ANNUAL REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015
<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trustees' Annual Report</td>
<td>1 - 17</td>
</tr>
<tr>
<td>Statement of Trustees' Responsibilities</td>
<td>18</td>
</tr>
<tr>
<td>Independent Auditors' Report</td>
<td>19 - 20</td>
</tr>
<tr>
<td>Statement of Financial Activities</td>
<td>21</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>22</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>23</td>
</tr>
<tr>
<td>Notes to the Accounts</td>
<td>24 - 32</td>
</tr>
</tbody>
</table>
REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2015

The Board of Trustees are pleased to present their annual directors' report and SOFA for the year ending 31 December 2015. The report and financial statements comply with the requirements of the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS102, effective from 1 January 2015.

CHAIR’S REPORT

This year marks the organisation’s tenth anniversary and a decade of the Centre for Cities being a driving force in generating, influencing and informing public debate about city economies and their importance to the UK.

2015 demonstrated just how far cities have climbed up the national political and economic agenda. The ‘Northern Powerhouse’ is a stated government priority and was the subject of one of the first speeches by the Chancellor following the May 2015 election. Since then, a series of devolution deals with city regions have been concluded which have agreed that metro mayors will be created – a policy that the Centre has argued for since it was created. The work of the Centre has been influential throughout these debates and we continue to extend our influence and strengthen our position as being at the forefront of urban economic policy in the UK.

At the heart of the Centre’s work is our commitment to high quality, accessible data that can be used to inform and transform policy and practice around city economies. Our rigorous reports and briefings sit alongside infographics, maps and an interactive data tool that can generate maps, statistics and insights for cities around the UK in just a few clicks. Through our event series, which roams the UK, we offer opportunities for policymakers, practitioners and the public to debate the present and future of city economies, and to interrogate the data and recommendations we provide.

We are particularly proud of the work we do with and in cities to support them in making the most of their economic strengths and tackling the challenges they face, and this will only become more important as devolution continues. During 2016 the Centre will continue to work hard to provide cities with economic intelligence, insights and ideas, encouraging a conversation at national and local level about the importance of cities to the UK’s future and how best to make the most of quite different city economies.

Nigel Hugill, Chair, Centre for Cities
Objectives and activities

The purposes of the charity, as set out in the Memorandum of Association, are:

- To promote education for the public benefit in issues of economics and public policy in relation to cities and towns in the United Kingdom and elsewhere in the world;
- To promote for the public benefit research in the aforementioned fields; and
- To publish the useful results of such research.

The vision shaping our activities each year is of a UK economy that makes the most of different cities’ potential to drive sustainable economic growth and jobs.

We work to understand how and why economic growth and change takes place in cities in the UK and internationally, and publicise these findings widely in order to help British cities improve their economic performance and for public benefit.

To fulfil its objectives, the Centre undertakes the following activities:

1) Producing high quality research and policy: The Centre publishes a range of briefings, blogs, papers and reports on the economic performance of UK cities. Our research is produced by an in-house team of experts, with input from external experts and partner cities. The research is of a high quality, drawing on a robust evidence base. It aims to inform debate, policy and practice and includes development of clear, evidence-based policy proposals about how to improve the economic performance of UK cities. These proposals are developed in consultation with Whitehall departments, political parties, local authorities and business organisations.

We also carry out research in association with UK cities, including the elected leaders and chief executives of city councils and bring together networks of local and national decision makers from both the public and the private sector to share knowledge. This enables us to directly influence policies and practices within specific cities, and to publicise lessons from this work which are relevant to other cities.

2) External Affairs: To ensure public benefit of the work we do, all the Centre’s reports and papers are available to the public free of charge on the Centre’s website and the Centre presents these findings to varied audiences through national, local and specialist broadcast and print media, social media and presentations at our own and others’ events. Our events programme includes public events (free to attend) to discuss and debate city economies and include a programme of events at the major party conferences each year. We publish a regular newsletter and work in partnership with others, including journalists, universities and cities, to publicise the findings of our work.

3) What Works Centre: The What Works Centre for Local Economic Growth (WWG) was set up in October 2013 as part of the What Works Network to analyse which policies are most effective in supporting and increasing local economic growth. The three year programme is a partnership with the London School of Economics and Arup and is funded by the ESRC and government departments. The Centre works to provide solutions for local and national policymakers through:

a) Systematically reviewing the evidence base on policies for local economic growth using a robust methodology;
b) Working with and convening events and workshops for local authorities, LEPs, central government and business to help them understand and make better use of evidence in designing and delivering policy.

c) Improving the quality of the UK evidence base by helping to develop ‘demonstration’ projects, or local policy experiments.

Public Benefit

The Charity remains committed to the aim of providing public benefit in accordance with the Charities Act 2011.

The Trustees also confirm that, in carrying out its Principal Activities, the Centre provided public benefit during 2015.

The Centre produces high-quality research reports and policy analysis that are independent of government, individual clients or companies. These reports and briefing papers are made available widely and free of charge to individuals, organisations, practitioners and others active in urban economic development, and the Centre constantly invests in improving our outreach to ensure our work reaches more policymakers, practitioners and members of the public.

To complement our research work, we deliver papers which focus on practical ways in which UK cities can tackle longstanding challenges such as youth unemployment, drawing on UK and international case studies.

We have also invested in expanding our blog which draws on our evidence base to offer readers our analysis of what recent economic, political or financial changes mean for city economies. Topics range from providing information on the Cities and Local Government Bill (we were second on Google searches for this through much of 2015) to commentary on the implications of the Budget and Autumn Statement for city economies.

To make it easier for policymakers, practitioners and the public to review the economic performance of UK cities, we have invested in producing an interactive, easy-to-use data tool available on our website. This contains the latest data at city level and provides users with the ability to compare different cities on measures ranging from skills and business starts to broadband and housing. We have publicised this data tool through our own networks and through strategic partnerships, for example a city-focused website, City Metric, writes regular articles (freely available to all) that draw on our data tool and this has increased use of our data tool more than tenfold.

Together, the reports, briefings, blogs and data tool provide a robust evidence base on the economic performance of UK cities and towns for public access, thereby equipping the public with knowledge and information on issues affecting cities and towns.

We also continued our work on city economies and governance structures, contributing and leading the debates around devolution, combined authorities and partnership working. We have provided advice to city regions negotiating devolution deals and have published blogs to publicise lessons learned.
Review of achievements and performance for the year

The Centre’s ambition is that, by 2018, the Centre for Cities will be indisputably the leading place to go to understand and influence the economic performance of British cities, for UK and international audiences. We will have:

- Put urban economies at the heart of national and local conversations about economic growth;
- Changed national and local policy and practice to ensure that policies are appropriate for, and support growth in, distinctive local economies – with cities improving their performance against the national average by 2021;
- Become the first port of call for accessible and practical facts, insights, intelligence and ideas that are used to improve urban economic growth.

