

## **The Future of Cities**

### **Purpose of report**

For direction.

### **Summary**

This paper provides an outline of the discussion that took place at the LGA's first Urban Summit, sets out three questions for members to reflect on and proposes that a vision for the future of cities is prepared for the LGA's Annual Conference.

Is this report confidential? Yes ☐ No ☒

### **Recommendation/s**

Members of the City Regions Board are asked to **note** the summary of the discussion that took place at the LGA's Urban Summit and **provide a steer** on the issues that they would like to see addressed in a *vision for the future of cities* to be presented at the LGA's Annual Conference.

### **Action/s**

Following the discussion at the Board, officers will begin the process of developing a vision for the future of cities to be presented at the LGA's Annual Conference.

**Contact officer:** Philip Clifford  
**Position:** Senior Adviser  
**Phone no:** 07909 898 327  
**Email:** philip.clifford@local.gov.uk

## **The Future of Cities**

### **Background**

1. On Wednesday 9 March 2022 the LGA held its first Urban Summit at its offices in London. The event, hosted by Mayor Rees, brought together a broad cross-section of academics, international experts, politicians and business representatives to explore the challenges facing cities today and, more importantly, look ahead to the role cities might play in tackling the challenges of the future.
2. This paper provides an outline of the discussion, sets out three key questions for members to consider and proposes that the LGA develop a *vision for the future of cities* to be presented at the LGA's Annual Conference in late June.

### **Issues**

#### *Urban Summit Overview*

3. Following a welcome from Mayor Rees, the morning kicked off with a panel session introduced by Professor Greg Clark, Chair of the Connected Cities Catapult, which sought to explore the role of city regions. Greg argued that, broadly, urbanisation is good for people, but a successful city is one that is in synch with population growth and economic change. Cities fail when they accumulate job deficits and become home to poor quality natural environments, where the systems for managing population growth break down.
4. Professor Clark pointed to the pandemic as a moment to reassess the future of cities. He highlighted the increased use of digital technology to support homeworking, changes to global and local supply chains, the health consequences of densely populated urban living and the increased visibility of economic and social inequalities.
5. While many of these factors were already in train, Professor Clark argued that they had yet to run their course. He characterised recovery as being shaped by improvements in five areas: hospitality, office working, tourism, higher education and migration. Based on his research Professor Clark estimated that cities were only 40 per cent of their way into recovery: while urbanisation is likely to continue at a rapid pace, the 'new normal' will take a while to unfold.
6. Professor Clark set out four broad challenges that would shape the future of cities:
  - 6.1. How city leaders would finance the cost of future investment and service delivery
  - 6.2. How urban areas would be reconfigured to provide space for things that are best done face to face
  - 6.3. How city authorities will interact with national governments in the development of cities as a subscription e.g., providing visas to own a business or access employment for people who don't reside in cities.
  - 6.4. How cities will respond to the pressures of a changing climate

7. Professor Clark then made some specific observations about cities in the UK:
  - 7.1. the UK is highly urbanised, with city regions in close proximity to each other and highly interdependent, yet as a nation we dream of rural idylls;
  - 7.2. the UK was the first nation to experience deindustrialisation and, as a former imperial power, has experienced a high degree of international migration;
  - 7.3. there have been periods where investment in cities has been high and sustained, for example the Victorian era, but there have been long periods since the Second World War where they've had to make do with 'cheap refits'.
  - 7.4. regional growth policy in the UK hasn't been underpinned by skills investment (as in Germany), community infrastructure (America) or welfare provision (China) but has instead been reliant on the labour market to provide productivity gains.
8. He closed his introductory remarks by commenting that urbanisation is written into the UK's DNA and noting that while government has invested time and resource in urban governance reform, it has never really addressed the question of how cities might be financed. For Professor Clark the issue of climate transition was an important organising idea and the UK Climate Change Investment Commission a useful framework to explore the question of how urban areas might be resourced.
9. Cllr Hinchcliffe followed this introduction, by leading a discussion between Hannah Essex (British Chambers of Commerce) and Rosie Lockwood (IPPR North). Hannah began by reflecting on the pre-pandemic reliance of city centres on 'cash-cow' commuters and how the sudden acceleration in the shift towards home working had exposed their vulnerability to this change in economic geography. She also pointed to increases in the cost of energy and distribution and characterised the Levelling Up White Paper as high in ambition, but slightly lacking in substance. For the British Chambers of Commerce, the key opportunities for growing cities economies lay with: greater decentralisation; long term investment in entrepreneurs; onshoring supply chains; and, the transition to net zero.
10. Rosie responded by identifying the centralisation of UK governance as the key challenge to greater prosperity, highlighting IPPR North research which found that the percentage of tax collected by the UK government had gone up from 95 per cent to 96 percent. In Germany, this is only 65 per cent. For Rosie, the White Paper was therefore a step in the right direction but needed to be backed by investment and HM Treasury if the Government's bold ambitions were going to be turned into equally bold actions. She highlighted that many commentators had noted the significant levels of investment needed to close the gap between East and West Germany following reunification and countered that for many in the North of England, simply moving to London levels of investment would be a significant start.
11. The rest of morning saw three breakout sessions: the role of cities in tackling the housing crisis (Shelter) chaired by Cllr Cryan; the role of cities in the wider geography bringing together towns and cities (National Infrastructure Commission and Centre for Cities)

