



About the City Growth Commission

National economic indicators conceal a mixed picture

The UK economy grew faster than expected in 2013¹ and is forecast to be one of the fastest growing major economies in the developed world in 2014². Unemployment is at a five year low and the number of young people out of work has also fallen³. After several years of most households seeing incomes grow more slowly than inflation, real wages might now be picking up. It would seem the recovery is taking hold.

Dig deeper into the data, however – especially the public finances – and it is clear there is more to be done to put the economy in on a sustainable footing. National level data hides stark regional and local differences. Add to this the mounting costs of ageing, climate change, and healthcare alone and it is clear that balancing the budget in the short run just won't be enough.

Global trends point to cities as key economic and political centres

There is emerging international evidence of an accelerating global trend towards urbanisation and city-led growth, especially in emerging markets. The rise of knowledge-intensive sectors also intensifies the impact and importance of cities and city regions. As we emerge out of the deepest and longest recession for generations, a new global picture of growth is taking shape – it isn't just about a transfer of economic power from North to South, or West to East, it's also about the rise of cities.

Cities are at the heart of US, Asian and Latin American growth, as well many other emerging markets⁴. This is largely driven by demographics, supported by increasing connectivity, skills, and an environment which encourages the flourishing of creativity, innovation and enterprise.

Enabling UK cities to fulfil their growth potential will increase our trend rate of growth

As growth returns in the UK, we have to ask how well positioned we are to respond to this new opportunity of city-led growth? How can cities increase their productivity⁵ and become financially and even fiscally sustainable? How can cities outside of London complement the capital's growth, connecting to – and building their own – concentrations of creativity,

¹ The ONS revised up its annualised growth estimate from 1.5% to 1.9% in December 2013.

² In January 2014 the IMF also revised its estimated growth rate for 2014 and 2015, to 2.4% and 2.2%, respectively.

³ Latest unemployment figures show a drop from 7.4% to 7.1% in the third quarter of 2013. The claimant count in December 2013 fell to a five year low as a proportion of the workforce (3.7%). The number of 16-24 year olds out of work fell by 39,000 in Q3'13 to 920,000.

⁴ See, for example, Richard Dobbs, Jaana Remes, and Fabian Schaer 'Unlocking the potential of emerging-market cities', *McKinsey Quarterly* September 2012.

⁵ Measured, for example, through Gross Value Added (GVA), defined as the value of goods and services produced in a given area, industry or sector within an economy.

innovation and enterprise? In the past we have tended to see the imbalance between London and the north as being primarily an issue of regional unfairness, but now it's about our global competitiveness. We need London and our other cities to live up to their potential if we are to sustainably raise the trend rate of growth for the UK in the future.

In high performing countries like Germany, the US and China, cities have greater financial and economic autonomy than in the UK. Here we are tiptoeing towards a greater emphasis on city-led growth with recent City Deals and the Single Growth Fund in response to Lord Heseltine's 2012 report. But if cities are to achieve their potential, we need a much bigger shift in economic power from the centre. Scottish and Welsh devolution has made this a pressing issue, as different systems are emerging across the UK, posing a question about how cities are positioned both within their individual counties and as systems of cities across Britain. This is particularly acute when the West Midlands metro-area, for example, has the same population as Northern Ireland.

The City Growth Commission will lay the foundations for city-led growth

The Commission will build on the growing consensus in favour of devolving more power to our cities so they can drive productivity, and meet the needs of their local people. It will consider how growth in other cities can complement London's economic success and look at the relationship between devolution, reform and growth strategies in the capital and the rest of the UK. It starts from the premise that growth is not a zero game – helping all cities to fulfil their economic potential and become financially sustainable will drive up the productivity and growth of the UK as a whole.

The Commission will focus on local labour markets, skills and investment, issues of critical importance to the future of our economy. The ultimate objective of the Commission is to lay the foundations for a significant shift away from the centre and towards cities, and to show the next Government, of whichever party, why this is needed and how it can be achieved.

Commission Members

The Commission is chaired by **Jim O'Neill**, Retiring Chairman of Goldman Sachs Asset. Its membership consists of:

- **Ben Lucas**, Principal Partner, RSA 2020 Public Services.
- **Bridget Roswell OBE**, Chair Volterra Economics, former Chief Economist to GLA;
- **Bruce Katz**, Vice President at the Brookings Institution and founding director of the Brookings Metropolitan Policy Program;
- **Diane Coyle OBE**, Chief Executive of Enlightenment Economics and Vice-Chair of the BBC Trust;
- **Greg Clark**, Chairman, OECD Forum on Local Development Agencies and Investment Strategies and Global Fellow, Metropolitan Programme at The Brookings Institution
- **John Van Reenen**, Professor of Economics at the London School of Economics and Director of the Centre of Economic Performance;
- **Peter Vernon MRICS**, Chief Executive of Grosvenor Britain & Ireland and previously Partner at IBM Business Consulting Services and PricewaterhouseCoopers;
- **Professor Tony Travers**, Director of British Government at LSE London, professor in the LSE's Government Department and Chair of the London Finance Commission;
- **Rachel Lomax**, Independent non-executive Director at HSBC and former Deputy Governor, Monetary Stability, at the Bank of England and a member of the BoE's Monetary Policy Committee; and,

- **Rohan Silva**, Entrepreneur in Residence at Index Ventures and previously Senior Policy Adviser to the Prime Minister.

Mike Emmerich, Chief Executive of New Economy Manchester, and Alexandra Jones, Chief Executive of Centre for Cities, are also advising the Commission.

Evidence

The Commission's work programme will run until October 2014 through three main strands:

- A call for evidence and three evidence hearing sessions across the country;
- A dedicated research programme; and,
- A series of high-level public seminars and private roundtables.

A final report will be published at the end of the process, including detailed recommendations. Work will focus particularly on:

- **Skills and labour markets**, and how to align decision making and funding of skills with local business and investment needs.
- **Infrastructure** including housing, transport, and digital connectivity.
- **Fiscal and policy devolution**, including cities' freedom to lead and coordinate their own strategies for economic competitiveness.

Commission Secretariat

The Secretariat is hosted by the RSA, an organisation committed to finding innovative practical solutions to today's social challenges through its ideas, research and 27,000-strong Fellowship.

The RSA has run several important and influential Commissions, including the 2020 Public Services Commission (chaired by Sir Andrew Foster), the Academies Commission (chaired by Christine Gilbert), and the recent Independent Review of the Police Federation (chaired by Sir David Normington).

Further Information

For more information about the City Growth Commission, please contact Charlotte Alldritt, Commission Secretary: charlotte.alldritt@rsa.org.uk (0207 451 6848).

