

Rt Hon George Osborne MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

20 November 2014

Dear Chancellor,

2014 AUTUMN STATEMENT: SUBMISSION FROM THE CENTRE FOR CITIES

This forthcoming Autumn Statement presents a final opportunity before the general election to build on the momentum gained in this Parliament towards ensuring UK cities are fulfilling their potential and delivering for the national economy.

In recent months, moves to cement the economic recovery by driving sustainable growth across the country, together with the result of the Scottish independence referendum, have increased the focus on ensuring UK cities are equipped with the powers and funding they need to create jobs, build homes and support businesses.

Against this backdrop, Centre for Cities welcomed the intentions of your 'Northern Powerhouse' speech, in which you pledged to support the ability of major cities in the North to drive increased prosperity across the region. And your latest announcement of a devolution settlement for Greater Manchester – including the creation of a directly elected mayor for the city region – marks real progress towards the creation of more powerful UK cities that are capable of competing globally.

But while the Greater Manchester Deal represents an important step forward, there is more to do to make the most of Greater Manchester's – and other UK cities' – potential and contribution to the national economy. When preparing your Autumn Statement, we therefore call on you to:

1. Enhance and roll out the Greater Manchester Deal

As a frontrunner in the kind of strategic city-region working required to support devolved powers, it is absolutely right that Greater Manchester be given more freedom and responsibility over skills, transport and business support to respond to specific local economic conditions.

However, for Greater Manchester to make the most of these new powers and deliver for the national economy, we would encourage you to set a timeline for the devolution of additional fiscal powers – in particular,

providing the city region with greater control over local taxation and increased certainty over long term funding. Specifically, this should include:

- The power to set rates and multipliers for local council tax, business rates and other local revenue streams – as well as incentives to pool revenue across the city-region;
- Increasing the HRA borrowing cap if constituent authorities within the city-region pool the headroom available;
- More powers over local fees and taxes, such as powers to levy precepts on council tax revenue and business rates to fund transport and regeneration;
- Long term funding settlements that enable the city-region to strategically plan for the future with certainty that they cannot be unpicked by successive governments.

Such measures will be vital to ensuring that Greater Manchester can deliver effective public services and drive investment across the city region.

We also encourage you to capitalise on the progress made throughout this Parliament and prioritise rolling out similar settlements – which should include these additional fiscal powers to support them in driving growth in the future – to nationally significant major city-regions with combined authorities, as well as to other successful smaller and medium sized cities such as Cambridge, Reading and Milton Keynes.

2. Invest in city-region transport that can boost growth

The funding settlement as part of the Greater Manchester Deal will help support the city-region in ensuring the right transport is in place to link people to jobs and support growth. But to maximise the impact of this deal and those that may be agreed with other big cities, **it is vital that you ensure funding is committed over the long term, so as to enable UK cities to plan ahead strategically and invest in the transport required to support economic growth.**

And we would encourage you to consider other short term transport investments that could make a big difference to economic performance across the country. Our *Fast Track to Growth* [research](#) found that a number of inter-city rail connections that run between some of our biggest cities fall well short of National Rail aspirations in terms of their speed and frequency of services – potentially constraining growth.

In the short term, the evidence suggests that **prioritising investment in rail links between Manchester and Leeds would generate the best economic returns, given the number of high value businesses and jobs based in these two cities.**

3. Make a push on housing in high demand cities

There is a political consensus that the UK needs to build more homes, and the Prime Minister used his recent Party Conference speech to commit the Conservative Party to meet this challenge. While this is a national issue, **it is most acute in the country's most successful cities, where high prices are putting a strain on households and under-supply of housing is putting a strain on businesses.**

We urge you to prioritise Government support for new house building in these areas. Contrary to much of the commentary on this issue, analysis shows that there is sufficient land that could provide homes in areas of high demand, but to do so will require national and local leadership to encourage and incentivise decision-makers to be bold in identifying opportunities to develop based on their merits as individual sites, rather than based on long standing and often arbitrary designations.

Our [recent report](#) shows that **there is capacity to build an extra 1.4 million new homes in and around our most expensive cities – such as London, Oxford and Cambridge** – within 25 minutes of a train station. And doing so would only require using 5 per cent of the green belt surrounding these cities.

Conclusion: Put UK cities at the heart of your long term economic plan

National economic prosperity depends on the ability of UK cities to drive growth and support businesses to create jobs.

As the general election draws close, it is vital that you continue to support UK cities to fulfil their potential. This means allocating transport funding in smart ways that can deliver where it can best support growth, removing the barriers that cities face in delivering the homes they need and ensuring that major city-regions, as well as other successful cities, contribute the maximum possible to the national economy, with devolution of fiscal powers part and parcel of any future settlements.

Yours sincerely,



Andrew Carter,
Acting Chief Executive