
<tbody>
<tr>
<td>2011:</td>
<td>The Localism Act</td>
</tr>
<tr>
<td>2012-14:</td>
<td>Two rounds of City Deals</td>
</tr>
<tr>
<td>2014:</td>
<td>Local Growth Deals</td>
</tr>
<tr>
<td>2014:</td>
<td>Greater Manchester Deal</td>
</tr>
</tbody>
</table>
But cities still have little control over their money.

City growth can be a doorstep issue at the Election

Housing affordability

Barnsley

Ave. home = 5x ave. salary

Oxford

Ave. home = 15x ave. salary

64% REDUCING UNEMPLOYMENT
64% of unemployment is in cities

67% REDUCING BENEFIT RELIANCE
67% of housing benefit is spent in cities
• Need for change in powers and funding
  – Cities and Prosperity Act – with initial focus on Greater Manchester & Leeds
  – Spending Review – focus on cities and city regions
  – Integrated City Budgets – welfare, rewards for success
  – Transport funding and control
  – Increased tax and borrowing powers

• Cities need to step up
  – Metro Mayors and Combined Authorities
  – Taking on risk as well as responsibility
Is it a realistic aim for policy to “rebalance the economy”?

Can UK cities fulfill their potential without elements of fiscal devolution?

Will city devolution lead to greater disparities between and within regions? What does this mean for policy?
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