



**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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A charitable company limited by Guarantee registered in England and Wales
Company No. 6215397 - Registered Charity No. 1119841

CENTRE FOR CITIES
CONTENTS
YEAR ENDED 31 DECEMBER 2018

	Pages
Trustees' Annual Report	3 - 14
Independent Auditors' Report	15 - 17
Statement of Financial Activities	18
Balance Sheet	19
Statement of Cash Flows	20
Notes to the Accounts	21 - 29

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2018

The Board of Trustees are pleased to present their Trustees' Annual Report and accounts for the year ending 31 December 2018. The Trustees' Annual Report contains a Directors' Report as required by company law. The report and accounts comply with the requirements of the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS102, as amended for accounting periods commencing from 1 January 2016.

CHAIR'S REPORT

In a year that may well be recorded in history only for the dominance of Brexit, Centre for Cities has continued to make considerable impact in the world of urban policy.

The Centre's reputation for rigorous, ground-breaking research that sheds new light on the economic performance of cities has gone from strength to strength.

Our annual flagship publication, *Cities Outlook 2018*, set the tone for the year. It made a big splash by highlighting the geographical variation in the risk to jobs from automation and continuing globalisation. This cut through in the crowded field of research on the Future of Work by providing, for the first time, cities with an understanding of what a changing labour market would mean for them. As ever, skills proved key – as our further report on outsmarting the robots made clear.

We set the pace too on discussions around the future of the high street. Our research on city centres showed how a bustling high street is the tip of the economic iceberg – without high-skilled workers in top-quality office space nearby, no amount of government intervention will increase footfall. The Chancellor recognised this in his Budget when he ruled out using his Future High Streets Fund to prop up declining retail.

We added significantly to the debate on the UK's productivity puzzle this year by challenging conventional wisdom about the long tail of laggard firms. It was read and referenced by key national policymakers and acted as a timely reminder of the importance of place in the Industrial Strategy.

That focus also led to a hugely successful series of events for the What Works Centre focused on local industrial strategies. These attracted a wide audience of representatives from across the country who, as ever, received constructive advice on how to let evidence be their guide as they draw up their plans.

The Centre's continued engagement and close working with city leaders and officials has continued this year, with our experts giving advice on a range of issues. Our inaugural survey of city leaders' challenges and ambitions marked the end of the year - the commonality of concerns this diverse group shared provides a fine example of how the Centre seeks to understand, analyse and amplify the voices of urban leaders.

That is something it will continue to pursue in 2019, as Brexit approaches followed by a Spending Review that may mark a shift in policy on public spending for local government. The Centre will seek to inform these debates and inform their outcomes with sound, evidence-based advice and an ever-growing network of influence.

Nigel Hugill, Chair, Centre for Cities

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

Objectives and Activities

Centre for Cities is an independent charity. We work closely with urban leaders, Whitehall and business to ensure our work is relevant, accessible and of practical use to cities and policy makers.

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 purpose, the Centre undertakes the following activities:

- 1) Producing high-quality research and policy:** We publish a range of original research reports and briefings, blogs and papers on the economic performance of UK cities – and how to improve the opportunities for their residents.

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 public debate, policy and practice and includes development of clear, evidence-based policy proposals. We do this in consultation with Whitehall departments, political parties, local authorities and business organisations.

We 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 inform policy and practice directly within specific cities, and to publicise lessons from this work, which are relevant to other cities.

- 2) Engaging with stakeholders:** To ensure public benefit of the work we do, all our reports and papers are available to the public free of charge on our website and we present 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) Promoting an evidence-based approach to policy-making:** The What Works Centre for Local Economic Growth (WWC) was set up as part of the What Works Network to analyse which policies are most effective in supporting and increasing local economic growth. The programme is in partnership with the London School of

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

Economics and Arup. The project is funded by the ESRC and four government departments. It 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, LEAs, 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 trustees of a charity must have a regard to the Charity Commission guidance when exercising any powers or duties to which the guidance is relevant.

