



Office of the
Deputy Prime Minister
Creating sustainable communities

State of the English Cities

Urban Research Summary 21





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Further Information

Further information is contained in the full report, *The State of the English Cities Report* ISBN 1 85112 845 6, which is available on the ODPM website: www.odpm.gov.uk or via:

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Foreword

This independent report to Government fulfils our commitment to publish a detailed update on the urban renaissance, 5 years after the Urban White Paper.

Since then, there's been remarkable progress in creating sustainable communities in our major towns and cities.

We do not underestimate the scale of the challenges which remain. But the clear message of this Report is that our cities are very much back in business as more successful places to live, work and enjoy. They are engines of growth once again.

After years of industrial change, our cities are competing more effectively in a rapidly changing global economy in which capital, goods and knowledge travel faster than ever before.

Old industrial assets like the canals and waterways have been transformed into attractive places to live and work.

People and jobs are coming back into our city centres – in many ways thanks to our planning policies which require retailers and developers to use brownfield sites before green fields.

Overall, a combination of sustained economic growth, increased investment through public private partnerships, and entrepreneurial local leadership means that our cities are better placed than at any time for a century or more.

After 8 years of economic growth, sustained investment, and local leadership, our cities are more confident than they've been for decades. But we recognise the need to continue to develop and improve. The economic and social gains of urban renewal need to be shared and sustained.

This Report provides an analysis – unprecedented in its scope and detail – of how our cities stand and they could improve. It offers detailed ideas for change to which the Government will respond.

The Government is determined to work with local people, businesses, local government and other stakeholders to seize the best opportunities for cities they have enjoyed for 100 years.



John Prescott
Deputy Prime Minister



Rt Hon David Miliband
Minister of Communities and
Local Government

1. Cities matter

- 1.1 These are exciting – if challenging – times for cities in many countries. During the past decade many cities in many countries have emerged from a period of decline to find new economic, political and cultural niches. There has been a sea change in how they are regarded. Governments, the private sector and researchers increasingly see cities as the dynamos of national and regional economies rather than economic liabilities. Cities are becoming again ‘the wealth of nations’. Many have assets which make them more – not less – significant in an increasingly globalised world. Some are centres of strategic decision-making, exchange and communication. Many have concentrations of intellectual resources in universities and research institutions, which encourage high levels of innovation. Many cities have achieved substantial physical regeneration especially of their centres, which offer impressive commercial, residential and retail facilities. Many have substantial cultural resources, which are increasingly the source of economic growth and job creation.
- 1.2 However, cities are not only economic assets – not merely marketplaces. They have great capacity to promote community development, social cohesion and civic and cultural identity. Despite this potential, the pursuit of economic success has not led to the elimination of social problems in many different countries with very different institutional, economic and social arrangements and policies. Achieving economic success with social justice in sustainable cities remains a challenge to many Governments and organisations – local, regional, national and international.
- 1.3 For all these reasons, across Europe, North America and beyond, cities are moving up the political agenda and have become the focus of many policy initiatives. Much of this attention has been generated by concerns about national prosperity in the face of growing internationalisation of the world economy and competition from the newly industrialising countries, particularly in labour intensive, mass production manufacturing industries. In response to these competitive pressures many first world economies are developing activities based on high levels of knowledge where they still have the competitive edge in world markets. It is increasingly realised, however, that such actions do not take place on the head of the proverbial pin, but in real places – often cities. Initially, the policy focus was upon regions. More recently in many different countries it has shifted towards the relationships between cities and regions. As a result there is a growing recognition that the characteristics of cities – and the ways policies affect them – are crucial determinants of regional and national economic performance.

The State of the English Cities Report

- 1.4 This recognition of the significance of cities to the national economy is no greater than in the UK in recent years. In its Urban White Paper of 2000 *Our Towns and Cities: The Future*¹, the Government made a commitment to commission a report on the progress and performance of English cities. The State of the English Cities Report (SOCR) to Government fulfils that commitment. It provides a comprehensive assessment of urban conditions and drivers of urban change in England. It reviews the impact of Government policies upon cities, explores how they contribute to local, regional and national success and identifies key policy messages. Its four main themes are social cohesion; economic competitiveness and performance; liveability and governance. The report is intended to be an authoritative statement of the state of English cities, the opportunities and challenges they face in an international context, and the policy steps that need to be taken to build upon the progress that has been made in recent years.
- 1.5 This executive summary of the report does six things:
- Outlines the key messages of the report.
 - Outlines the policies adopted by the current Government.
 - Explains how the report was undertaken.
 - Identifies the key findings about the performance of English cities.
 - Assesses which policies have worked well and less well.
 - Identifies key choices for Government about future policies for cities.

¹ *Our Town and Cities: The future; Delivering an Urban Renaissance*, DETR (2000).

2. Key messages from the State of the English Cities Report

We must sustain and expand the successful economic recovery of our cities

- 2.1 One key message is that many English cities have been continuously economically successful during recent decades. Many others that have endured serious economic problems have begun a process of restructuring and are finding new niches. It is important not to underestimate the achievements that have been made, as well as to recognise the scale of challenges which remain. In 2006, English cities look and are different from the 1980s when many larger ones rapidly lost tens of thousands of manufacturing jobs and almost their whole economic rationale. Since then such cities have dramatically improved their performance. The process of urban renaissance, especially in city centres, is well entrenched. Many cities in the north and west have begun to expand and attract the economic sectors and are developing the qualities and assets which underpin successful urban economies – innovation, economic diversity, a skilled labour force, communications, quality of life and leadership capacity.
- 2.2 The urban renaissance must be sustained and widened. The economic success of cities must be spread more widely, within the cities themselves and also across the country. There are still great social and economic differences within English cities, whether or not they are successful economically. The process of economic recovery is also uneven across England. Many English cities have improved, especially in the most recent years. But many in the north and west are not yet catching up with London and the most successful cities in the south and east. They typically have economies based more upon high value added, knowledge-based industries and are often better connected to the global economy.
- 2.3 Closing the gap across the country remains a large challenge. National policies will need to increase the connectedness of the national urban system and change the scale or direction of the flows of people and resources across it. For example, while levels of graduate creation are similar across urban areas, levels of retention differ as graduates flow from universities in cities in the north and west to the economic opportunities presented by London and cities in the south and east. The challenge is partly also to increase the physical connectivity across the system. The ambition must be to encourage the cities of the north and west to perform more effectively themselves and in the process help to reduce the pressures that growth brings to the south and east, which could limit their cities' long term sustainability.

We need to learn from successful cities abroad

- 2.4 There is real evidence than many English cities are picking up in terms of their recent economic performance. But many, with the notable exception of the global player of London, are not performing as well as their competitors in Europe and beyond. Here the national policy framework matters a great deal. The broad trend in continental Europe is to decentralise decision-making and place powers at the lowest level. Where cities have been given more freedom and resources there is evidence they have responded by being more proactive, entrepreneurial and successful. Decentralisation in France has invigorated provincial cities during the past 20 years. The most successful cities in Europe in that period have been German, which is the most decentralised country in Europe. The renaissance of Barcelona in part stems from regionalisation and the reduced grip of the capital city, Madrid. In addition some European Governments have been moving towards more long-term contractual relationships between national and local Government. We can learn lessons from this experience.

We need to trust and encourage cities and local leadership

- 2.5 Local leadership is important. Many of the advances of recent years have been as a consequence of the sustained national economic recovery, which has provided a more supportive environment in which cities have flourished. However, the advances are also the result of engaged local leaders, both public and private, exploiting favourable national economic performance. There is a great deal of evidence in the report that entrepreneurial, local leadership is crucial in helping to find new economic futures for cities, their businesses and residents.
- 2.6 Cities are critical in many ways to the successful delivery of national Government ambitions. There is a lot of support within them for the key principles which increasingly shape Government policy for cities. These include: greater investment of public resources in the mainstream programmes which impact upon cities; greater recognition and focus upon the economic potential of cities and the policy levers to encourage it; greater willingness to address regional imbalances; recognition of the importance of sustainable communities; greater focus upon City-Regions and collaboration across regions; and growing willingness to simplify and reduce national demands and constraints upon local and regional players.
- 2.7 The report also shows that the policy climate for cities in the past was not sufficiently helpful to city leaders and their partners. In future, Government needs to ensure that all departments and mainstream policies continue to focus on cities. The ODPM needs sufficient internal capacity to carry through its agenda. Urban policy must continue to encourage the efforts of local and regional players who have to make national policies work. The geographical boundaries within which cities have to operate must encourage their economic success. The balance of powers and resources between national, regional and local Governments should allow English cities to benefit from the freedoms, resources and responsibilities found in the more successful European and American cities.

- 2.8 The key message of this report is that England's cities are now better placed than at any time since the end of the nineteenth century to become motors of national advance. The combination of sustained macro-economic growth, rising public investment in education, policing, health and transport, partnership with the private sector, growing higher education and a dynamic social and cultural scene is uniquely positive. The years of decline and decay have been overcome. There is now an opportunity to create centres of economic and social progress that will shape the country for a generation. There are big challenges ahead. Only the right policy decisions will deliver that positive future. The opportunity is clear, present and exciting.

3. The changing policy landscape of English cities

3.1 Where does the UK fit into the increased international concern for cities? In fact, it has had a policy for cities for much longer than many other countries. A national policy has existed in some form since the late 1960s. However, during this period its scope, nature and resources have expanded enormously as different Governments have adopted different answers to an enduring set of questions about policy for cities.

Government policies for cities 1997-2006

3.2 When the current Government took office in 1997 it identified four main challenges of urban policy and governance. Policy-making had become too centralised, bureaucratic and remote from local people. The gap between poorer and richer urban neighbourhoods and regions was rapidly widening. The creation of large numbers of quangos required new ways of working between local, regional and national partners. Declining local voting demonstrated the need for democratic renewal, modernisation of local Government and new forms of citizen engagement.

What has been done?