In 2015, our aims, activities and achievements were:

1. Policy-research Aim: Inform public policy and election debates and improve the quality of cities policies for all parties, as well as inform the policies of cities through publishing high quality research and developing policy recommendations which are recognized as accessible, relevant, timely and rigorous.

During 2015 we continued to publish research and policy work designed to inform public debate and election debates. Highlights included:

- **Our annual flagship publication, Cities Outlook 2015**, which generated significant national and local debate about economic performance across the country, informing the Government’s Northern Powerhouse Initiative and Labour party debates about where next for cities policy. The report featured extensively on BBC Breakfast news (including interviews with spokespeople) and Sky News, and we gained 16 pieces of national print coverage including significant articles in the Financial Times, Daily Telegraph, Guardian, Daily Mail and the Economist. We also secured wide-ranging trade and regional media coverage, including reports on over 50 regional TV and radio outlets, and more than 180 regional news articles. A number of key influential political websites, including Labourlist, ConservativeHome and The Staggers (New Statesman) published ‘OpEd’ pieces by Andrew Carter on a range of themes arising from the report.

- **Publicising our Cities Manifesto, published in October 2014**, which set out a series of recommendations for city policies based on the Centre for Cities’ research work over the past five years. We publicized the manifesto through conversations with Conservative, Labour and Liberal Democrat politicians and advisers in the run up to the election and in the months following it. Public work on this included sending the manifesto to key contacts, blogs and events discussing which policies are most likely to improve UK city economies. During the course of 2015 most of these policies were adopted, including recommendations for a Cities Bill, a Buses Bill, the creation of metro mayors and greater devolution to city regions.

- **Publishing a ground-breaking report on how cities have changed over the past 100 years**: Using historical data on cities, this paper shows that some cities have been more successful than others at adapting to economic change. It looks at over 100 years of change in the urban areas of England and Wales, comparing cities in 1911 to their overall size and industrial make-up today and offers three principles that should guide policy that attempts to support city growth over the next 100 years. The report received over 32 pieces of coverage, including the Guardian, FT and
Prospect and several spots on BBC Breakfast, and is one of the most popular reports in the Centre’s history, receiving over 1,300 visitors to the webpage in the first week, and going through multiple reprints in the year since publication. It has also been used as a framework for bespoke briefings for individual city regions, which have been influential in informing their plans for economic development in the years ahead.

- Publishing a report based on detailed analysis of changing demographics in city centres and polling of public preferences about where to live and work. The Centre published a report in two parts looking at the changing population in UK city centres and the reasons for those changes, providing new evidence to inform public debate about how city centres need to change and what this means for housing, transport and the public realm. The two reports combined received over 26 pieces of media coverage, including the Guardian, Times, Independent and City AM. Part one received over 1,000 views on the page in the first week of publication.

- Conducting ground-breaking research to collate new data, and publish a report, setting out how much tax was generated, and how much public money spent, in different local authorities. This provided new information for cities and national policymakers seeking to understand how reform of business rates would affect different places. The report received over 1,500 views on the page in the first week of publication, making it the most popular non-Outlook report in the Centre’s history, partly off the back of some very powerful maps and charts which performed extremely well on social media. It also formed the basis for a specific piece of work on Liverpool’s public finances commissioned by the council.

- In response to demand from cities, the Centre has continued to publish reports focusing on how to implement policies designed to improve the economy. During the year we published 73 city case studies and reports on making better use of city assets, which has received over 1,000 views since publication in December, and a microsite on using labour market intelligence, which has been visited over 2,800 times since its launch in February.

- During 2015 we introduced a new podcast series to bring together experts on cities to debate issues of interest and relevance to city economies. This was with the aim of further expanding our audience and the information we offer to the public. We have recorded 19 episodes so far, on topics ranging from mayors to rebalancing to immigration. The podcasts receive an average of 500 listeners per episode, significantly larger than our average blogs. It has also allowed the Centre to strengthen relationships with key influencers in the sector like Lord Kerslake, Gisela Stuart MP, Sir Robin Wales, and Ryan Avent at the Economist.

- Be an active partner in the What Works Centre to deliver public benefit through informing practitioners about ‘what works’ in local economic growth. In the first two years of activity, the Centre met with 83 local authorities, 37 LEPs, and 20 government departments, and its evidence reviews received over 10,000 views online. In a recent feedback from a survey of LEPs, 90 per cent of respondents confirmed they used the Centre’s analysis in their LEP.

- During 2015 we continued to promote our research findings through national, regional and specialist press and broadcasters, as well as proactively releasing statements and putting forward spokespeople to respond to breaking news stories and announcements, resulting in around 15 pieces of national media coverage (print
and broadcast) each month. We also have regular columns in the Municipal Journal and Local Government Chronicle, and are frequently asked to contribute to other publications including the Guardian and CityMetric. The blog has been expanded to allow our evidence to be used to comment on the latest events, helping educate the public about the implications for city economies, and each team member uses social media to engage in discussions about city economies throughout the year. Our blog gets an average of 4,200 views a month, and our twitter account has grown by 4,500 followers over the past year.

2. **Networks Aim** - Strengthen and grow the Centre’s role as a convener of challenging and constructive dialogue between UK cities, LEPs, government, business and academics. Sustain links with the 64 primary urban areas, taking a targeted approach to strengthening those relationships where this is most appropriate for our work.

- We have engaged with Ministers and MPs from across all major parties throughout the year using the Centre’s evidence base to inform their policy development. Examples include: the Chancellor’s Northern Powerhouse initiative and the announcement in November 2015 of HS3, which was underpinned by the Centre’s analysis on the scale and linkages of northern city economies; Greg Clark, now the Secretary of State for Communities and Local Government, who has continued to draw on our work to make decisions about Devolution Deals; Jon Trickett MP, shadow Secretary of State for Communities, and Steve Reed, shadow Minister for Local Government and speaker at a number of Centre for Cities events; John Healey MP, shadow Housing Minister. Our work including our interactive data tool and our annual Cities Outlook factsheet is regularly quoted by politicians and used by their teams.

- We continue to work in partnership with academic institutions and practitioner organisations to improve our research base and increase our impact and public benefit, with partners during 2015 including the OECD, World Bank, Cambridge University, LSE and the Brookings Institution.

- Through our leading role in the What Works Centre for Local Economic Growth we have built a strong network of local authority leaders and policymakers keen to build a stronger evidence base around urban policy interventions, publishing a number of reports, and convening 11 well attended events across the country through the year. Through 2015 we have completed the evidence reviews and are now focused on developing toolkits for cities to use to better inform their policymaking, as well as working alongside cities with devolution deals to set up effective evaluation frameworks.