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 2018.

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. The Centre constantly invests in improving 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 productivity and unemployment, drawing on UK and international case studies.

Millions of people accessed our research for the first time in 2018 through our new partnership with the BBC Experts' Network. We wrote four in-depth articles on demographic change, urban living, wages and the relative decline and rise of cities – each had more than a million views and has generated substantial traffic to our website (an extra 15,000 people on the day of publication) and led to follow-up coverage across national media outlets.

We hosted 18 public events and roundtables around the country, including at the Conservative and Labour party conferences. Through our work with the What Works Centre for Local Economic Growth, we have run five workshops on Building a Local Industrial Strategy in Bristol, Warrington, Leeds, London and Newcastle, with extra dates being added due to high demand.

Our team have made 16 in-depth visits to cities, typically comprising meetings with local authorities, chambers of commerce the local enterprise partnerships to deepen our understanding of their economies, build our local networks, gather intelligence and share our research findings. In addition, we have been invited to speak and participate in 136 events organised by others.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

We have advised government on the development of policy and acted as a critical friend to cities on development of their local industrial strategies.

We launched our new-look website in November. The new design allows us to more clearly highlight how our work relates to current issues, underlining its relevance to the news and policy agenda. In 2018, pages on our website were viewed more than a million times, our publications were downloaded 16,400 times and our podcasts were downloaded 8,700 times. We now have 25,000 Twitter followers, up 10 per cent on 2017.

Review of achievements and performance for the year

In 2018, we published 16 original research reports and posted 90 blogs on topics affecting cities. These are some of the highlights of the year:

Brexit

Our work on Brexit in 2018 has built on our previous work undertaken in partnership with London School of Economics setting out the impact of trade deal scenarios on city economies:

- *With or Without EU* explored EU migration to UK cities and the implications for future migration policy. It highlighted in particular that low-skilled EU migration plays a vital role in city economies. We secured national media coverage including the Guardian, BBC and ITV, as well as regional outlets and we met MPs to discuss its findings.
- *London Links*, supported by the City of London Corporation highlighted the need for services to be given more prominence in the Brexit debate. In particular it looked at the financial and professional services industry in cities outside London – demonstrating that these services are vital not just to London but to cities elsewhere. We wrote about the report for Red Box and secured coverage in national and local media including BBC, the Times and the FT. We met with Treasury officials to discuss its findings.
- We submitted evidence to the Public Administration Select Committee on Devolution after Brexit and released a podcast analysing what the Government's Brexit impact assessment would mean for cities.

Productivity and Industrial Strategy

Our work in 2018 has built on our previous analysis of the importance of place in tackling the UK's productivity problem:

- *The wrong tail* challenged the idea that low productivity firms are the primary cause of the lag in overall national productivity. It showed that in many cases, the firms in the 'long tail' were in sectors unlikely to see significant productivity gains, and that more focus needed to be given to high value-add exporting firms.
- Bank of England Chief Economist Andy Haldane cited the research, which secured in-depth coverage in the FT. Andrew Carter, Centre for Cities Chief Executive, gave oral evidence to the Business, Energy and Industrial Strategy Select Committee and we have formed a new relationship with a member of the Shadow Cabinet based on its findings.
- Our 'open letter' to Andy Haldane as the new chair of the Industrial Strategy Council was tabled for discussion at the council's first meeting. A thousand people have downloaded our podcast discussing the UK productivity problem with the Joseph Rowntree Foundation.
- *How cities can make the most of digital connections*, supported by O2, brought together case studies for UK and global cities on how to deliver and make the most of new digital infrastructure. Launched in Birmingham, it secured coverage in the Times, Manchester Evening News and on ConservativeHome.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

- With the What Works Centre for Local Economic Growth, we supported the publication of *Developing a Local Industrial Strategy*, setting out 10 principles for a successful strategy.