3.3 There has been an enormous amount of activity and change in urban policy in England during the past seven years with a large number of independent and Government reports assessing the conditions and prospects of English cities. The most notable include: Lord Rogers Task Force on Urban Renaissance in 1998, the Government's own White Paper in 2000; the National Neighbourhood Renewal Strategy in 2001 and The Sustainable Communities Plan in 2003. There have been a variety of green papers, white papers and legislation on housing, planning, regional Government and local Government.

3.4 The Government has introduced a range of measures designed to:

- Recognise that cities are economic drivers not liabilities.
- Reduce sprawl, suburbanisation and encourage central city sustainability.
- Change the balance of power between nation, region, city and neighbourhoods.
- Devolve responsibility by giving regional and local organisations more control over resources in return for good performance.
- Promote more collaboration between local, regional and national partners and more strategic, 'joined up' governance.

- Modernise local Government by creating stronger, visible, civic leadership, and rewarding achievement.
- Improve the quality, value for money of local services and their responsiveness to communities.
- Encourage greater citizen engagement in decision-making.

The full report assesses how well those policies have worked.

4. The evidence base for the State of the English Cities Report

- 4.1 The full report provides a wealth of evidence and analysis. It in turn was based on nine contributing reports which involved extensive analysis of academic and consultancy literature, international evidence, public attitudes and demographic trends, case studies in 12 cities and interviews with over 250 policy makers. The report is underpinned by a set of key indicators of urban performance – the State of the Cities Database (SOCD). It provides data on over 60 indicators at three time points and contains over 2 million pieces of individual data. The SOCD allows us to identify in great detail recent changes in English cities. It will be sustained in future by Government and will allow future monitoring of cities and the impact of policies.
- 4.2 The report defines cities in terms of their physical extent and not in terms of local authority areas or administrative boundaries. It created a set of 56 Primary Urban Areas (PUAs) with populations over 125,000. Many PUAs contain several local authorities. They contain 58 per cent of English population and 63 per cent of its jobs. The 56 are identified in Map 1.
- 4.3 The report explores differences within as well as between urban areas, therefore, the SOCD provides data for the following spatial levels:
1. The 56 Primary Urban Areas
 2. The 56 wider Travel to Work Areas
 3. All local authorities in England
 4. All Government Office Regions
 5. All of England
 6. All wards in England
 7. A set of standard neighbourhood ‘tracts’ averaging 35,000 residents

All this data will be accessible to users.

4.4 Although the database has extensive information about individual places, in this report we explore trends affecting different types of urban areas. We based our typology upon two criteria – regional location and city size. Cities in the Government Offices in the Regions of the North West, North East, North and West Midlands we place in the north and west. The remainder we place in the south and east region. Large cities have populations over 275,000, small cities 125-275,000, large towns 50-125,000 and small towns under 50,000. The report typically analyses the following types of places:

- London
- 6 metropolitan centres in the north and west – Birmingham, Leeds, Liverpool, Manchester, Newcastle, Sheffield
- Large cities in the north and west
- Small cities in the north and west
- Large cities in the south and east
- Small cities in the south and east
- Large towns in the north and west
- Large towns in the south and east
- Small towns and rural areas in the north and west
- Small towns and rural areas in the south and east

Case studies

4.5 We undertook detailed work in 12 cities to explore different types of urban area, to explore differences within urban areas, to explore policy effects and to identify emerging trends and challenges. The cities were:

- | | |
|--------------|--------------|
| ● London | ● Burnley |
| ● Manchester | ● Leicester |
| ● Birmingham | ● Leeds |
| ● Bristol | ● Sunderland |
| ● Cambridge | ● Sheffield |
| ● Derby | ● Medway |

Map 1



5. How are English cities performing – picking up, catching up, staying up?

- 5.1 The full report presents a great deal of evidence which assesses how different cities have performed in the past decade and whether less well performing cities have been picking up, catching up and will be staying up with the best performing cities in England or indeed Europe. This summary can only report a limited selective review of that evidence. There is a lot of good news. The report provides a lot of evidence that many English cities have improved their economic and social performance, are becoming more liveable and have developed better Government arrangements in recent years. Despite these improvements, not all cities or groups and areas within them have had the same experience. Cities in the south and east are still more successful than cities in the north and west. Matching the performance of the most successful continental cities also remains a challenge for many. Sustaining the economic advances of our cities will also require the national economic growth of recent years to be continued.

Demographic and employment trends in cities

- 5.2 A number of major social changes are encouraging the renaissance of cities. National population growth, strong net immigration from overseas, the rapid growth of the ethnic minority population, the increasing proportion of younger adults without children, the growth in the financial services sector and rising participation in higher education all suggest bright demographic prospects for urban England, especially its larger cities. However, some are pushing in the opposite direction. For example an ageing population and rising level of home ownership are linked to suburbanisation. The fall in average household size, especially the rising number of one-person households, presents housing challenges in view of the traditional pattern of family housing provision in cities. Also the English search for the 'rural idyll' appears just as strong as in the past.
- 5.3 England's cities are important to national success, because they represent such a large part of the nation in terms of both population and economic activity. Until recently the rest of England was doing better in terms of growth in numbers of people and jobs. But cities' contribution has been growing more recently. Their 42 per cent contribution to national population growth in 1997-2003 was a clear and impressive improvement on previous experience (Table 1). London alone grew by 403,000 – 34 per cent of England's total.

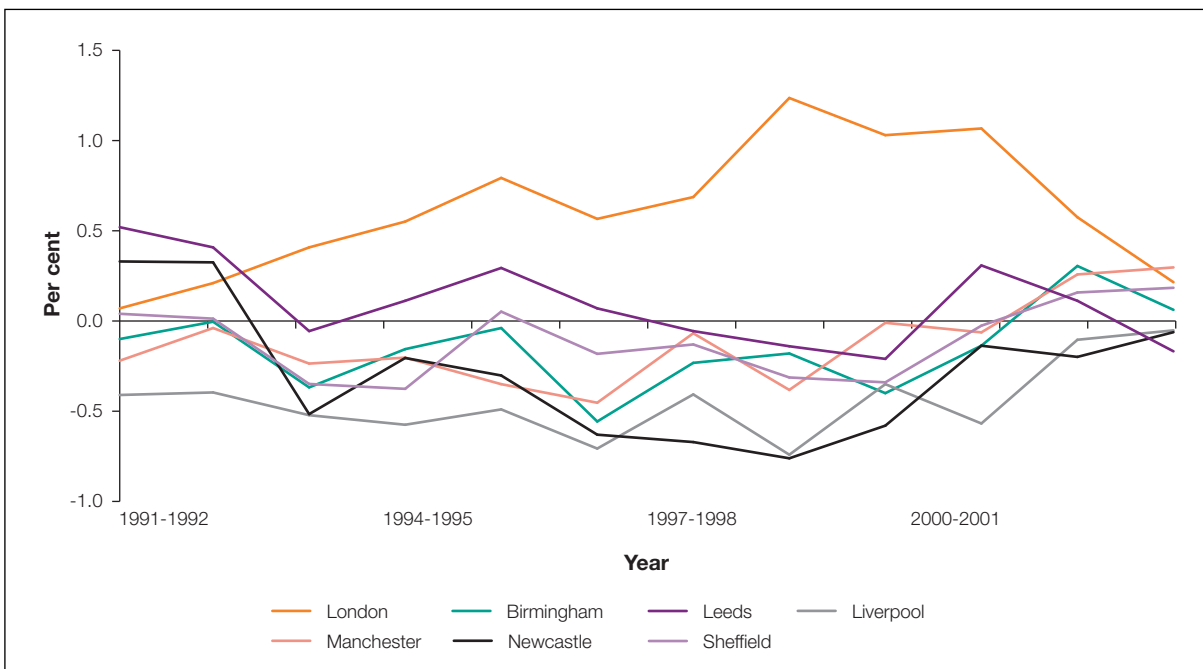
Table 1: The contribution of the 56 cities to England’s population growth, 1981-2003

	Share of 2003 population (%)	Contribution to England’s total population growth (%)			
		1981-2003	1981-1991	1991-1997	1997-2003
England	100.0	100.0	100.0	100.0	100.0
Towns and rural	41.9	72.2	92.8	64.0	58.0
Cities, <i>of which:</i>	58.1	27.8	7.2	36.0	42.0
London	17.3	21.0	2.3	28.7	33.9
Other 55 cities	40.8	6.8	4.9	7.3	8.1

Source: calculated from ONS’s revised mid-year population estimates. Crown copyright reserved.

5.4 However, London’s growth rate dropped after the turn of the century and the big six cities of Birmingham, Leeds, Sheffield, Manchester, Liverpool and Newcastle moved up steadily from their high losses of the early 1990s as Figure 1 shows.

Figure 1: Annual population change rate (%), 1991-92 to 2002-03, London and the Mets



5.5 Cities are even more important for employment than for population (Table 2). In 2003, the 56 cities combined accounted for 63 per cent of England’s total jobs, 5 percentage points more than their population. Their overall contribution to national growth has been greater in recent years than earlier in the 1990s. Also the number of cities contributing to growth in jobs has grown, as London’s dominance has been challenged with the economic recovery spreading out further west and north.

Table 2: The contribution of the 56 cities to England's job growth, 1991-2003

	Share of 2003 jobs (%)	Contribution to England's total job growth (%)		
		1991-2003	1991-1998	1998-2003
England	100.0	100.0	100.0	100.0
Towns and rural	37.4	45.7	48.2	42.0
Cities, of which:	62.6	54.3	51.8	58.0
London	20.0	21.3	26.5	13.7
Other 55 cities	42.6	33.0	25.3	44.3

Source: calculated from ACE/ABI data downloaded from NOMIS. Crown copyright reserved.