chaired by Cllr Merry; and, the role of cities in building a resilient community (Hope not Hate) chaired by Cllr Mellen. The slides from each of these sessions will be made available on the LGA's website shortly.

12. The afternoon opened with a panel session chaired by Cllr Roberts titled: what do cities need to become to meet the challenges and opportunities of the future? Dr Colleen Thouez, a Senior Fellow from the New School's Zolberg Institute opened by highlighting the pioneering work of Benjamin Barber, which argues in favour of the direct sense of accountability provided by city leaders. While national politics has the potential to become gridlocked trying to address big questions such as international migration or climate change, the energy of local leaders and their advocacy of practical solutions gives them the legitimacy to step up as international actors. City leaders should no longer be seen as the implementing arm of national government, but as offering an independent platform with a distinct voice and capacity for action.
13. Lord Kerslake, chair of the UK 2070 Commission was the next panel member to speak and began by reflecting that when the Commission was developing its vision for 2070 it was very much rooted in looking back at the last 50 years of urban development and ahead to the next 50 years, because too often the Government's approach to cities has been tactical rather than strategic, ill-equipped to deal with global challenges over long time scales. In thinking about the big challenges of the future Lord Kerslake identified the eastwards shift of global economic activity and the rising challenge of unequal growth. He highlighted the increased disconnect between low and high incomes, noting that London's population had the highest proportion of people suffering from in-work poverty. Similarly, he highlighted the issue of housing, arguing that no city had managed to crack the challenges of supply and ensure a decent housing standard for all.
14. The final speaker on this panel was Dorthe Nielsen, Eurocities Executive Director and acting Secretary General. Dorthe opened by commenting on the strong shared vision emerging from city leaders across Europe in response to the challenge of the climate emergency. She stressed that it was essential that cities develop their networks, learn from each other and develop stronger collective powers, for example, by using joint procurement to shape market development.
15. The afternoon concluded with a wide-ranging discussion on each of the presentations within the context of presentations on the cost pressures facing urban areas and the challenges of decarbonisation. The conversation started with a reflection that scale of the ambition posed by the White Paper could be recast as an opportunity, as Government simply can't achieve its 12 Missions without devolution.
16. In response, it was argued that national Government hadn't really got to grips with the challenges facing local areas and tended to pit different parts of the country against each other, for example, urban against rural. In order to make progress against issues such as climate change city leaders needed to recognise that devolution was unlikely to deliver

the sea change in investment and powers needed. Instead, they needed to start working out the role cities can play in addressing transnational issues at a local level, leverage the opportunities of private investment and reposition UK cities as international assets.

*Developing the Future of Cities*

17. As part of the Summit attendees were asked to respond to three questions:

- 17.1. What are cities?
- 17.2. What do we need our cities to be?
- 17.3. What is the difference and how do we get them there?

18. A number of points made during the presentation and debate suggested similar broad conclusions to these questions, including:

- 18.1. Given that in a few decades 80 per cent of the global population will be urban, and in the UK it is already closer to 90 per cent, cities will be the primary vehicle for the future success of societies: if cities don't work, society and economy as we understand it won't either.
- 18.2. Cities therefore need to be sustainable, resilient and adaptive, physically, socially and economically, and able to address inequality and wellbeing (e.g., 40 per cent of poor productivity is linked to deprivation, which is also a blight on communities).
- 18.3. For UK cities, a major issue is the lack of resource and local freedom to deliver change. As well as arguing for devolution, more immediate, pragmatic routes might be found to aligning local services and systems, alongside innovative financing.

19. At the time of drafting this report, other answers to these questions are still being analysed, but to shape future work in this area, members of the City Regions Board are also asked to consider these questions and share their responses.