- We continue to work closely with cities all across the country to support them in improving their economic performance. We have worked closely with the Core Cities and Key Cities groups, as well as the nascent Fast Growth Cities group, and provided support to a range of places attempting to strengthen city-region working through devolution deals. We also have a system of ensuring regular contact with the cities on which the Centre’s work focuses to ensure we understand their priorities, opportunities and challenges, and can share any lessons learned with the wider audience.
3. **Fundraising Aim** - Maintain £800K Gatsby funding and raise £375k in fundraising (excluding the What Works Centre) (Research & Policy £250K and Events £100K).

- We raised £430k for work undertaken in 2015. Funding was generated through sponsorship agreements for research projects and events, including £30k from DAC Beachcroft for our work on urban demographics, and £20k from Transport for London for a series of roundtable events to discuss key infrastructure issues at Party Conferences.

- In addition we generated £88k for work to be undertaken in 2016. Funding was generated through sponsorship agreements for research and events, including £50k from the UK Commission on Skills and Employment.

4. **Communications Aim** - Continue to build the Centre’s reputation as the UK’s leading urban policy think tank and the knowledge exchange and first port of call for comment and analysis of UK cities and economic policy. Prioritise quality coverage and dissemination above media hits and be in a position to provide timely, relevant and informed comments and evidence based on the Centre’s research throughout the year.

- The Centre’s public events programme ranged from research-related roundtables to major public launches and receptions. Our new City Horizons series introduced long-term strategic thinking about city economies to around 100 people at each event, with speakers including Professor Nick Crafts, Professor Ed Glaeser and William Tompson. As part of our partnership with UKCES, we organised a full-day conference on skills at Leeds City College that was attended by 80 practitioners and policymakers based predominantly in the North. Our ongoing Leaders Network Dinners brought together city leadership to discuss and compare notes on how they are reacting to changes to local government finance and accelerating devolution. In total, we held over 30 Centre for Cities events across the country and welcomed nearly 1400 attendees.

- We have made significant progress in delivering on our long term objective to position the Centre as the first port of call for those interested in the future of UK cities. The interactive data tool continues to increase its impact with our data partnership with City Metric has resulted in over 100k more hits on Centre for Cities analysis, data and commentary, further increasing public benefit.

- During 2015 we introduced a new podcast series to bring together experts on cities to debate issues of interest and relevance to city economies. This was with the aim of further expanding our audience and the information we offer to the public. We have recorded 19 episodes so far, on topics ranging from mayors to rebalancing to immigration. The podcasts receive an average of 500 listeners per episode, significantly larger than our average blogs. It has also allowed the Centre to strengthen relationships with key influencers in the sector like Lord Kerslake, Gisela Stuart MP, Sir Robin Wales, and Ryan Avent at the Economist.

- During 2015 we continued to promote our research findings through national, regional and specialist press and broadcasters, as well as proactively releasing statements and putting forward spokespeople to respond to breaking news stories and announcements, resulting in around 15 pieces of national media coverage (print and broadcast) each month. We also have regular columns in the Municipal Journal and Local Government Chronicle, and are frequently asked to contribute to other
publications including the Guardian and City Metric. The blog has been expanded to allow our evidence to be used to comment on the latest events, helping educate the public about the implications for city economies, and each team member uses social media to engage in discussions about city economies throughout the year. Our blog gets an average of 4,200 views a month, and our twitter account has grown by 4,500 followers over the past year.

5. Be an active partner in the What Works Centre to deliver public benefit through informing practitioners about ‘what works’ in local economic growth.

- In the first two years of activity, the Centre met with 83 local authorities, 37 LEPs, and 20 government departments, and its evidence reviews received over 10,000 views online. In a recent feedback from a survey of LEPs, 90 per cent of respondents confirmed they used the Centre’s analysis in their LEP.

Financial review

In 2015, our main activities were: ‘Research’, ‘External Affairs’ and the ‘What Works Centre’. The income and expenditure linked to these activities was unrestricted. There were no restricted funds in the period.

The Statement of Financial Activities, set out on page 19, shows a shortfall of £18,880 (2014: £149,245) as a result of our office move. The total funds carried forward were £729,995 (2014: £748,875)

Income

The total income derived from research sponsorships and partner and associate cities amounted to £395,400 (2014: £393,300).

Core Funding (Gatsby Foundation) £800K (2014: £800K)
Donations £NIL (2014:£110K)
Research Sponsorship & Partner Cities £315.9K (2014: £306.7K)
What Works Centre Grant £240.2K (2014: £250K)
External Affairs £78.15K (2014: £88.6K)

Resources expended

The Centre’s expenditure was £1,457,994 (2014: £1,406,492). The increase in expenditure was primarily due to costs in connection with the office relocation, an increase in irrecoverable VAT (primarily as a result of purchases for the new office) and a higher salary bill (two employees were on maternity leave at different times in 2015).


Reserves Policy

The Trustees’ policy, which was reviewed in January 2016, is that the level of reserves, defined as unrestricted net current assets should not fall below £425,000. This reflects the
size of the organisation and the size and nature of the risks it faces. The £425,000 consists of:

- £300,000 for the protection of the continuity of the organisation's work in the context of uncertain future income streams. The sum represents three months' worth of salary costs and fixed office expenditure;
- £75,000 is our rent deposit, which would be forfeited should we need to leave these offices early and therefore is not accessible;
- £50,000 for capital items replacement and to cover unplanned emergencies and potential risks.

Reserves held at 31 December 2015 amounted to £578K, which is £153k above the level of required reserves.

The trustees requested that from 2016, the Centre puts aside £25k a year to a designated building fund. They also accepted the management's proposal that, where reserves are above the required level, the Centre's management team should bring proposals to the Board if there is an opportunity to make a significant investment that will tangibly boost the public benefit of the Centre's work and for which funds are not readily available from an alternative source. During 2015 the Board agreed to invest reserves in:

- A new database for the Centre, to improve our ability to manage existing relationships and generate new contacts, ensure our newsletters and events are better targeted to improve education, and to generate new relationships to extend our reach;
- Further enhancing the functionality of our online interactive data tool and sustaining the strategic partnership with City Metric to make the tool of more educational value and to extend its impact.

The trustees will keep the reserves policy under regular review.

PLANS FOR THE FUTURE

The Centre for Cities is the only think tank dedicated to understanding and improving city economies, stimulating debate about cities and providing high quality evidence that helps policymakers make better national and local decisions.

We want to achieve a UK economy that makes the most of different cities’ potential to drive sustainable economic growth and jobs.

The Centre’s ambition is that, by 2018, the Centre for Cities will be indisputably the leading place to go to understand and influence the economic performance of British cities, for UK and international audiences. We will have:

- Put urban economies at the heart of national and local conversations about economic growth;
- Changed national and local policy and practice to ensure that policies are appropriate for, and support growth in, distinctive local economies – with cities improving their performance against the national average by 2021;
• Become the first port of call for accessible and practical facts, insights, intelligence and ideas that are used to improve urban economic growth.