5.6 The position remains fluid. London's population growth rate began to fall around the year 2000, while the population growth rates of the six Mets moved upwards. By 2003, relatively little separated the population growth rates of these seven cities. Historically, this is not unexpected. At key points of the national economic cycle in the past, as the economy of London has overheated, the combination of tight labour market and inflated house prices has led to the rippling out of stronger job and migratory growth into the north and west. Nevertheless, this provides renewed life for the previously lagging cities in this part of England. It presents an important opportunity for policy intervention to build on the market trend and make an extra difference that could last beyond the end of the recovery cycle and lead to a 'virtuous circle' of future investment and growth.

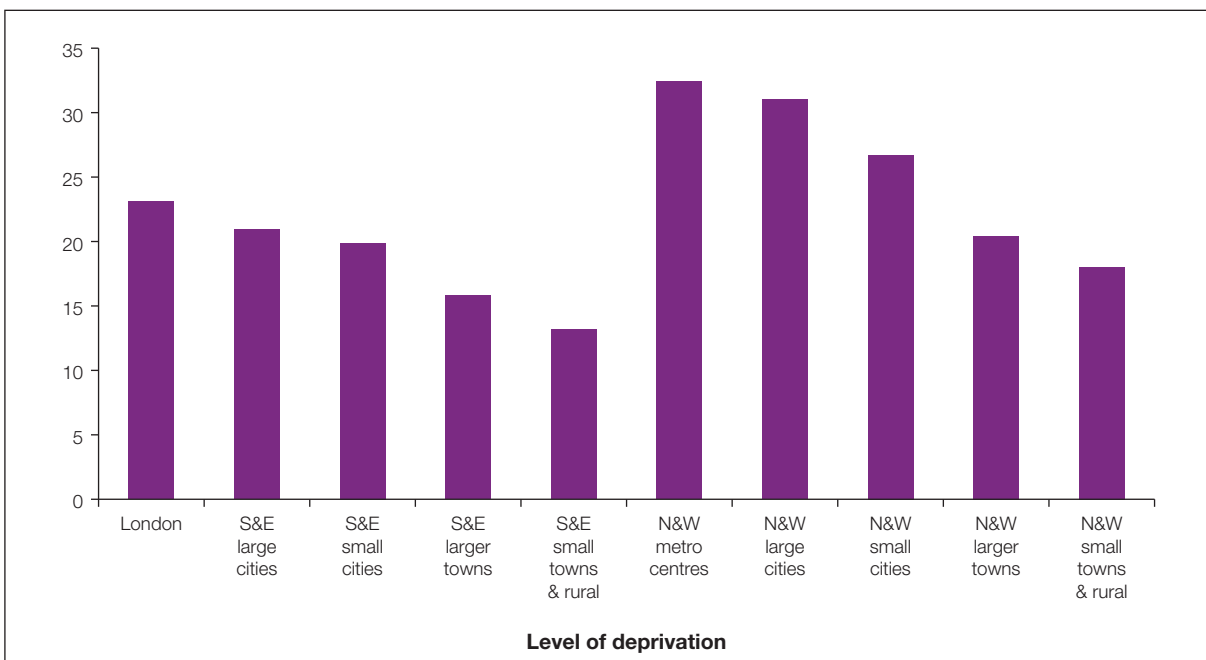
Trends in social cohesion in cities

5.7 There has been improvement in social cohesion in cities in recent years, partly reflecting improved national performance. Employment conditions have improved considerably in some of the poorest cities. Health conditions have improved generally and people everywhere are living longer. The gap in educational attainment between cities and the rest of the country has narrowed slightly in recent years. The proportion of people with degrees has risen in the last decade, especially in prosperous cities that already had many graduates. On recorded crime, robberies have increased slightly, while vehicle crime and burglaries have declined slightly.

5.8 Despite this progress, cities still face challenges of social exclusion and inequality. The level of deprivation is higher and more widespread in cities than in other parts of the country. There are higher levels of unemployment and worklessness. The state of health of the population in cities is generally worse. The gap between poor and better-off neighbourhoods is bigger than elsewhere. Social diversity is greater – between people of different races, cultures, religions and social class. Residential 'sorting' is quite high, based on income, wealth, employment status and ethnicity. Educational attainment in schools is lower than elsewhere. The rate of recorded crime is generally higher.

- 5.9 There is also a regional difference. Cities in the north and west face bigger challenges than those in the south and east. They have: greater deprivation, worse health conditions and more poor neighbourhoods; higher levels of child poverty and lone parenthood; higher rates of involuntary worklessness; lower employment rates for people with disabilities, for the over 50s and for ethnic minorities; more people with no qualifications and fewer people with degrees; and more areas with significantly more people from minority ethnic groups often overlapping with deprived neighbourhoods.
- 5.10 The level of deprivation is higher and more widespread in cities than in towns and rural areas as Figures 3 shows. However, conditions have been improving in most cities, especially in some of the poorest.

Figure 3: Level of deprivation by city type 2004



- 5.11 Cities with high worklessness have low incomes, so increasing employment is a key to tackling deprivation. Involuntary worklessness among households and neighbourhoods is higher in cities in the north and west than elsewhere. However, conditions have undoubtedly improved over the last decade as Table 3 shows.

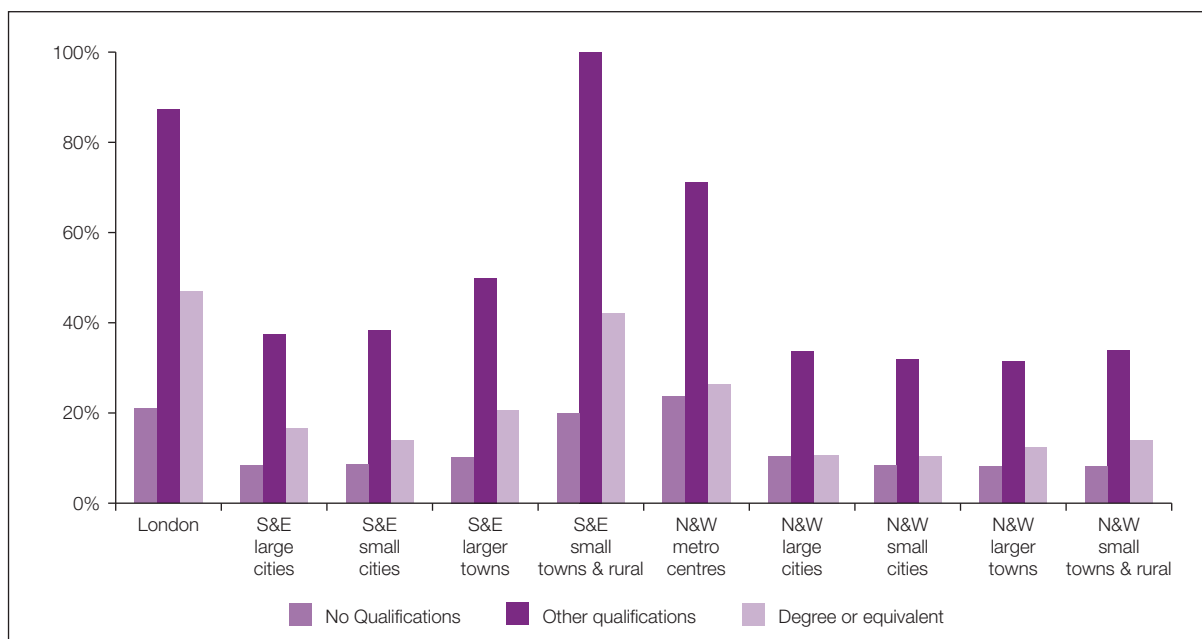
Table 3: Employment rate by city type, 1994-2003 (%)

	1994	1997	2000	2003
London	68.2	71.3	72.7	71.5
South and east large cities	72.0	75.1	77.5	76.6
South and east small cities	73.7	74.8	78.2	77.2
Metropolitan centres	66.1	68.3	69.8	70.6
North and west large cities	67.1	68.7	70.0	71.6
North and west small cities	70.5	70.7	74.4	74.6
Rest of England	75.2	77.3	78.5	78.5

Source: Labour Force Survey, quarterly unweighted data.

5.12 There is large variation in the level of educational attainment between cities and the rest of the country. Cities in the north and west have more people without qualifications and fewer people with degrees than elsewhere as Figure 4 shows. However, the gap has narrowed slightly in recent years. The proportion of people with degrees has risen everywhere in the last decade.

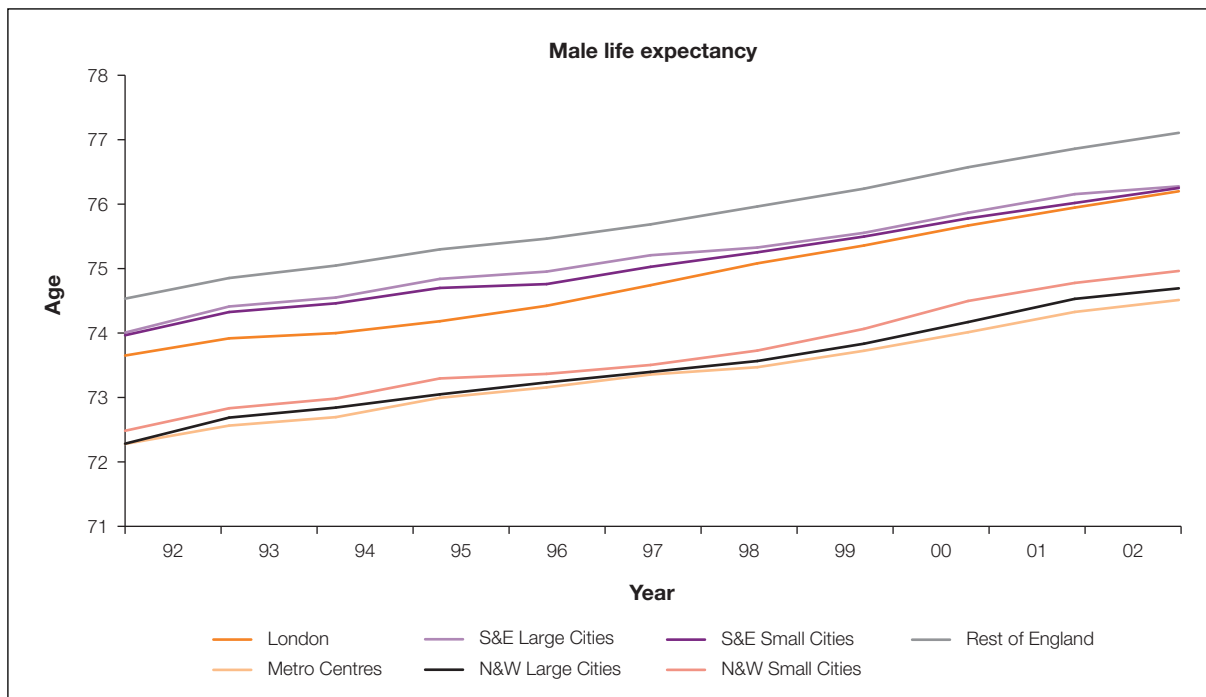
Figure 4: Skills of the working age population by city type 2003



5.13 Although patterns of crime are complex, it is generally higher in cities. It also tends to be higher in larger cities than in smaller cities and in the north and west than in the south and east. However, there are large variations between individual cities.