20. The LGA will then draw these answers together, combine them with contributions made at the Summit, recent board-commissioned research and the priorities of urban representatives such as Core Cities, Key Cities, SIGOMA and London Councils to develop a vision for the future of cities that can be presented at the LGA's Annual Conference in June 2022.

21. While the final details of this vision are to be determined through discussion and research it seems reasonable to site this work within the context of the Levelling Up White Paper's first mission: *By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, and the gap between the top performing and other areas closing.*

22. However, although the White Paper Mission provides an immediate platform to connect with Government thinking, the City Regions Board may also wish to think beyond this

limited recognition, using the LGA conference discussion as a moment to begin to shape a more radical, longer-term, locally-led vision for the future of cities, forming a bolder Mission than that suggested by the metrics in the White Paper (see Appendix 1 below).

23. For its headline Mission metrics the Government has proposed that these will be measured at ITL1 (the standard statistical regions of the UK). For the supporting metrics the White Paper proposes that these will be measured at the local authority level.
24. With regard to measuring globally competitive cities the White Paper proposes that this will require capturing a range of underpinning metrics, including GVA per filled job, services trade balance, the share of Knowledge Intensive Service sectors, the percentage of 16-64-year-olds with an NVQ4+ qualification and city density, across city regions. It sets out that further work will be undertaken, in consultation with external stakeholders, to develop and refine these metrics.
25. Whilst the metrics included in the White Paper are richer than a simple measure of GVA their framing of a *globally competitive city* falls short of the reality of what such a city is and might be, and of the clear aspirations of City Region Board members. It includes no consideration of global connectivity, quality of living, health and wellbeing as a determinant of productivity, democratic participation, entrepreneurialism, culture, environmental sustainability, supply chain self-sufficiency, climate resilience, reducing existing inequalities and improving equality of opportunity for its citizens, or financial autonomy, for example.
26. It is therefore suggested that the focus of the Board's work between now and the LGA's Annual Conference in June should be to set out a broader, aspirational vision for the future of UK cities, based on these key success factors and responding to the three Summit questions at paragraph 17 above, providing a headline proposal at the Conference for debate. This might include some provocation and challenge from one or two leading thinkers, as at the initial Summit.
27. Over the next few months this work can then develop further into a high-level strategy for achieving the Board's shared vision, whilst also being used to attempt to broaden the basis of the Levelling Up White Paper's mission by expanding the horizons of government as to the potential of cities, and setting out appropriate metrics for that.
28. Although this work can be used to develop an investment proposition that would result in a financial and social return for Government in return for freedoms and resources, it could also seek to develop solutions to national and transnational challenges that UK cities can work on together, more or less immediately.
29. It can also be used as a rallying call to a wider constituency of potential support, for example from the private and third sector, investors and institutions like universities,

adding weight and power of voice to the Board's work, which might then be reviewed and updated on an ongoing basis.

30. The aim would be to demonstrate the agency, leadership and convening power of local government in its own right, bringing Government to the table because they have a solution that this (and future) Governments need and the delivery experience to make it work. The key to this would be to frame a longer-term strategic vision alongside pragmatic early actions as part of a logic chain that gets from aspiration to reality.

### **Implications for Wales**

31. The Levelling Up White Paper presents a vision for the UK. While many of the investment and policy levers are likely different within the Welsh context there will be value in drawing on the experience of Welsh cities in pursuing this agenda.

### **Financial Implications**

32. Any policy activity arising from this paper will be met from the Board's policy and research budget.

### **Next steps**

33. Members of the City Regions Board are asked to **note** the report of the discussion that took place at the LGA's Urban Summit and **provide a steer** on the issues that they would like to see addressed in a *vision for future cities* to be presented at the LGA's Annual Conference.
34. Subject to these comments, officers will proceed with the initial phases of developing this vision: creating an evidence base in relation to the characterisation of a globally competitive city; using the three questions identified at paragraph 18 to take the views of a wide range of actors; and, determining those challenges where UK cities are best placed to develop global solutions as a part of making an investible proposition to Government.

**Appendix 1 – Levelling Up Mission 1 Metrics**

<b>Mission</b>	<b>Metrics (Headline/Supporting)</b>
<i>By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing</i>	<b>Gross Value Added (GVA) per hour worked</b>
	<b>Gross median weekly Pay (£)</b>
	<b>Employment rate for 16-64 year-olds</b>
	Gross Disposable Household Income (GDHI)
	Proportion of jobs that are low paid
	Participation rate
	Disability employment rate gap
	Proportion of children in workless households
	Proportion of employed people in skilled employment (SOC 1-3,5)
	Total value of UK exports
	Inward and outward Foreign Direct Investment