What does success look like?
  a) Recognised as having the most accurate and relevant data and analysis on city economies in the UK (even if not all of this is generated by us);
  b) Building on our evidence base, having the best answers to the really difficult policy questions facing economists in government and cities across the country;
  c) Building on our evidence base and our understanding of policy, having the best ideas and radical visions for delivering more productive and prosperous cities all across the country.

For 2016, our plan is to focus on solving current and future problems policymakers face when trying to make cities successful – and making it easy to find our facts, insights and solutions. We need to:

1. Focus on the topics and issues that are or will be top of mind for policymakers, crafting them as part of a bigger story about how to make cities successful, with a strong and new evidence base and clear recommendations wherever possible.
2. Make our work more accessible and disseminate more.
3. Form new partnerships with national and local policymakers, businesses and academics to ensure we’re at the cutting edge of what makes cities successful and that we can influence policy and practice.
4. Have a fundraising and operations strategy that enables us to be bold and innovative about the topics we address.
5. Have a team that can take the Centre to the next level.

Building on the Centre’s past research

Between 2014 and 2016 we planned that our research programme would focus on how different cities can drive jobs, growth and prosperity in the 21st century.

In 2014, our focus was on building our evidence base and ideas around the central concepts of 21st century city economies and leadership. We delivered a series of flagship reports on these issues, at the same time as running our ‘Think Cities’ campaign to promote the importance of cities, ‘delivering change’ projects to focus more forensically on implementation of policy, and sustaining and improving our partnerships with cities.

In 2015, we extended the work on city economies and leadership by developing a set of substantial new data sets and associated reports covering: long term economic trends over the last century; detailed tax and expenditure data at local authority level to inform debates about fiscal devolution; and demographic patterns across urban Britain to understand how life in cities is changing. We also: continued to develop ‘delivering change’ work looking at issues such as city assets; enhanced our website, data tool and social media outreach to raise the profile of cities; and worked to strengthen our partnerships with cities.

In 2016, the Centre will continue to lead the debate when it comes to the devolution of powers and responsibilities to UK city regions, and provide the best data and analysis on UK city economic performance. The aim will be to:

a) Devise new policy recommendations aimed at shaping, influencing and pushing further the Government’s “Devolution Revolution” agenda for the coming Parliamentary term to 2020;
b) Provide new analysis to help build UK city economies that are fit for the future in a more globalized economy;

c) Provide better, more accessible and interactive data to improve the analysis of UK city economies

All of these strands will draw explicitly on the work we have conducted over the past ten years and many of these strands of work will have multiple functions, i.e. policy development provides both immediate actions and provides a way of thinking about the future.

1. Delivering the ‘Devolution Revolution’

Reports / analysis

Fiscal devolution: The funding landscape for UK cities is changing. The move away from centrally redistributed grants to local government, towards places being more dependent for funding on the business rate revenues they collect locally, have increased concerns that disparities between places will grow in the future. If the true benefits of a more devolved funding landscape for UK cities will only be realised if places are incentivised to maximise their local tax take, and that means retaining a significant proportion of the tax they generate locally.

We are publishing a report on fiscal devolution in December 2015 which will provide the framework for our thinking on this issue. During 2016, as changes to the system of local government finance emerge, we will review how best to further develop ‘asks’ and scenarios in this area, with outputs likely to include: short research notes, blogs, events and / or podcasts.

Mayors: By May 2017 there will be at least six big city mayors outside of London. As the interest grows through 2016 there will be opportunities to work in partnership with the Institute for Government and Brookings Institution looking at the policy framework in which they need to operate in order to support economic growth, as well as be effectively scrutinised, drawing on international examples.

Events / podcasts

What next for the parties on cities policy? This would be a series of seminars to be held with Labour, the Lib Dems and the Conservatives to talk about where next for party policy on cities and devolution. We would seek to get this supported by key figures within the party and it would be an invitation-only event, to be held during next year in preparation for mayoral elections in 2017.

City Devolution Conference: Informing policy, particularly devolution deals, has been an important component of our work to date. To build on this and the successful Northern Futures Summit of 2014, the Centre intends to convene a major full day conference that brings together those city-regions that have agreed devolution deals with the Government. This conference will provide a platform for the Chancellor to outline where he sees the future for devolution, as well as providing a forum for discussion and debate across those city-regions at the forefront of the devolution agenda and an opportunity for the Centre to develop further policy ideas. This event will depend upon senior political buy-in, and so we will be taking a final decision on whether to pursue this idea by the end of 2015.
CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2015

Centre for Cities will continue to hold a Welcome Reception at the Conservative and Labour Party Conferences, as well as two sets of roundtable discussions on specific urban economic issues to engage with key political and officer contacts.

2. Helping to build city economies that are fit for the future

Successful cities of the future will be those that adapt to the economic, social and environmental changes that the 21st century will bring. As Century of Cities showed, cities that have adapted to these changes have reinvented their economies, creating jobs in new, more knowledge-focused industries. Those cities that have struggled to adapt have replicated their economies, replacing jobs in declining industries with lower-skilled, lower knowledge jobs. But for cities seeking to reinvent themselves, what do they need to do?

Reports / analysis

Attracting and retaining firms: What are the people, place and economy factors that influence why knowledge firms locate where they do? How can cities attract and then support these knowledge firms to stay and grow? And what do cities with fewer ‘knowledge resources’ do?

Attracting and retaining people: How can cities can attract and retain higher skilled workers and what’s the balance between offering jobs and quality of life factors? What is the relationship between skills and the mobility of people? What more can cities do to ‘grow their own’ high skilled workers?

Housing: Brief piece of work looking at the role of “brownfield” land situated within green-belts in boosting housing development in and around cities and how can cities unlock this land? Outputs are likely to include a short briefing note and blogs.

Smart Cities: Project will involve gathering case studies showing how data and technology is being used to inform strategy and create efficiencies in various areas – For example, transport (smart ticketing, real time transport, congestion info), infrastructure (waste management, water meters), housing (better data on land availability), health and social care (sensors for adult social care), education (e-learning and MOOCs).

City Networks: Project will explore the policy interventions needed to help make the Northern Powerhouse a reality, drawing on international examples such the Ranstad in Holland, the Rhine- Ruhr in Germany and the Oresand region in Denmark & Sweden.

Events / podcasts

City Horizons: Continue the high profile event series with a further four sessions that bring together a wide audience from across the public and private sector to discuss and debate the big economic issues facing UK cities. The events will all showcase leading city thinkers who will set out some of the big challenges facing cities. Unlike in 2015, we will seek sponsorship for the entire series, and supplement the individual events with podcasts and blogs on the Centre for Cities website.