5.14 Cities and towns in the south and east have better all-round health profiles than the north and west. Larger cities tend to have worse health than towns and rural areas. However, health conditions are generally improving and people everywhere are living longer as Figure 5 shows.

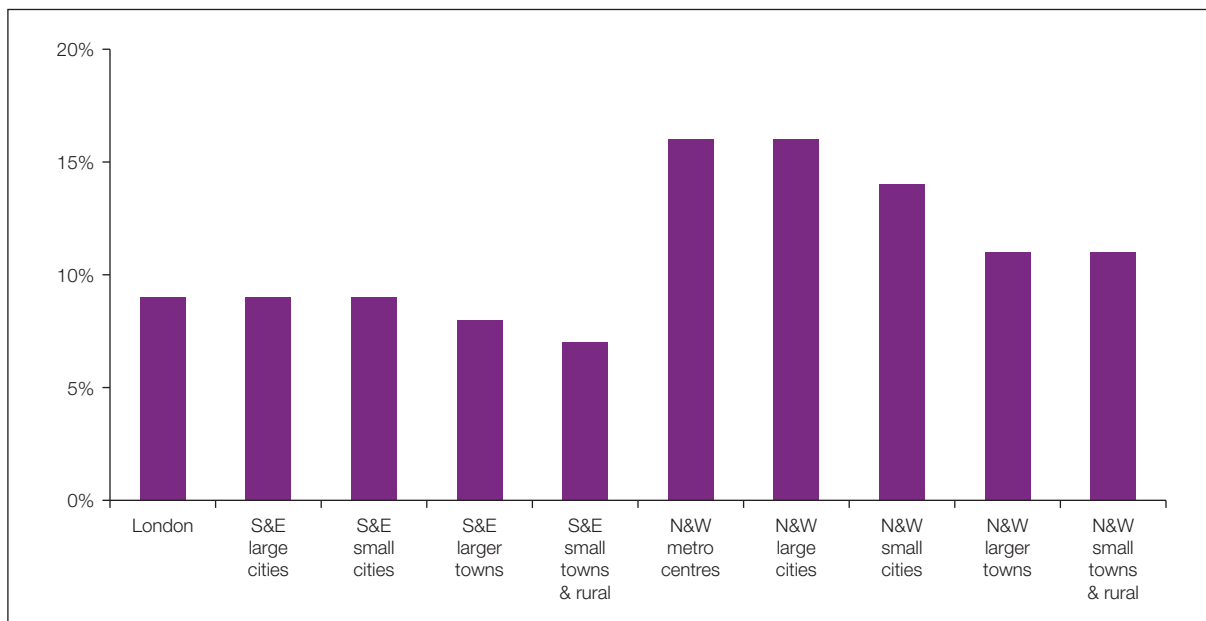
Figure 5: Male life expectancy



Cities are becoming more integrated

5.15 The ethnic minority population of England rose between 1991 and 2001 from 3.06 million to 4.46 million. All types of cities increased their Non-White population but London’s increase was greatest. In 7 of the 10 city types the Non-White population grew more than the White population. However, the pattern of distribution of ethnic minority groups across particular cities barely changed during the decade (Figure 6).

Figure 6: Change in numbers of all White and Non-White residents, 1991-2001, by SOCR type



- 5.16 Residential segregation between White and Non-White groups is higher in cities in the north and west of England than in the south and east. Higher segregation is associated with lower earnings, higher unemployment, and fewer managerial and professional class employees at the city level, though these relationships are stronger in the south and east than in the north and west. Right across the country, there is a strong inverse relationship between the level of segregation and the rate of participation in further and higher education. Segregation by ethnic group has declined during the past decade. The level of residential segregation fell slightly between 1991 and 2001 in 48 out of the 56 cities. It increased in only 8 cities between 1991 and 2001. But this was by very small amounts in 6. In only 2 cases was the increase significant.

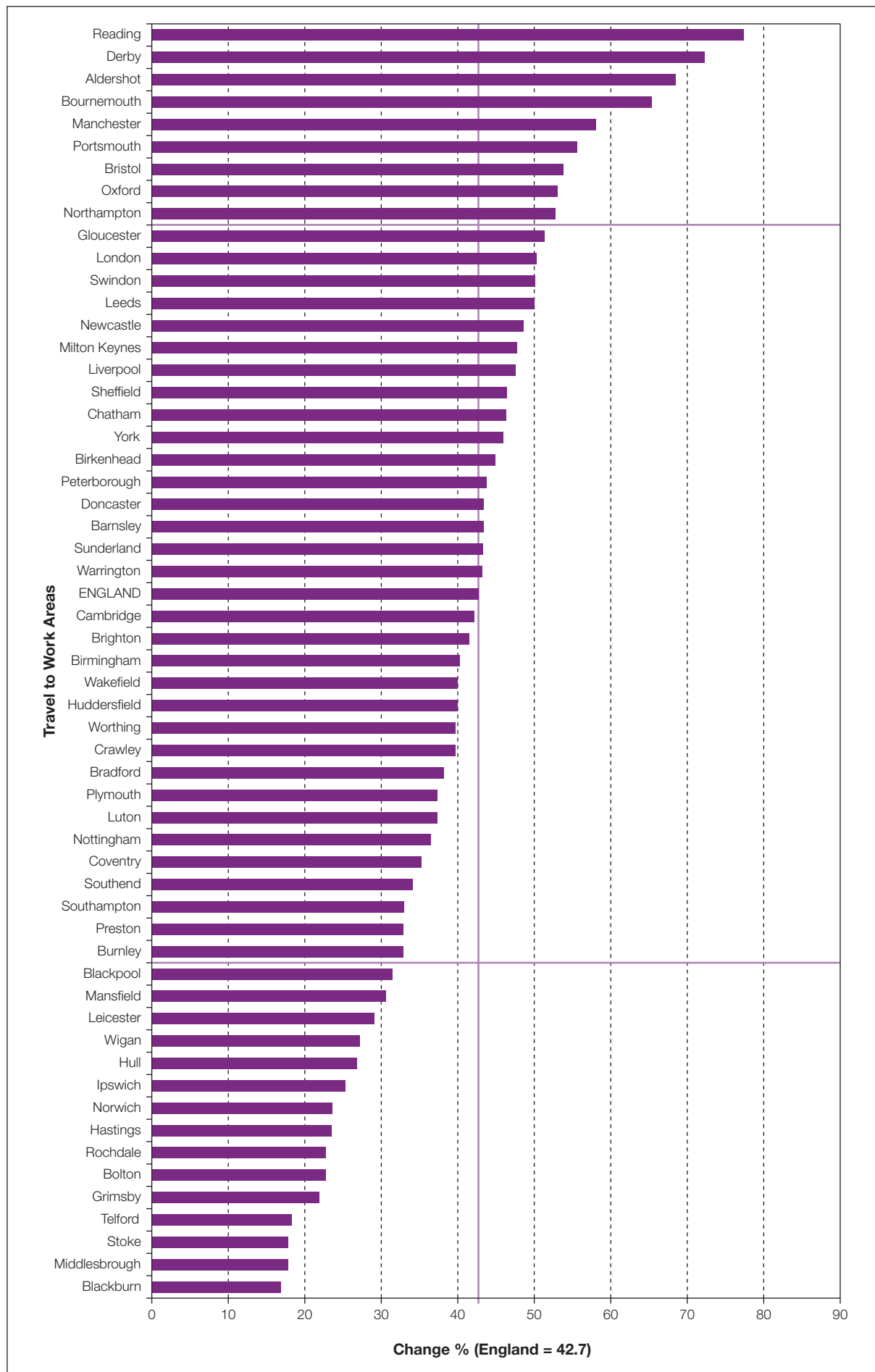
Social cohesion in English cities – the overall balance sheet

- 5.17 Three important trends emerge. First, all 56 cities across the country have improved their performance in recent years. Second, cities in the south and east have higher rates of cohesion than those in the north and west. Third, the large majority of cities which were performing well at the start of the period improved their performance more than those who had been performing less well. There has been progress across the country in increasing social cohesion. But more needs to be done to close the gap.

The economic performance of cities

- 5.18 The evidence on economic competitiveness and performance shows many cities performing well. It also underlines the scale of the economic challenge still faced by many others. The 56 cities vary considerably in terms of both income and productivity and some lag behind the national average. London and smaller cities in the south and east perform better than those in the north and west. However, changes in economic performance in recent years show some improvement. For example, Figure 7 shows the changes which took place in GVA per capita between 1995 and 2002. 25 cities grew faster than the national average, including six of the eight Core Cities. Nine cities managed growth rates of more than 10 per cent above the national average. Most of these were in the south and east. But Manchester was a notable exception.

