



## CORE CITIES SUMMIT, 15 JULY 05: CREATING CITY RENAISSANCE

Speech by Dermot Finch, Director of the Centre for Cities

- I am Dermot Finch, Director of a new urban policy research centre – the Centre for Cities. Before that I was a policy adviser at the Treasury, including a 3-year stint at the British Embassy in Washington DC.
- The Centre is currently looking at city-centre living in Manchester, Liverpool and Dundee. Business investment in deprived areas of Sunderland, Doncaster and Derby. And financial devolution to local authorities in Liverpool, Birmingham and Barnsley. We will report on all three by next March.
- This session asks us to consider how cities can attract more investment to create city centre renaissance. Here's the short answer. They need more power. And they need to be more distinctive.
- The much-needed investment won't all come from next year's Spending Review. So cities need to think about other sources of investment. Financial devolution is part of the answer to this.
- Do the public and private sectors really understand each other? I'm not so sure. Urban policy is still too "public sector", it's not really business-led. And it's too centralised.
- City leadership is key. We need to empower cities and local government. And we need to involve business much more in the devising of urban policy. Why not have a business person in ODPM's Ministerial team?
- Do we need a new delivery model for urban investment? First, we already have too many strategies and agencies. We need to weed out some of them.
- Second, we mustn't get distracted by new models and structures. We need to follow the functions. Here's the key question: what function is best delivered at what level? We need to see an alignment of the right powers, funding and capacity around specific functions, at the right levels. For example, on workforce skills, transport and economic development.
- Third, some specific tools would be useful. Business Improvement Districts (BIDs) offer us the right way forward – with local economies choosing to raise some of their own revenue, and deciding how to spend it.

- Tax increment financing (TIF) has been slow to emerge. In the US, it's been used to finance large-scale infrastructure projects such as the new Convention Centre in Washington DC. We should press for TIFs, as part of the wider debate about local government finance. They've not come on stream until now, partly because they're quite complex but also because the Treasury has a problem with any sort of bond financing. We need to re-open the debate on TIFs.
- Hotel taxes might also be useful, so long as cities are allowed to keep the receipts.
- What are the barriers to city centre investment? The existing array of structures and agencies is a real problem. Institutional congestion is leading to inertia. And the obsession with structures is an unhelpful distraction.
- Cities should instead focus more on their own assets and distinctiveness. Leeds is different from Manchester, and so it should be. But in order to prove their distinctiveness, cities need to gather much better local economic intelligence. This will help them make the case for a stronger urban policy focus – and greater financial devolution.
- Devolution and distinctiveness go hand in hand. The challenge for ODPM and others is to allow different cities to do different things. The challenge for cities is to make the case for devolution, to upskill their local capacity and to focus on their assets.
- Finally, I was asked to be entertaining as well as informative. So here goes. Last week, I understand that John Prescott hosted a morale-boosting ODPM pep talk in London. Apparently he bounced on stage to Tina Turner's "Simply the Best". What he didn't know was that David Brent did exactly the same in one episode of The Office – to blank looks from everyone. So if anyone's here from ODPM, please do tell.

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