2016 ‘City Talks’ podcast series: Building on the successful 2015 series of ‘City Talk’ discussions, we will continue to convene a monthly podcast, drawing on a pool of high profile contributors from across UK cities and the policymaking and academic world. Chaired by the Centre, these discussions will help us explore the big issues facing UK cities.
today, in an entertaining and accessible format. Each podcast will be published on iTunes, and be freely available through the Centre for Cities website.

**Partnerships (mix of reports, events and influence)**

*Cambridge University & ESRC Research Partnership:* The Centre was successful, as part of a joint bid with a team of academics led by Professor Ron Martin at Cambridge University, in winning funding from the ESRC to do a two year research project on the performance of British cities through time. The Centre’s specific role will be to review the research as it is produced and lead on the dissemination of it, similar to the role that it plays in the What Works Centre for Local Economic Growth.

3. **Provide better, more accessible and interactive data to improve the analysis of UK city economies**

**Reports / analysis**

*Cities Outlook 2016:* For Cities Outlook 2016 we will use this year’s "special chapter" to examine the prospects of UK cities in light of George Osborne’s commitment to create a "high wage, low welfare" economy. Drawing on a range of data sources and performance metrics over the last ten years, we will identify those cities that are already on track to achieve the Chancellor’s aim, and those most at risk as further spending cuts are introduced in this Parliament.

*International Outlook:* We will develop a new dataset this year focusing on international comparisons, to support work looking at how UK cities compare to European cities as places that encourage and support innovation and knowledge exchange. If successful, it could become an annual publication that complements Cities Outlook.

*Data Tool:* Further development of the data tool to include more data sets (e.g. historical data from Century of Cities, more ways of analyzing the data, and more ways of visualizing and communicating the data (e.g. city dashboards)

**Events / podcasts**

*2016 City Leaders dinner series:* The Centre will run another series of dinners for city leaders in 2016, with a regular guest-list of city leaders and chief executives. These sessions will provide a safe and stimulating environment for senior decision makers from across urban Britain to discuss the big issues they are facing.

*Podcast series on City Leadership:* This will be a series of 30 minute podcasts involving Alex interviewing mayors to talk about what makes an effective city leader, advice they would offer future mayors, lessons learned and ideas for specific policies that worked for them.

*How do I support city economies to grow?:* Test an offer of training and development sessions for: chief executives, leaders and directors in local authorities; civil servants; politicians; and businesses. This would formalise and extend the work we already do to help people understand how cities work and would focus on talking through the fundamentals of city economies, how to understand them and, where appropriate, how to use data to analyse them more effectively.
Partnerships (mix of reports, events and influence)

Growth Cities Network Partnership: The Centre has been working with Milton Keynes, Norwich, Cambridge, Oxford and Swindon to help them think about the shared opportunities and challenges that face as fast growing, medium sized cities. The group has decided to convene a formal network, and have asked the Centre to provide research and event support to the Partnership throughout 2016. Full details of the Centre’s inputs to the network will be confirmed before the end of the year.

The What Works Centre for Local Economic Growth is due to finish at the end of August 2016 but we are in talks about extending this, with the central focus now being on working with cities to help them evaluate economic development programmes more effectively.

UK Commission for Employment and Skills Partnership: In 2015 we confirmed an 18 month strategic partnership with UKCES, to examine the skills challenges facing UK cities, and how policy should respond to support our urban areas to meet them. In the second half of the programme we will launch an online interactive tool-kit featuring the latest labour market intelligence data, as well as producing research on the future of apprenticeships and skills policy.

Work with other cities: We will continue to work with cities around the country to provide a mix of advice, facilitation, research and events support, with partners likely to include Belfast and Leeds City Region.

Fundraising outlook
We will likely begin 2016 with c. £120k of funding secured for the calendar year, including our partnerships with UKCES, ESRC and sponsorship from Transport for London for Party Conference events in 2016. We will secure the remaining £255k for the year through sponsorship arrangements for specific research and event outputs.

In total, we broadly anticipate generating in the region of £250k from research led sponsorships, and £125k from event led engagements. We have a number of live sponsorship conversations which will progress as research and event plans are finalised.

Communications overview
We will continue to develop our existing communications platforms, including the Centre for Cities website, data tool, podcasts and social media channels to showcase and disseminate our research and events activity. We will also continue to explore new mediums and partnerships, such as our new relationship with City Metric, but also other specialist and national outlets such as Local Government Chronicle, Estates Gazette and Guardian Cities.

In relation to press activity, we will continue to prioritise quality coverage over hit rates, and we will aim to secure a number of media ‘peaks’ a year so that the Centre is consistently in the news. We will continue to build our relationships with journalists and editors in the national, local and specialist press.

We will continue to prioritise holding a range of high quality events throughout the calendar year, including our new in 2015 flagship series City Horizons. We will explore the prospects of convening another major national Conference in 2016, as well as holding regular, high level roundtable events across the country.
REFERENCE AND ADMINISTRATIVE DETAILS

Charity number 1119841
Company number 6215397
Registered office 9 Holyrood Street, London SE1 2EL

REGISTERED AUDITORS: HW Fisher & Company
                      Acre House
                      11-15 William Road
                      London NW1 3ER

BANKERS: HSBC Bank PLC
         2nd Floor, 16 King Street
         Covent Garden
         London WC2E 8JF

DIRECTORS AND TRUSTEES

The directors of Centre for Cities are its trustees for the purpose of charity law.
The trustees serving during the year were as follows:

Nigel Hugill (Chairman)
Stephen Ashworth
Susan Hitch
Michael Parkinson
Alison Newton
Joanna Averley
Tom Riordan
Greg Clark
Andrew Varley Resigned 22 May 2015
Alexander Plant
Martin Reeves
Alan Wilson
Rosemary Feenan Appointed 19 November 2015
Nicola Yates Appointed 16 March 2015
KEY MANAGEMENT PERSONNEL:

Alexandra Jones  Chief Executive
Andrew Carter  Deputy Chief Executive
Ben Harrison  Director of Communications and Development
Anna Bullegas  Head of Finance and Operations

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governance Document

Centre for Cities is a company limited by guarantee governed by its Articles of Association, last amended on 11 April 2011. It is registered charity with the Charity Commission.

Appointment of trustees

The Board of Trustees, who are also Members and Directors of the Charitable Company, is self-appointing. A trustee’s period of office is 3 years from the date of appointment or reappointment. A Trustee may be re-appointed by the trustees for a further period of 3 years.

New members of the Governing Body are elected on the basis of nominations from the Trustees and the executive officers based on the candidates’ professional qualities, experience and personal competence.

The Trustees who served during the year are shown on the information page (12-13).

Trustee induction and training

All new trustees are provided with an induction pack giving full details of how the Charity is constituted and operates. Any further information they require is provided by an appropriate senior person within the Charity.