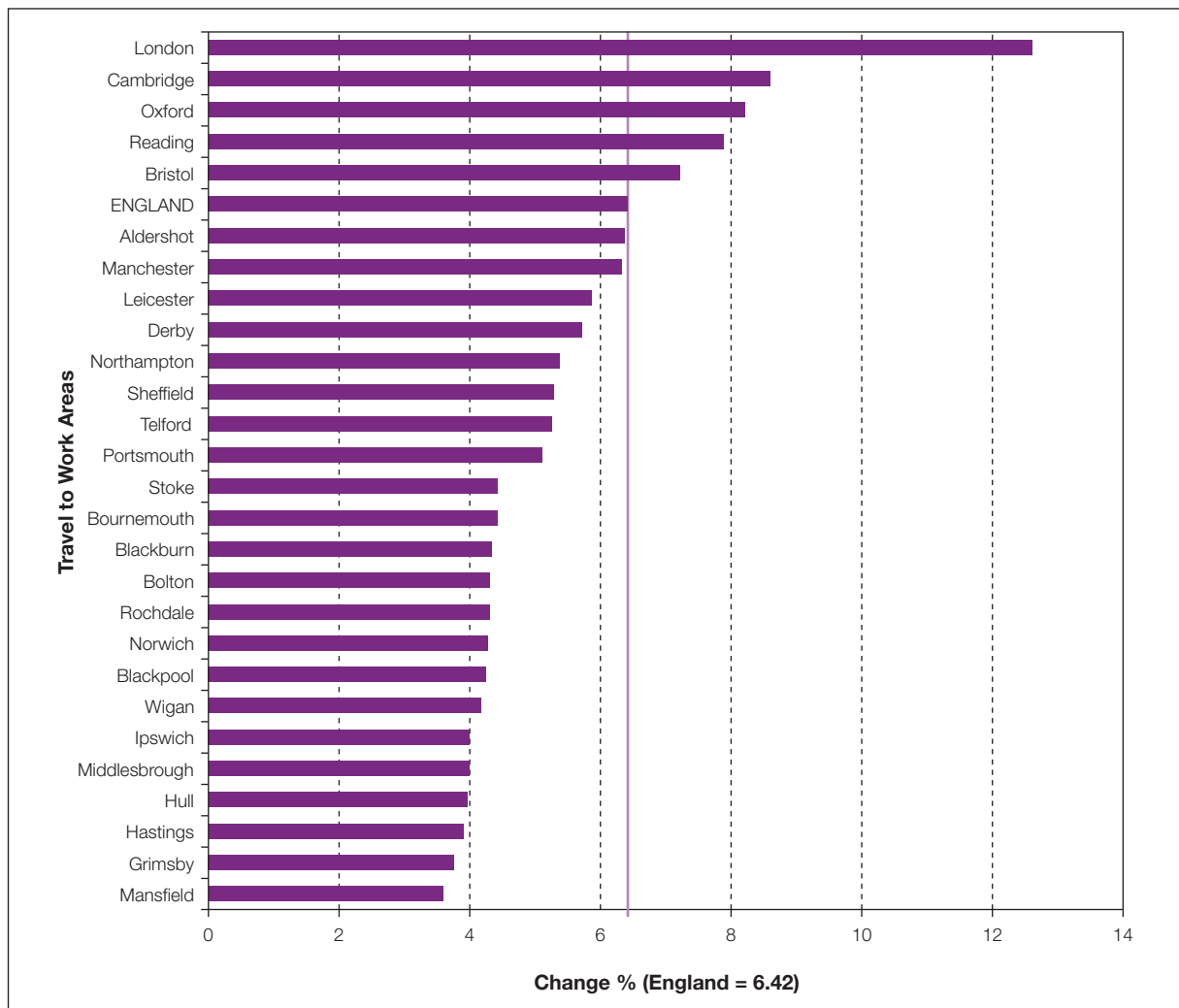
Figure 7: Change in Gross Value Added per capita 1995-2002



What explains differences in economic performance?

5.19 Differences in human capital are critical since they lead to differences in invention, innovation and ultimately productivity. Figure 8 shows the highest and lowest performing cities in the 56. Several cities increased the percentage of graduates in their population above the national average. Several others performed just below the national average. However, all of the lowest performers increased the proportion of graduates in their workforces by less than the English average. Attracting and retaining graduates matters.

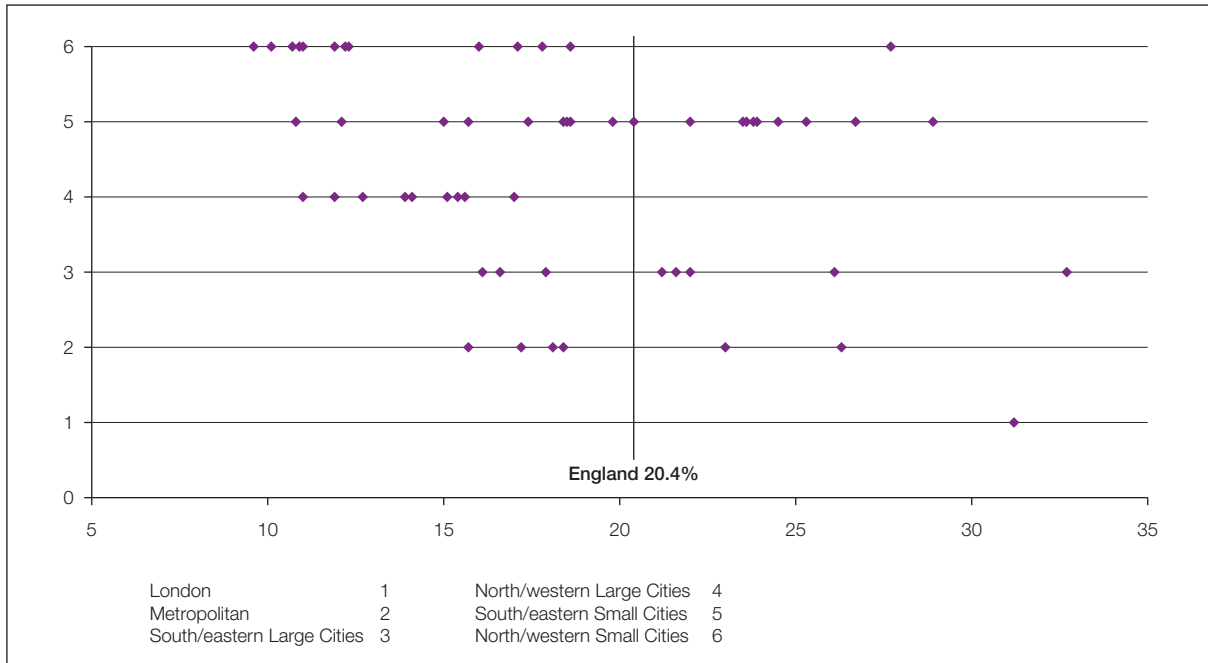
Figure 8: Change in % of working age population with degree level qualifications 1991-2001



5.20 Employment levels in relatively high value added and knowledge-based industries are also a critical factor in urban performance. In general, cities in the south and east tend to have levels above the national average, cities in the north and west tend to be below. For example, Figure 9 shows the position of employment in the banking and finance sector. Employment rates are higher in the small and large cities in the south and east. Almost a third of those working in Reading (32.7%) and London (31.2%) are employed in this sector. Leeds and Manchester had employment in this sector above the national average. Similar patterns are found across other sectors. In terms of employment in knowledge intensive business services, almost all of the large cities in the south and east including London are above the national average.

The pattern is reversed in the north and west, although again Manchester and Leeds are important exceptions. Employment in high technology and creative industries sectors also tends to be higher in small and large cities in the south and east.

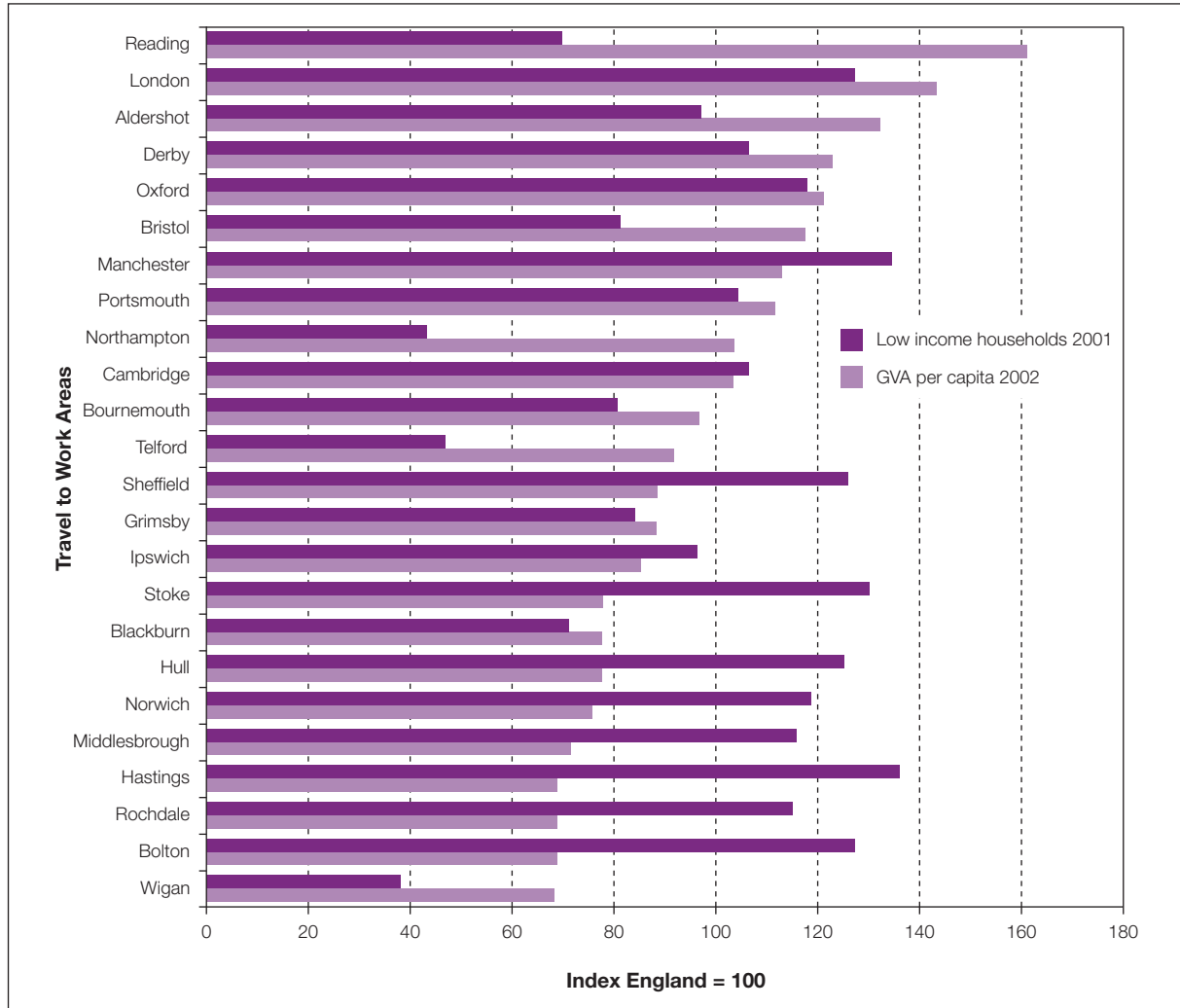
Figure 9: Percentage of employment in banking and finance 2003