Future of Work / skills

This was a key focus of our work in 2018:

- *Cities Outlook 2018* reshaped the automation debate by giving a city-by-city take on the rise of the robots for the first time. Among the most successful Cities Outlook of recent years, we secured coverage in the FT, Sun, Guardian, Times and Daily Mail and across BBC National and Regional news and we met numerous MPs to discuss the findings.
- *Can cities outsmart the robots?* set out the urgent need for cities to focus on 'robot-ready' skills from early years through to adult learning, and highlighted the importance of cities using 'soft power' to improve outcomes.
- Skills and social mobility was the subject of our successful roundtable policy event at the Labour and Conservative conferences, attracting city leaders, senior MPs, business leaders and academics.
- *Train, attract and retain* supported by ISG, analysed Birmingham's labour market and its skills profile. The launch in Birmingham brought together 20 senior stakeholders to discuss its findings.

High Streets and the built environment

Our focus on vibrant city centres has proved timely, with the ongoing media coverage of declining high streets:

- *City space race*, supported by DAC Beachcroft, highlighted the increased competition for space in successful city centres between commercial and residential property, and raised concerns about the Government's permitted development rights policy. We secured coverage in the Guardian, FT, Manchester Evening News and Yorkshire Post and the findings informed our comments on the draft National Planning Policy Framework.
- *Building blocks*, supported by Capita, highlighted the relationship between a strong city centre economy and a vibrant high street. We secured coverage in the Times, Guardian and Daily Mirror and across trade publications, launched a new 'commercial property data tool' and submitted evidence to the Housing, Communities and Local Government Select Committee's inquiry into the future of high streets based on the findings.
- We advised the Government on the design of the Future High Streets Fund, announced by the Chancellor in his October Budget.
- Also in 2018, we continued to urge Government to strategically review the green belt, as part of a wider cross-party campaign, and worked with the Fast Growth Cities to develop their proposals that would speed up their delivery of new homes. We hosted events with the Property Industry Alliance in Birmingham with Metro Mayor Andy Street and in Bristol with Metro Mayor Tim Bowles on devolution and the real estate sector.

Devolution and local leadership

We continued to lead the debate in this area. In 2018, we have joined with others to argue that urban devolution is not a done deal:

- *Talk of the town*, supported by Core Cities, highlighted the beneficial relationship between cities and towns in their surrounding areas. We secured coverage in the FT, the leader of Leeds council wrote about it in the Yorkshire Post and Labour's devolution spokesman wrote about it for the New Statesman. We briefed Labour

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

MPs Lisa Nandy, founder of Centre for Towns, Yvette Cooper and Clive Betts on its findings.

- Housing, Communities and Local Government Secretary James Brokenshire spoke at our Conservative Party Conference reception, focusing on the successes of and next steps for the devolution agenda.
- We have established the Urban Working Group on the Devolution Framework, chaired by Prof Tony Travers, comprising the Metro Mayors, Core Cities, Key Cities and Fast Growth Cities to present Government with a united urban position as it develops its framework.
- *Urban voices* supported by Arup, published the findings of the inaugural UK city leaders' survey, which highlighted the commonalities between the priorities and challenges leaders up and down the country have for their places. The leader of Glasgow City Council and the Chair of London Councils spoke at its launch.
- Two of our City Horizons public lectures focused on city leadership – Sir Richard Leese spoke about leading Manchester City Council over a twenty year period, while Bruce Katz set out how cities can act as a counterweight to rising populism.
- We hosted hustings for the Sheffield City Region Mayoral election, supported by the local chambers of commerce. Over 100 people from across the region quizzed the five main candidates on their plans.

Financial review

The year ended with a deficit of £4,292 (2017:£156,581). Funds carried forward were £847,490 (2017:£851,782).

During the year, our main activities were: Research, External Affairs and the What Works Centre. The income and expenditure linked to these activities was unrestricted.