Organisation

The Board of Trustees consists of not less than three (3) members and is not subject to any maximum. The Board is responsible for the overall governance of the Charity. It meets three times a year to oversee the affairs of the Centre. The Board appoints a Chief Executive to manage day-to-day operations of the charity.

Related parties

Upon appointment each Trustee makes a full, written disclosure of interests, including relationships that may be of relevance to the Centre’s work and posts held that could potentially result in a conflict of interest. This written disclosure will be kept on file and trustees are emailed annually to check that it is up to date. It can be updated at any time through the year.

In the course of meetings or activities, Trustees disclose any interests in a transaction or decision where there may be a conflict between the organisations’ best interests and the
Trustee’s best interests, or a conflict between the best interests of two organisations with which the Trustee is involved.

In the current year no related party transactions were reported.

None of our trustees receive remuneration or other benefits from the charity.

Pay policy for senior staff

The pay of all staff, including senior staff, is reviewed annually. Current policy is to award all staff an increase in salary provided the Centre reaches a fundraising milestone set by the Finance and Audit Committee. The increase is based on a review of changes in cost of living during the course of the year and is agreed by the Finance and Audit Committee. All CFC salaries, including those of senior staff, are benchmarked against pay levels in similar organisations.

Risk management

The Trustees introduced a formal risk management process to assess business risks and implement risk management strategies in 2008. The established risk assessment system involves identifying the types of threats the Charity faces, prioritising them in terms of impact and recommending controls to mitigate them.

The on-going risks continue to be around securing sufficient funding and ensuring our work is of high quality and policy relevant. The funding risks are mitigated by engaging with a wide-range of potential sponsors and building long-term relationships with them. To ensure our work is of the highest standard and relevance we have a quality assurance and policy relevance process in place, with internal and external checks at key stages to peer review our work and ensure it continues to be objective, independent, robust and rigorous.

In 2015 there was an additional risk that, as a result of the Chief Executive being on maternity leave until the end of June 2015, the Centre would not be able to deliver its core objectives. This was mitigated very successfully by the appointment of the Deputy Chief Executive as Acting Chief Executive, increasing responsibilities of other senior staff including the Director of Communications, and drawing on the expertise of external advisers.

The other major risk in 2015 was the landlord requiring the Centre to pay a significantly higher rent for the premises occupied since 2008. Accepting the increase and remaining in the office would have had an adverse impact on our ability to carry our charitable activities for the public benefit. The Centre decided to relocate to a more appropriate office with much more affordable rent where it has security of tenure for the next five years.

The Board is satisfied that, for all major risks, appropriate controls have been put in place and maintained to mitigate those risks adequately.
Trustees' responsibilities in relation to the financial statements
The Charity's trustees (who are also the directors of Centre for Cities for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (Statement of Recommended Practice);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors
Each of the trustees has confirmed that there is no information of which they are aware, which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors
In accordance with section 485 of the Companies Act 2006, a resolution proposing that H W Fisher & Company be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the Board of Trustees

Nigel Hugill

Date

27 July 2016
CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
YEAR ENDED 31 DECEMBER 2015

INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF CENTRE FOR CITIES
We have audited the accounts of Centre for Cities for the year ended 31 December 2015 set out on pages 21 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors
As explained more fully in the Trustees’ Responsibilities Statement on page 19, the trustees, who are also the directors of the charitable company for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the accounts
An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees’ Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts
In our opinion the accounts:

- give a true and fair view of the state of the charitable company’s affairs as at 31 December 2015, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the Companies Act 2006.
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Rich
(Senior Statutory Auditor)
for and on behalf of H W Fisher & Company
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Dated: \(10/8/16\)
## CENTRE FOR CITIES
### STATEMENT OF FINANCIAL ACTIVITIES
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**
**FOR THE YEAR ENDED 31 DECEMBER 2015**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Unrestricted Fund 2015</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Income from:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations 3</td>
<td>800,000</td>
<td>800,000</td>
<td>1,351,300</td>
</tr>
<tr>
<td>Charitable activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research 3</td>
<td>315,902</td>
<td>315,902</td>
<td>306,684</td>
</tr>
<tr>
<td>External Affairs 3</td>
<td>79,146</td>
<td>79,146</td>
<td>86,620</td>
</tr>
<tr>
<td>What Works Centre 3</td>
<td>240,192</td>
<td>240,192</td>
<td>250,357</td>
</tr>
<tr>
<td>Income from Investments 4</td>
<td>3,874</td>
<td>3,874</td>
<td>5,876</td>
</tr>
<tr>
<td>Total</td>
<td>1,439,114</td>
<td>1,439,114</td>
<td>2,000,837</td>
</tr>
<tr>
<td>Expenditure on:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable activities: 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research-Policy 5</td>
<td>726,316</td>
<td>726,316</td>
<td>576,234</td>
</tr>
<tr>
<td>External Affairs 5</td>
<td>491,486</td>
<td>491,486</td>
<td>583,368</td>
</tr>
<tr>
<td>What Works Centre 5</td>
<td>240,192</td>
<td>240,192</td>
<td>250,990</td>
</tr>
<tr>
<td>Clusters 6</td>
<td>-</td>
<td>-</td>
<td>441,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,457,994</td>
<td>1,457,994</td>
<td>1,851,592</td>
</tr>
<tr>
<td>Net Income/(expenditure)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(18,880)</td>
<td>(18,880)</td>
<td>149,245</td>
<td></td>
</tr>
<tr>
<td>Reconciliation of funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Funds brought forward</td>
<td>748,875</td>
<td>748,875</td>
<td>599,629</td>
</tr>
<tr>
<td>Total funds carried forward</td>
<td>729,995</td>
<td>729,995</td>
<td>748,874</td>
</tr>
</tbody>
</table>

All operations are continuing and there are no recognised gains or losses for the year other than stated above.

The notes on pages 24 to 32 form part of these accounts
## CENTRE FOR CITIES
### BALANCE SHEET
#### FOR THE YEAR ENDED 31 DECEMBER 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>Unrestricted Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>12</td>
<td>151,700</td>
</tr>
<tr>
<td>Total fixed assets</td>
<td></td>
<td>151,700</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>13</td>
<td>264,398</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td>499,724</td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td>764,122</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors falling due within one year</td>
<td>14</td>
<td>(185,827)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(185,827)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>578,295</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td></td>
<td>729,995</td>
</tr>
</tbody>
</table>

Funds:

| Unrestricted funds: | 16 | 729,995 | 748,874 |

Approved and authorised for issue by the Board of Trustees on 27 July 2016 and signed on their behalf by

Trustee

The notes at pages 24 to 32 form part of these accounts.
## CENTRE FOR CITIES

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2015

<table>
<thead>
<tr>
<th>Statement of cash flows</th>
<th>Total funds</th>
<th>Prior year funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>£</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>18</td>
<td>(96,860)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest receivable</td>
<td></td>
<td>3,874</td>
</tr>
<tr>
<td>Purchase of tangible fixed assets</td>
<td></td>
<td>(157,406)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td></td>
<td>(250,392)</td>
</tr>
</tbody>
</table>

| Change in cash and cash equivalents in the reporting period | 250,392 | 269,594 |
| Change in cash and cash equivalents at the beginning of the reporting period | 750,116 | 480,522 |
| Cash and cash equivalents at the end of the reporting period | 499,724 | 750,116 |
1 ACCOUNTING POLICIES

Accounting policies provide the basis on which the accounts are prepared and explain the accounting treatment of material transactions or items in the accounts.