Does economic success lead to social success?

5.21 A key policy question is whether economic success in cities leads to social success. Figure 10 throws light on this by showing the relationship between productivity and low income. The relationship is not simple. Both more and less economically successful cities have low income households. Nevertheless, the chances of being income deprived are higher in cities where the economy is below the English average, than in those cities with more successful economies. Also our evidence on employment showed a strong inverse relationship between employment and income deprivation, which means that cities with more jobs tend to have less poverty and social exclusion. The search for economic competitiveness does not exclude a concern with social cohesion. A high value added, knowledge based high skill economy can lead to the achievement of wider social goals. It is easier to redistribute wealth than poverty. However, this does not automatically happen, it requires policy intervention.

Figure 10: GVA per capita 2002 and low income households 2001



The balance sheet on the economic performance of cities

5.22 Many English cities have improved, especially in the most recent years. Cities are picking up. Despite that progress, and in particular the economic successes of Manchester and Leeds, many cities in the north and west are not yet catching up with the most successful cities in the south and east. More needs to be done for that to happen and for English cities to catch up with the best in Europe. The full report shows that English cities perform as well as many continental cities overall. However, in comparison with the most successful cities in Europe, many English cities lag behind in levels of income, productivity, innovation, employment, workforce qualifications, connectivity and accessibility. If cities are to stay up and maintain the improvements of recent years, the success of the national economy must be sustained. A range of policies has also encouraged the advances many cities have made in recent years. The final sections turn to the question of how policies have helped improve cities and what more needs to be done next to sustain the gains English cities are making.

6. How have policies affected the performance of English cities?

- 6.1 Many current policies are helping to improve the performance of cities. There is considerable support amongst the policy community for many of the key principles that shape Government policies for cities. Those principles include: greater investment in mainstream programmes; greater focus upon the economic potential of cities; a greater willingness to address regional imbalances; a recognition of the importance of sustainable communities; a greater focus upon City-Regions and collaboration across and between regions; and a willingness to simplify and relax national constraints upon cities. There is also evidence that many English cities have the qualities, assets and leadership needed to make a growing contribution to national welfare and prosperity. More cities could contribute even more in future with continued and developing support from across Government.

Real progress made on social cohesion

- 6.2 The Government's attempt to address market failures and improve mainstream services in the poorest neighbourhoods has begun to narrow the gap between them and the rest of England in educational achievement, employment rates and teenage pregnancy. Particular urban groups such as young children, the unemployed and the most vulnerable have benefited from more joined up, crosscutting strategies and initiatives. There have been significant improvements in many urban areas in terms of the quality of the worst social and private rented housing, and the incidence of burglary and vehicular crime.
- 6.3 However, some aspects of educational and housing policy have worked in the opposite direction. Prospects for personal enhancement amongst the least qualified and the most disadvantaged have not yet improved in relation to national norms. The incidence of robbery and certain categories of violent crime and poor health remains high in more deprived urban areas. There are early signs that the Government's recent focus on 'liveability' is beginning to reverse the long-term deterioration in the quality of urban public spaces. Area-based interventions have generally become increasingly sophisticated in scope and more effective. However, they face powerful wider forces such as economic restructuring, growth in income inequality and divergent regional prospects. Further progress will hinge upon the degree to which neighbourhood interventions fit with policies to stimulate urban and regional economies and improve urban quality of life.

How can policy help cities become more socially cohesive?

ADDRESS THE CAUSES AS WELL AS THE CONSEQUENCES OF EXCLUSION

- 6.4 The most successful places have addressed the fundamental drivers as well as the more immediate features of social cohesion. They have consistently sought to improve the underlying material circumstances of urban communities and to enhance the less tangible aspects of human relationships and identities. Sustained policies to expand employment opportunities and help people to access jobs have proved crucial to lift households and communities out of poverty. Cities that have neglected their physical infrastructure and the supply of employment land have paid the price and become less competitive business locations. Similarly, cities that have struggled to improve their education, housing and transport systems have also fallen behind average living standards.

ACT ACROSS THE WIDER TERRITORY

- 6.5 There is growing recognition among local authorities and their strategic partners that a more outward-looking, expansive, economically oriented perspective is important. Concentrations of poverty are often localised symptoms of more generalised citywide economic problems. Here it is difficult to provide lasting solutions unless there are more opportunities available that enable general progression. Since local powers and resources tend to be geared to welfare services broadly defined, the main challenge for Government is to ensure that city authorities have the incentives and resources to sustain their efforts to make their cities more productive and increase prosperity.

LINK OPPORTUNITIES, NEED AND PLACES

- 6.6 There are three broad kinds of urban policies. The first target need. The second seek to expand opportunities. The third try to link opportunities and needs, by improving the accessibility of unemployed people to jobs or tackling institutional barriers to economic and social inclusion. The balance between these will differ across different cities depending on local circumstances and levels of prosperity. In most cities there is considerable experience of neighbourhood programmes. In these places the main challenge for Government is to provide the additional resources required on a sustained basis and to bend mainstream programmes to cities.
- 6.7 It is important to avoid the 'needs' and 'opportunities' policies being pursued independently of each other. Separate organisations are typically responsible for these two areas, creating the risk of inconsistency or even contradiction between them. Government needs to raise awareness of the importance of linking opportunities and needs more deliberately, and to help devise institutional arrangements and practical ways of reducing the barriers that prevent this from happening.

- 6.8 A simple illustration of the imperative to link needs and opportunities stems from the fact that the UK employment rate for Non-Whites is only 59 per cent compared with 76 per cent for Whites. Ethnic minorities live disproportionately in cities and currently make up about 8 per cent of the UK population. They will account for half of the growth in people of working age over the next decade. It is important for both economic and social reasons that employment, training, anti-discrimination and other equal opportunities policies are brought together and focused more strongly on cities than they have been in the past.

Policies are helping to improve the competitiveness of cities

- 6.9 Many Government policies affect competitiveness. These policies would benefit from a more explicit urban focus. In many cases, Government policy is deliberately national in scope to ensure standard provision or is targeted on particular types of firms and individuals rather than places. Government has recognised the need for more local input to make policy design more sensitive to local needs. Urban and regional economic development partners however, still have to put together a range of national initiatives on the ground. Innovation in firms and organisations is fundamental to national prosperity. Most grant regimes tend to favour urban centres in the south and east because they contain the most highly rated research institutions as well as relatively high concentrations of the most knowledge intensive companies. Government has recently emphasised the links between research establishments and industry to boost innovation. However, urban innovation systems remain much less developed than in France and Germany, where there are more formal, structured, local linkages between central and local Government, educational and financial institutions and firms.
- 6.10 Government policies have helped to improve GCSE attainment in the worst performing schools and most deprived areas relative to national norms. They have also improved levels of participation in learning and basic skills attainment. Skills policies have become more geared to employers' and individuals' needs. Along with sustained national prosperity, they probably account for the marked fall in the percentage of those with no qualifications and increase in those with NVQ levels 3,4 and 5. Enterprise policies since 1997 have tried to correct the weaknesses of earlier policies. Efforts are being made to make services more responsive, less complex and confusing and to cut the number of programmes.
- 6.11 In larger urban areas, planning policy has promoted re-investment and reduced, if not stopped, the threat from out-of-town retailing. It has also encouraged more efficient use of brownfield land for housing. Special regeneration vehicles, for example UDCs and URCs, and fiscal incentives have helped increase investment in run-down city centres. There have been some successes in traffic demand management and in developing new forms of urban public transport such as trams. However, greater investment in transport infrastructure and more integrated institutional arrangements at city level would allow the English urban system to function more effectively.

How can policy help cities become more competitive?

PROVIDE URBAN FISCAL INCENTIVES

- 6.12 To improve the business environment, central Government policies should try to establish incentive structures that stimulate local authorities and businesses to encourage local economic development. These could include the 100 per cent return of business rates for all new knowledge intensive business developments and tax breaks for these types of activity if they locate in certain City-Regions. They could also include the abolition of caps on Government expenditure when growth exceeds certain levels.