Income

Total incoming resources were £1,413,552 (2017:£1,471,260). Our main source of income was a core grant from the Gatsby Charitable Foundation. In 2018, we received £800,000, which was approximately 57 per cent of all our revenues.

Other funding was generated through sponsorship agreements for research projects and events.

In 2018, we continued to work with the London School of Economics on the What Works Centre for Local Economic Growth network. The project generated approximately £278,037 for the Centre.

Resources expended

The Centre's expenditure was £1,417,844 (2017: £1,314,679). The increase in expenditure was mainly due to the increase in staff costs and updating the Centre for Cities' website.

Reserves Policy

The Trustees' reserves policy is reviewed annually. The Centre's reserves are defined as unrestricted net current assets. Our current policy is that they should not fall below £575,000.

The reserves are required to protect the continuity of the organisation's work in the context of uncertain future income streams, for capital items replacement and to cover unplanned emergencies and potential risks. The reserves also include rent deposit, which would be

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

forfeited should we need to leave our current office early and therefore the deposit is not accessible.

Total reserves held at 31 December 2018 were £847,490 of which net unrestricted current assets held were £785,258 (2017: £754,243). Free reserves were £210,258 higher than the agreed level of reserves. The surplus on the free reserves will be expended in the forthcoming years on advocacy and research projects.

PROGRAMME FOR 2019

Cities have always played an essential role as centres of enterprise and innovation in the economic, civic and cultural life of the UK. Most importantly, they are home to over 60 per cent of the economy, despite accounting for just 8 per cent of land. They are places where people live, with 54 per cent of the population residing there. And they are places where people go to play, hosting many of the country's cultural sites and leisure amenities.

This means that the success of cities is crucial to the UK for a number of reasons. But it also poses a number of important questions for policy. How is it supporting cities to make an even greater contribution to the economy? Is it allowing enough houses to be built where we need them? And should policymakers pursue an agenda of improving the amenities on offer in cities in order to make them more attractive places to live and work?

Whatever happens with Brexit, the UK's future can still be better than its past. However, to realise its potential we need to further empower and support our cities to achieve and maintain growth.

Throughout 2019, we plan to build on the Centre's existing research to examine the key roles that cities play - as places of production, as places of consumption, as places of opportunity, and as places to live.

Cities as places of production – how does innovation occur in cities?

Innovation and new ideas are what drives on the economy, increasing wages and standards of living. Despite its central importance to economic growth, very little is understood about how it occurs and what the role of policy is in supporting it.

This research will use new approaches using big data to better understand the innovation process, the role that cities have in facilitating it and how this can be harnessed and what this means for policy.

Cities as places of consumption – what makes a successful consumer city?

As well as places of production, cities are also places of consumption, and specialist amenities and cultural activities tend to cluster there. 64 per cent of jobs in restaurants and 76 per cent of Britain's jobs in creative, arts and entertainment activities are in urban areas. This research will explore the relationship between amenities and economic performance across cities, why some cities play this role much more successfully than others, and the implications this has for them in terms of their attractiveness as places to live and invest.

Cities as places to live – how can we get more homes built where they are needed?

The need for more homes is clear. But there is no clear consensus on where they should be built and how this should be achieved. There has been a great deal of building in successful city centres in recent years, and much conversation about the need to build on the greenbelt, but are other planning regulations limiting housebuilding?

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

Since suburbs account for 98 per cent of land in cities, what role do and should they play? By exploring new data on house building in cities, we will explore the impact that planning regulations have on the building of new homes and the implications this has for tackling the housing crisis.

Cities as places of opportunity – how can cities support inclusive growth?

Inclusive or 'good' growth has been a big topic in recent years, with many cities creating inclusive growth strategies and national government likely to include inclusive growth goals in its design of the Shared Prosperity Fund.

This research will look at what role cities can play in helping to achieve more inclusive growth, and will inform local and national policy aimed at better sharing the proceeds of a growing economy.