(a) Basis of preparation of accounts

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical or transaction value unless otherwise stated in the relevant policy note(s).

(b) Recognition of income

Income under grants, donations or sponsorship is recognised in the financial statement on a receivable basis. Income under contracts is recognised in the financial statement to the extent that entitlement to the income has been earned during the year through completion of the contract.

(c) Interest receivable

Interest on funds held on deposit is included when receivable. The charity records it upon notification from the Bank.

(d) Preparation of the accounts on a going concern basis

The charity reported a cash outflow of £250,392 for the year, which was caused by renting a new office. This has enabled the charity to reduce its future operating costs and it has sufficient reserves to continue as a going concern for 4-5 years.

(e) Funds

Funds which are expendable at the discretion of the Trustees in furtherance of the objectives or administration of the Charity are classified as unrestricted funds.

Restricted funds are funds which are subject to specific trusts and are expendable at the discretion of the trustees in furtherance of some particular aspect of the objects of the charity.
(f) Gift in kind

For accounting purposes, the recognition value of the gift in kind is the fair market value of the donated item. The fair market value is the price that would be agreed upon between a willing buyer and willing seller, with neither being required to act and both having reasonable knowledge of the facts.

(g) Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered.

Prepayments are valued at the amount prepaid net of any trade discounts due.

(h) Expenditure and recoverable VAT

All expenditure has been recognised on the accruals basis.

Irrecoverable vat is charged as a cost against the activity for which the expenditure was incurred.

(i) Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised as their settlement amount after allowing any discounts due.

(j) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include HR, finance, payroll, governance and well as general office costs which support Centre for Cities' activities. The basis on which support costs have been allocated are set out in note 7.

(k) Operating leases

The charity classifies the lease of the photocopier as an operating lease. The photocopier remains with the lessor and is replaced every 5 years. The rental costs are charged on a straight line basis over the term of the lease.

(l) Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental expenses of acquisition and unrecoverable VAT where appropriate. All assets costing more than £1000 are capitalised.
Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives. Depreciation is charged from the month of acquisition. The principal estimated useful lives for this purpose are:

- Computer equipment and software - 3 years
- Fixtures and Fittings - 5 years
- Leasehold Improvements - Over the life of the lease

To the extent that VAT is irrecoverable the cost is included and identified separately within the contract or functional area to which it relates and where appropriate VAT on Fixed Assets is capitalised.

(m) Pension Costs

The Charity has a money purchase scheme for qualifying employees. Pension costs charged to the statement of Financial Activities represent the contributions payable by the Charity in the period (see Note 9).

2 Taxation

Centre for Cities is a company limited by guarantee and has no share capital. Every member of the charity undertakes to contribute such amount as may be required (not exceeding £10) to the Charity’s assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Charity’s debts and liabilities contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves.

No taxation is payable due to the charitable status of the organisation.

3 Donations

<table>
<thead>
<tr>
<th></th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift</td>
<td></td>
<td>110,300</td>
</tr>
<tr>
<td>Core Grant</td>
<td>800,000</td>
<td>800,000</td>
</tr>
<tr>
<td>Research Donation</td>
<td></td>
<td>441,000</td>
</tr>
<tr>
<td></td>
<td><strong>800,000</strong></td>
<td><strong>1,351,300</strong></td>
</tr>
</tbody>
</table>

In 2015, Centre for Cities received a donation of £800k. The donation was an annual core grant from Gatsby Foundation, Lord Sainsbury’s family charitable trust.
4 Investment Income
Centre for Cities investment income of £3,874 arises from money held in deposit accounts.

5 Analysis of expenditure on charitable activities

<table>
<thead>
<tr>
<th>Research Policy</th>
<th>External Affairs</th>
<th>What Works Centre</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Staff Costs</td>
<td>401,286</td>
<td>201,766</td>
<td>174,494</td>
</tr>
<tr>
<td>Projects Direct Costs</td>
<td>79,807</td>
<td>167,498</td>
<td>9,194</td>
</tr>
<tr>
<td>Premises</td>
<td>108,710</td>
<td>47,660</td>
<td>29,030</td>
</tr>
<tr>
<td>Depreciation</td>
<td>8,782</td>
<td>3,841</td>
<td>3,401</td>
</tr>
<tr>
<td>Networking and City Visits</td>
<td>0</td>
<td>10,053</td>
<td>0</td>
</tr>
<tr>
<td>IT &amp; Communication</td>
<td>9,823</td>
<td>4,307</td>
<td>2,623</td>
</tr>
<tr>
<td>Printing &amp; Stationary</td>
<td>4,283</td>
<td>1,878</td>
<td>1,144</td>
</tr>
<tr>
<td>Legal and Insurance Costs</td>
<td>20,451</td>
<td>8,966</td>
<td>5,481</td>
</tr>
<tr>
<td>Other Office Expenses</td>
<td>19,792</td>
<td>7,785</td>
<td>12,881</td>
</tr>
<tr>
<td>Governance Costs (note 7)</td>
<td>2,839</td>
<td>1,157</td>
<td>705</td>
</tr>
<tr>
<td>Support Costs (note 8)</td>
<td>70,764</td>
<td>36,575</td>
<td>1,260</td>
</tr>
</tbody>
</table>

Total | 726,316 | 491,486 | 240,192 | 1,457,994 |

Expenditure on charitable activities was £1,487,994 (2014:2,000,837). All expenditure was unrestricted. Most of the costs in the above table (note 5) relate to staff, project direct costs and premises.

Staff costs consist of gross pay, employer NI and pension costs and are directly attributable to Centre for Cities' activities. Other staff costs are part of support costs.

Projects' direct expenditures are made up of costs that relate to events and research. Events costs include venue and equipment hire, catering, travel and accommodation costs. Costs related to research projects include data, polling and printing of reports. Premises costs include rent and rates, service charge, office security and insurance.

Networking and City Visits are travel costs incurred when visiting UK cities to perform our charitable duties, including presenting and discussing our work and undertaking additional research to understand the opportunities and challenges facing city economies.

Legal and Insurance Costs - legal costs under this heading were incurred during the acquisition of a new office premises.