ENCOURAGE KNOWLEDGE TRANSFER

- 6.13 The educational base of cities includes not only their schools but also the whole skills agenda and universities. In terms of skills, Local Skills Councils need to take more account of local demand. Universities also play a much less significant role in innovation in local economic development than they do in some other countries. Government needs to increase incentives for universities to participate in their local knowledge based economies. In other parts of Europe there are organisations whose specific mission is to search for and diffuse leading edge knowledge and innovations from universities, the national and international economy into the relevant city specialisations. Establishing such institutions should be a policy priority for City-Regions.

STRENGTHEN HARD AND SOFT INFRASTRUCTURE

- 6.14 The hard physical infrastructure and connectivity of many of the cities studied in this report needs to be improved. The development of facilities around regional airports combined with integrated multimodal transport systems should be a top priority for central and local Government. Much of the responsibility for local economic development falls to the land use planning system. The system needs to play a positive role in the provision of an imaginative strategic vision together with the space to develop physically local knowledge based economic activities. The cultural offer of cities is important in attracting the kinds of highly qualified workers that are needed in increasing numbers in such economies. High priority should therefore be attached to the generation and encouragement of these types of soft infrastructures.

TARGET THE REGIONAL IMPACTS OF MAINSTREAM MONEY

- 6.15 The most important policies affecting local economies are made by central Government. These are macro-economic and fiscal policies and mainstream public funding for health, education, science and technology, and defence. These policies, combined with the upswing in the business cycle during the 1990s are primarily responsible for the rates of economic growth in English cities in recent years. In terms of mainstream funding, even 'identified' expenditure allocated according to formulae, distribute more funds to London and the south and east than would be expected according to definitions of need. Also in terms of 'unidentified' expenditure, such as defence spending, London and the south and east receive more than twice the level of the next most favoured region, which is the South West. The level of defence spending is much larger than that of regional assistance. Although the GORs and RDAs

benefit the provincial cities in which they are located, the overall spatial pattern of Government ‘unidentified’ expenditure and administration has contributed most to the economic growth of London and other cities in the south and east.

‘LONG TERMISM’ NEEDED

- 6.16 Individual cities’ economies arrived where they are today as a result of long-term interactions between their particular combinations of specialisms and wider external forces. The report shows not only that history matters but also how long it takes for a city to develop along a particular path. This reinforces the need for similarly long-term perspectives and policies to make changes in those development paths. Improving urban competitiveness is necessary – but it is not a quick option.

Policies are making cities more liveable

- 6.17 The Government’s liveability agenda is starting to have an impact. PSA8 targets are helping to focus investment and attention, especially when there is a clear and direct connection between indicators and local authorities’ responsibilities. Where public agencies have concentrated on elements of liveability, such as cleanliness and park quality, there have been noticeable improvements. Investment and corporate focus is yielding results. Evidence also suggests that Government programmes, improved research into good practice and Lottery funded projects are beginning to arrest the long-term decline in the quality of local parks and open spaces.

How can policy help cities become more liveable?

WIDEN THE AGENDA

- 6.18 Measures to improve liveability must be complemented by wider urban quality of life issues such as the accessibility and quality of key services and environmental sustainability.

FOLLOW THE NATIONAL LEAD

- 6.19 The Government is taking liveability seriously and investing significant sums of money on the ‘Cleaner, Safer, Greener’ agenda. It is less clear that this national focus is being universally applied at a local level. Some local authorities have clearly developed a range of innovative schemes and delivery mechanisms. Others have not. Research on best practice might point to a number of models that could be applied.

DECIDE WHO LEADS ON WHAT

- 6.20 The public sector will need to take the lead in delivering improvements in liveability. In certain cases this will mean local authorities or Government agencies delivering improvements directly. In others it might mean the public sector working in partnership with the community and the private sector – to set standards, encourage better quality design and foster greater understanding of the importance of local environmental quality. Liveability should be more explicitly integrated into the higher level structures such as Local Strategic Partnerships. There should be greater clarity about who sets priorities, who implements and who monitors and disseminates good practice. Ironing out the relationships and responsibilities between partners at a local, regional and national level is critical.

IMPROVE THE EVIDENCE BASE

- 6.21 One of the greatest challenges is the absence of significant data across a wide array of desirable indicators. Government should establish an agreed set of indicators to establish a baseline against which future progress can be measured.

Real improvements in governance

- 6.22 There is evidence that Government policies have already made a difference. The emphasis upon joined up working has encouraged greater partnership working. There has been some reduction in departmental silo thinking. The shift in emphasis from area based to mainstream programmes has helped. The spatial sophistication of policymaking has grown and awareness of neighbourhood and city regional issues has increased.
- 6.23 Urban leadership and the transparency of decision-making have improved. Making local authorities lead on Community Strategies has brought greater coherence into local policy making. There is greater awareness of core skills deficits. Improved small area data, emphasis on evaluation and dissemination of best practice have improved the local evidence base. The emphasis on performance management has encouraged local authorities and other public agencies to raise their game. Government has shown a commitment to decentralising more responsibility for service provision to regional and local level and to increasing fiscal and other forms of freedoms and flexibilities. The commitment to greater community involvement has encouraged the formation of new community groups, improved networking between community and voluntary groups and moved them from the margins of local decision-making to a position of being heard and able to exert influence in forums like LSPs.

6.24 There is support from stakeholders for many of the current strategic priorities for national policy, including:

- the increased recognition of the economic potential of cities;
- growing national awareness of the spatial impact of national policies;
- greater regionalisation of decision-making;
- the ambitions of the Sustainable Communities Plan;
- the Northern Way and the engagement of the Treasury and DTI;
- the emergence of City-Regions;
- the recognition of the role of Core Cities;
- the rationalisation of area-based initiatives;
- the principles of area-based initiatives like LSPs, LAAs, HMRPs, and URCs;
- growing importance attached to mainstream policies;
- reforms of the planning system and the focus upon sub-regional collaboration;
- the creation of the Academy for Sustainable Communities;
- increased attention to the quality and design of buildings and of the public realm.

So there is much to build upon in the current thrust of policy.

How can policy help cities be better governed?

6.25 Despite these achievements a series of challenges remain. There is a need to rationalise existing structures and reduce institutional complexity, transaction costs and the policy burden on local stakeholders. The key local institution, the Local Strategic Partnerships, have created trust between partners and have led to more joined up working, shared priorities and the delivery of a series of high profile initiatives. They should have a stronger focus on providing strategic leadership to the local areas as well as pursuing floor targets and brokering money. There is a need to get the institutional arrangements right in terms of national, regional and sub-regional strategy making. A stronger urban dimension should run through all aspects of Government policy, especially in crucial areas such as education, science and transport. Different aspects of Government policy should encourage further joined up thinking. ODPM needs greater focus upon cities and greater capacity to deliver the urban agenda.

7. Choices for Government about policies for cities

- 7.1 This final section identifies a set of key choices that Government must make about the overall thrust of policies for cities. It is organised around six themes – strategy, principles, territory, tools and resources, organisation and leadership.

Strategic choices

Cities matter – support them

- 7.2 Cities should be seen as economic assets and potential opportunities. Firms and cities need each other equally. Governments in continental Europe and the US have recognised the importance of cities as drivers of national and regional economies. There is much evidence in this study of the growing economic contribution of English cities. Cities make up well over half of England's population and getting on for two-thirds of its jobs. Their overall contribution to national growth has been stronger in recent years than in the early and mid 1990s. Moreover, the number of cities contributing to national growth through increased jobs has increased as the economic recovery has rippled out beyond London further west and north. Policy needs to encourage that contribution more. Government would benefit by investing more energy and resources in cities.

Competitiveness, cohesion and liveability all matter

- 7.3 Different Governments in different periods have paid more or less attention to the economic, social or environmental challenges facing cities. But they should be connected. A policy for cities cannot simply be about either buildings, or deprived neighbourhoods, or wealth creation. A successful policy needs to address all three elements – as well as the best way of delivering policies at urban level.

But focus on competitiveness

- 7.4 Although all three legs of the stool are important, the competitiveness of cities has been a neglected focus and should be strengthened. The creation of economic opportunities, wealth and jobs in our cities in principle would improve the prospects of achieving socially cohesive and environmentally sustainable cities. There are a variety of possible relationships between competitiveness and cohesion. There are economically successful places with large social problems. But the strong inverse relationship we showed between employment and income deprivation means that cities with more jobs tend to have less poverty and social exclusion. The connection is not automatic, but having a buoyant labour market clearly helps to promote social cohesion. European evidence also shows that the cities with the most buoyant

economies often have the lowest unemployment rates. The search for economic competitiveness does not exclude a concern with social cohesion. A high value added, knowledge based high skill economy can lead to the achievement of wider social goals. Policy has increasingly focused upon the roots of competitiveness. That focus should be strengthened. And linkages between institutions which deliver the different elements of the competitiveness agenda need to be strengthened.

Particular policies for particular places

- 7.5 This report explored the performance of 56 cities that contain more than half the population and almost two thirds of the jobs in England. It also discussed separately London and the major metropolitan areas. They clearly have different experiences, challenges and opportunities. This raises the question whether policy in future should focus upon all or some of those areas. At one level this is a false choice. A wide range of Government policies – education, housing, transport, health, and social services – already impact upon all those areas. They need to be sustained across the whole urban fabric. Nevertheless, our analysis also showed policies should be tailored to particular places. For example, many of the most economically successful cities in England are small and medium sized in the south and east. Policy should try to strengthen their performance. Often their challenges consist of managing growth successfully, which raises issues of the appropriate levels of infrastructure investment. Other smaller cities in the north and west face difficulties of declining economies, social challenges and ethnic tensions. A different set of policies is appropriate to their needs. All those different places need continued Government support.