Governing the city – how can all this best be achieved?

To play these roles as effectively as possible, a city needs to be well run. A number of political issues will affect this, including Brexit, 2019's Spending Review and the mayoral elections in 2020.

Exploring the implications and impact of these themes will be a feature of the Centre's work throughout the year, and will take the form of briefings and events on these topics.

Stimulating debate and learning

Our events programme for 2019 will continue to bring together city leaders, policy-makers and leading thinkers to discuss the big issues facing cities in the UK.

Launch of flagship *Cities Outlook* and *Cities Factbook*

Cities Outlook offers an annual insight into how current policy is playing out in UK cities and, along with its companion *Cities Factbook*; it is the definitive guide to the economic state of urban Britain. Launched in January, they remain essential reading for cities, central government, media and urban policy experts throughout the year. The 2019 launch will take place in Southbank.

Party Conferences - shaping the debate at the highest level

Centre for Cities has a high profile and established presence at the annual Conservative and Labour party conferences. In 2019, we plan to develop a programme of events with a select group of partners, providing a non-partisan and high-quality platform for debates on cities and the issues affecting their prosperity.

City Horizons - our public event series

Some of the world's leading urban thinkers will discuss the big issues facing cities in the UK and internationally at three *City Horizons* talks.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

REFERENCE AND ADMINISTRATIVE DETAILS

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

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

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

Website: www.centreforcities.org

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

Alex Plant

Martin Reeves

Rosemary Feenan

Nicola Yates

Tom Riordan

Susan Hitch Resigned 01/06/2018

Alan Wilson Resigned 08/06/2018

Greg Clark Resigned 04/12/2018

Miranda Sharp Appointed 03/01/2019

Alan Harding Appointed 03/01/2019

John Cummins Appointed 13/01/2019

Joe Burns Appointed 01/04/2019

KEY MANAGEMENT PERSONNEL:

Andrew Carter	Chief Executive
Paul Swinney	Director of Policy and Research
Tom Flude	Director of External Affairs
Anna Bullegas	Head of Finance and Operations

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing 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 three years from the date of appointment or reappointment. A trustee may be re-appointed by the trustees for a further period of three 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 11.

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 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 staff including key management personnel

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

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

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 the Centre's salaries, including those of senior staff, are benchmarked against pay levels in similar organisations.

Risk management

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 ongoing risks continue to be around securing sufficient funding to deliver the Centre's ambitions and ensuring our work is of high quality and policy relevance.

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.

The Board is satisfied that, for all major risks, appropriate controls have been put in place which are regularly reviewed and adjusted accordingly.

Statement of trustees' responsibilities

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 accounts 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 accounts for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year. In preparing the accounts, 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 accounts 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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

**CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018**

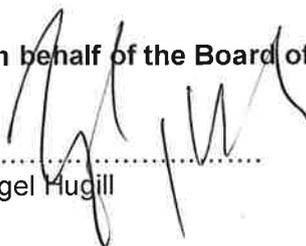
Disclosure of information to auditors

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

15-7-2019
.....
Date

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the accounts of Centre for Cities (the 'charity') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, 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 requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
YEAR ENDED 31 DECEMBER 2018

inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Annual Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the trustees were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report included within the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
YEAR ENDED 31 DECEMBER 2018

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

HW Fisher & Co

Andrew Rich (Senior Statutory Auditor)
for and on behalf of H W Fisher

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
United Kingdom
NW1 3ER

28/8/19

CENTRE FOR CITIES
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Income from:			
Donations	3	800,000	800,000
Charitable activities:			
Research		233,604	187,279
External Affairs		98,038	220,466
What Works Centre		278,037	261,775
Income from Investments	4	3,873	1,740
Total		<u>1,413,552</u>	<u>1,471,260</u>
Expenditure on:			
Charitable activities:			
	5		
Research-Policy		667,852	642,778
External Affairs		471,955	410,126
What Works Centre		278,037	261,775
Total		<u>1,417,844</u>	<u>1,314,679</u>
Net income/(expenditure) and net movement in funds		(4,292)	156,581
Reconciliation of funds		851,782	695,201
Total Funds brought forward			
Total funds carried forward		<u>847,490</u>	<u>851,782</u>

All funds in the current and comparative year were unrestricted.