6 'Clusters'

'Clusters' was a one-off piece of research funded by Lord Sainsbury in 2014. The project was managed by Centre for Cities and fulfilled by McKinsey & co.
7 Analysis of support and governance costs

Centre for Cities initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the three charitable activities (see note 5) in the year. The table below shows analysis of support and governance costs and basis of apportionment.

<table>
<thead>
<tr>
<th></th>
<th>General support</th>
<th>Governance function</th>
<th>Total</th>
<th>Basis of apportionment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>77,473</td>
<td>23,078</td>
<td>100,551</td>
<td>Allocated on time</td>
</tr>
<tr>
<td>Information Technology</td>
<td>1,221</td>
<td>-</td>
<td>1,221</td>
<td>Cost</td>
</tr>
<tr>
<td>Audit fees</td>
<td>-</td>
<td>4,500</td>
<td>4,500</td>
<td>Governance</td>
</tr>
<tr>
<td>Legal &amp; other professional fees</td>
<td>6,828</td>
<td>-</td>
<td>6,828</td>
<td>Governance</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85,522</strong></td>
<td><strong>25,578</strong></td>
<td><strong>113,100</strong></td>
<td></td>
</tr>
</tbody>
</table>

8 Net income/(expenditure) for the year

This is stated after charging: 2015 2014

Operating leases - photocopier 1,264 1,264
Depreciation 16,004 8,815

Auditor’s remuneration:
Audit fees 4,500 3,900
9 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>737,807</td>
<td>732,768</td>
</tr>
<tr>
<td>Social security costs</td>
<td>73,160</td>
<td>74,173</td>
</tr>
<tr>
<td>Pension costs</td>
<td>68,174</td>
<td>53,749</td>
</tr>
<tr>
<td></td>
<td>879,141</td>
<td>860,690</td>
</tr>
</tbody>
</table>

Employees earning between £60,001-£70,000
Employees earning between £70,001-£80,000
Employees earning between £80,001-£90,000

The charity trustees were not paid and did not receive from the charity any other benefits than reimbursement of their travel expenses during the year. One trustee received £109.90 (in 2014, one trustee received £152.00).

The total employee benefits received by the key management personnel listed on page 13 were £261,050 (2014: £257,184).

10 Staff Numbers

The average monthly head count was 19 staff (2014: 20 staff) and the average monthly number of the full-time equivalent employees during the year was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>10.0</td>
<td>11.0</td>
</tr>
<tr>
<td>External Affairs</td>
<td>4.5</td>
<td>4.0</td>
</tr>
<tr>
<td>WWC</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Governance</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>18.0</td>
<td>18.0</td>
</tr>
</tbody>
</table>

11 Related party transactions

There were no related parties’ transactions.
### 12 Tangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>Leasehold Improvements</th>
<th>Fixtures and Fittings</th>
<th>Computer Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost or book value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2015</td>
<td>214,848</td>
<td>49,179</td>
<td>79,646</td>
<td>343,673</td>
</tr>
<tr>
<td>Additions</td>
<td>107,632</td>
<td>34,943</td>
<td>14,830</td>
<td>157,406</td>
</tr>
<tr>
<td>Disposals</td>
<td>(214,848)</td>
<td>(48,508)</td>
<td>(43,710)</td>
<td>(307,066)</td>
</tr>
<tr>
<td><strong>At 31 December 2015</strong></td>
<td>107,632</td>
<td>35,614</td>
<td>50,766</td>
<td>194,012</td>
</tr>
</tbody>
</table>

|                  |                        |                       |                   |         |
| **Accumulated depreciation** |                    |                       |                   |         |
| At 1 January 2015| 214,848                | 48,508                | 70,019            | 333,375 |
| Disposals        | (214,848)              | (48,508)              | (43,710)          | (307,066)|
| Charge for year  | 4,162                  | 2,618                 | 9,224             | 16,004  |
| **At 31 December 2015** | 4,162                  | 2,617                 | 35,533            | 42,312  |

|                  |                        |                       |                   |         |
| **Net book value** |                       |                       |                   |         |
| At 31 December 2015| 103,470                | 32,997                | 15,233            | 151,700 |
| At 31 December 2014| 0                      | 671                   | 9,627             | 10,298  |

All of the tangible fixed assets are principally used for direct charitable purposes.

### 13 Debtors

<table>
<thead>
<tr>
<th></th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Debtors</td>
<td>125,131</td>
<td>54,968</td>
</tr>
<tr>
<td>Gift Aid Receivable</td>
<td>-</td>
<td>110,250</td>
</tr>
<tr>
<td>Prepayments</td>
<td>19,263</td>
<td>8,469</td>
</tr>
<tr>
<td>Other debtors</td>
<td>120,004</td>
<td>93,328</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>264,398</strong></td>
<td><strong>267,015</strong></td>
</tr>
</tbody>
</table>

30
14 Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>£29,615</td>
<td>£20,067</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>£43,337</td>
<td>£66,048</td>
</tr>
<tr>
<td>Accruals</td>
<td>£62,487</td>
<td>£19,786</td>
</tr>
<tr>
<td>Deferred income</td>
<td>£50,000</td>
<td>£163,167</td>
</tr>
<tr>
<td>Other creditors</td>
<td>£389</td>
<td>£9,487</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>185,827</strong></td>
<td><strong>278,555</strong></td>
</tr>
</tbody>
</table>

15 Deferred Income

Deferred income comprises of advance grant from UKCES received in 2015 for research programme in 2016.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January 2015</td>
<td>£163,167</td>
</tr>
<tr>
<td>Amount released to income earned from charitable activities</td>
<td>(163,167)</td>
</tr>
<tr>
<td>Amount deferred in year</td>
<td>£50,000</td>
</tr>
<tr>
<td><strong>Balance as at 1 January 2016</strong></td>
<td><strong>£50,000</strong></td>
</tr>
</tbody>
</table>

16 Funds of the charity

The fund of £729,995 on 31 December 2015 was unrestricted.

17 Lease commitments

The charity has the following amounts due in respect of non-cancellable leases which expire in:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 2015</th>
<th>Amount 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two and five years</td>
<td>£576,355</td>
<td>-</td>
</tr>
</tbody>
</table>
18 Reconciliation of net income/(expenditure) to net cash flow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income/(expenditure) for the reporting period (as per statement of financial activities)</td>
<td>(18,880)</td>
<td>149,245</td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation charges</td>
<td>16,004</td>
<td>8,815</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>(3,874)</td>
<td>(5,876)</td>
</tr>
<tr>
<td>(Increase)/decrease in debtors</td>
<td>2,617</td>
<td>(75,922)</td>
</tr>
<tr>
<td>(Increase)/decrease in creditors</td>
<td>(92,727)</td>
<td>187,456</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(96,860)</td>
<td>263,718</td>
</tr>
</tbody>
</table>