Start with the ‘Big Nine’

- 7.6 Nevertheless, this report has shown that the really largest urban areas – London and the eight Core Cities – have particular opportunities and challenges, which require particular Government attention. While not neglecting the rest of the urban system, policy needs to build upon the strengths of London as a successful global city and to maximise the contribution of Core Cities to their regional and national economies. Government should address them in a coherent, concerted fashion. A policy that was focussed upon them would actually capture the needs of much of the wider urban system since their wider regions contain a very high percentage of the people and economic activity across urban England. A phased policy that began with an initial focus on the opportunities and challenges of, and relationships between, the big nine City-Regions would make sense.

Principle choices

Think and act long term

- 7.7 The secret of success in many reviving cities has been the stable political and officer leadership which allowed them to build up the skills, track record, confidence, and networks necessary for regeneration. In future, Government needs to give people and policies as much time to flourish as is realistically possible – and more than the system currently allows.

Make fewer, more strategic interventions

- 7.8 The Government has been pursuing a variety of policy initiatives at a wide range of levels in recent years – regions, City-Regions, local authority, neighbourhoods as well as series of customised areas. Government should do fewer but bigger, more strategic things in future. Less means more.

Provide greater clarity and a national spatial strategy

- 7.9 Government has adopted a variety of goals, approaches and instruments since 1997. Many have met with approval. However, there is still a need for Government to provide greater clarity about what it wants to do, how, where and when. It would be better to have greater clarity with a national strategy, which specified some clear spatial goals and some simple policy instruments.

Support and trust local Government more

- 7.10 Relationships between national and local Government are working better. There are still however, some frustrations about the role each is meant to play. This can lead to tensions as local and national Governments must work in partnership. It can also be unproductive for Government, since local authorities are critical to the delivery of many national ambitions for cities. In many cities which have improved their performance, the local authority took the lead. National regeneration policies are only successful where local authorities are both well managed and politically committed to the initiative. The Government needs to recognise the contribution of local authorities and trust and empower them more to deliver national ambitions.

Expand contractual working

- 7.11 Many individual initiatives by Government have been welcomed by local partners. Moves to rationalise them have also been welcomed. However, the number of projects with different timetables, boundaries, budgets and targets still presents a challenge to local partners. There is considerable support for a simpler, more contractual based relationship practised in the French contract system and already used in the Local Area Agreement initiative. Government should explore ways in which the contractual principle could be extended in future.

Territorial choices

Reduce the regional gap

- 7.12 Government has paid considerable attention to the regional agenda. There has been substantial regeneration of many northern cities. There is a lot to build upon. Nevertheless the gap in performance between urban areas in the north and west and south and east needs to be continually addressed if the PSA2 is to be realised. It will require long-term proactive leadership and substantial resources from national Government if the regional gap is to decrease. Public resources cannot be a blank cheque. They need to bring added value and to increase levels of innovation, entrepreneurial activity and productivity. Nevertheless the evidence is that resources will be required in cities in the north and west so they can make as good use of public investment that cities in the south and east have made of public investment in higher education, research and development, defence, Government and administration.

Make greater, continuing investment in the Sustainable Communities Plan

- 7.13 There is a great deal of support for the principles of the Sustainable Communities Plan, which is the Government's most clearly stated ambition for urban areas. However, it will be expensive if it is to work. Government needs to ensure that the resources to provide the key infrastructure – transportation, housing, hospitals, and schools – have been committed. The consequences of rapid growth without adequate infrastructure, which the report noted in some booming City-Regions, underline the risks of not meeting the implications. The full resource implications of the Sustainable Communities Plan need to be addressed.

Support the Northern Way – and other cross regional strategies

- 7.14 Support for the Northern Way has grown as the initiative has gained momentum, resources and organisational capacity. It has drawn together partners, identified some key priorities for the region, focussed attention upon the need to collaborate rather than compete, underlined the importance of connectivity, the competitiveness agenda and of operating at the wider city-regional and pan-regional level. The resources available are helpful incentives. The initiative has also attracted substantial support from the Treasury and DTI, in addition to ODPM. However, other departments need to be equally committed to the initiative. And the implications for other regions need to be addressed. Government needs to expand support for the initiative.

Support City-Regions

- 7.15 In the past policy has focussed upon different spatial levels. Traditionally it has focused upon local authority areas. Subsequently it focussed upon deprived neighbourhoods within local authorities. More recently there has been a policy concern for regions. Now City-Regions have become a priority. Different things can be done differently at different levels. However, neighbourhoods and local authority areas are too small and regions are too big to deliver the urban economic competitiveness agenda. City-Regions are a more appropriate level at which to make economies operate. City regional boundaries will not be fixed but will vary for different purposes and markets. Equally city regional working is best encouraged through informal processes and networking rather than institutional change. The message from Europe is that structural change will not be worth the political time and effort. The current policy thrust to City-Regions should be sustained.

Provide incentives to City-Regions

- 7.16 Collaborating at city-regional level presents big challenges to local partners. It has been achieved in some places but in others it is in its infancy. In any city region, there are potential conflicts over turf, personalities, party politics, as well as the location of resources, infrastructure and economic development. Resolving those conflicts requires political compromises, which in turn require good local and regional leadership. Government should provide further resources, support and freedoms and flexibilities to reward cities making progress and to encourage those which still face challenges. City-Regions do not always seek larger sums of money. Often, they want greater freedom for manoeuvre. They also seek greater influence over national resources spent in regions, for example infrastructure, transport, education, housing and regional development. A city regional development fund might achieve this, aligning local, regional and national resources.

Choices about tools and resources

Greater financial powers and influence for cities

- 7.17 In many respects English cities are more constrained than their competitors. In particular, many of the levers for increased competitiveness are not held by city leaders but by national departments. Cities in continental Europe often have greater powers and resources. American cities have fiscal tools which give local leaders greater leverage in promoting economic development. The evidence from European and American cities is that letting go encourages more entrepreneurial and innovative urban leadership. Also cities should have greater influence over the allocation and uses of national resources that already come into their areas. At present too many agencies with separate budgets that impact upon urban areas do not have a sufficient urban focus. Even if the sums of national money going directly or indirectly to cities are not increased, local influence over the uses and priorities of existing national resources should be. Giving English cities greater capacity could produce greater results.

Administrative choices

More departments should recognise the importance of cities

- 7.18 There are already many things happening in this area. Several departments, including DFES, DTI, Treasury and DWP have developed specific urban initiatives, which, although new and relatively modestly resourced, have improved the process of decision-making. However, there needs to be closer cooperation between these initiatives and more clarity about their location and ownership. More widely, departments beyond ODPM need to recognise more clearly the potential contribution of cities to national ambitions and the relevance and impact of their policies upon them. Also the efforts of the different departments who are working on the urban agenda needs to be better aligned and integrated. This is already happening with the collaboration of ODPM, Treasury and DTI in delivering the PSA2 target to improve regional economic performance and in the Northern Way initiative. That principle should be expanded. It could encourage the developing urban initiatives of different departments and help raise the collective profile, significance and potential impact of national policies upon cities.

Increase ODPM capacity to deliver the urban agenda

- 7.19 ODPM is committed to the urban agenda. However, the right organisational arrangements and resources are important for delivering it. To achieve this, the Urban Policy Directorate in ODPM needs greater capacity. Responsibility for policies that affect urban areas, which is spread across a number of ODPM's Directorates, needs to be more focussed. More generally, urban issues, and the ways in which cities and urban areas can contribute to wider policy goals, need to be more prominent in many of the department's activities.

Create an Urban PSA

- 7.20 Government is increasingly committed to the urban agenda. However, it has no explicit target for urban areas against which it could measure progress. The only explicit spatial target is PSA2, which is designed to close the gap in economic performance between the regions. That has focussed considerable departmental attention on regional issues – as has the introduction of PSA8 on liveability. Government should create a PSA target specifically for urban areas defined in terms of increasing their economic competitiveness, social cohesion and sustainability. It should be jointly owned by different Government departments. It could help achieve a more explicit, coherent, specific, commitment to urban progress.

Leadership choices

Local leadership matters – encourage it

- 7.21 Cities' room for manoeuvre is affected by wider forces like globalisation, long term economic changes and national policies and performance. Also cities cannot simply reinvent themselves – they have to start from where they are in terms of economic and social structures. Nevertheless, part of the achievement cities have made during the past decade has been the result of local leaders exploiting the favourable national economic performance. A key characteristic of successful cities is their strategic capacity to exploit their assets. Local leadership is important in helping to develop new economic futures for cities, their businesses and residents. This report showed how assertive, confident, proactive leadership in Manchester shaped the renaissance of the city and the emergence of a city-regional political agenda. So Government is right to emphasise the need for such local leadership.
- 7.22 Government has identified stability, visibility, accountability and democratic mandate as the key features of successful local systems. Those qualities matter. But our evidence of city performance is that there are other less formal qualities which local leaders need. Stability of political and administrative leadership, long term commitment to strategic agendas, the willingness to take calculated risks, the capacity to encourage public and private sector partners, the ability to reconcile shifting agendas – all promote success. Government needs to encourage and support those leadership qualities and behaviour. It should reap the reward for its investment with more successful cities.

Looking forward

- 7.23 The State of the Cities Report looked at how English cities are performing, how they are changing and what is helping or hindering their progress. It considered a wide range of evidence, issues, arguments, places and people. It showed there is much progress. It made proposals to help build upon that improvement in future. One point is crystal clear. Cities differ – but they matter. They are making progress. They have great potential. They can make an even bigger contribution to national welfare and prosperity. They deserve to be backed. Many other countries are doing so. Government has the necessary tools and resources to do the same. It should use them.
- 7.24 As this summary has already noted, England's cities are better placed than at any time since the end of the nineteenth century to be the motors of national advance. The combination of sustained macro-economic growth, rising public investment in education, policing, health and transport, partnership with the private sector, growing higher education and a dynamic social and cultural scene is uniquely positive for cities. The years of decline and decay have been overcome. There is now an opportunity to create centres of economic and social progress that will shape the country for a generation. There are big challenges ahead. Only the right policy decisions will deliver that positive future. But the opportunity is clear, present and exciting. It should be seized.