The notes on pages 18 to 29 form part of these accounts

CENTRE FOR CITIES
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	11	62,232	97,539
Total fixed assets		<u>62,232</u>	<u>97,539</u>
Current assets			
Debtors	12	277,772	367,175
Cash at bank and in hand		1,414,628	1,337,800
Total current assets		<u>1,692,400</u>	<u>1,704,975</u>
Liabilities			
Creditors falling due within one year	13	907,142	950,732
		<u>907,142</u>	<u>950,732</u>
Net current assets		<u>785,258</u>	<u>754,243</u>
Total assets less current liabilities		<u>847,490</u>	<u>851,782</u>
Funds			
Unrestricted funds:	15	<u>847,490</u>	<u>851,782</u>

Approved and authorised for issue by the Board of Trustees on 15-7-18 and signed on their behalf by


Trustee

The notes at pages 18 to 29 form part of these accounts

CENTRE FOR CITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of cash flows	Note	2018 £	2017 £
Net cash provided by operating activities	17	<u>75,413</u>	<u>177,994</u>
Cash flows from investing activities:			
Interest receivable		3,873	1,740
Purchase of tangible fixed assets		<u>(2,458)</u>	<u>(17,961)</u>
		1,415	(16,221)
		<u>76,828</u>	<u>161,773</u>
Change in cash and cash equivalents in the reporting period		<u>76,828</u>	<u>161,773</u>
Change in cash and cash equivalents at the beginning of the reporting period		1,337,800	1,176,026
Cash and cash equivalents at the end of the reporting period		<u>1,414,628</u>	<u>1,337,799</u>

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 accounts 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) (as amended for accounting periods commencing from 1 January 2016) – (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 accounts 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) 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.

(e) 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.

(f) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(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) Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(j) 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.

(k) 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 6.

(l) Operating leases

The charity classifies the lease of the photocopier as an operating lease. The ownership of 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.

(m) 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 £500 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

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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.

(n) 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 8).

(o) Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. There were no critical accounting estimates during the period.

2 Company status

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 contributories among themselves. Its registered office is 9 Holyrood Street, 2nd Floor, London, SE1 2EL.

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

3 Donations

	2018	2017
	£	£
Core Grant	<u>800,000</u>	<u>800,000</u>
	<u>800,000</u>	<u>800,000</u>

In 2018, Centre for Cities received a donation of £800,000. The donation was an annual core grant from Gatsby Foundation, Lord Sainsbury's family charitable trust.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4 Investment Income

Centre for Cities investment income of £3,873 arises from money held in deposit accounts.

5 Analysis of expenditure on charitable activities

2018	Research- Policy £	External Affairs £	What Works Centre £	Total £
Staff Costs	420,072	178,914	209,179	808,165
Projects Direct Costs	5,897	174,737	1,061	181,695
Premises	93,812	37,234	29,152	160,198
Depreciation	22,115	8,778	6,872	37,765
IT & Communication	9,322	3,700	2,897	15,919
Printing & Stationery	4,895	1,943	1,520	8,358
Miscellaneous Office Costs	47,769	42,592	11,450	101,811
Legal, Professional and Insurance C	3,804	1,510	1,183	6,497
Support Costs (note 6)	56,963	21,275	13,727	91,965
Governance Costs (note 6)	3,203	1,272	996	5,471
Total	667,852	471,955	278,037	1,417,844

2017	Research- Policy £	External Affairs £	What Works Centre £	Total £
Staff Costs	403,371	155,114	189,411	747,896
Projects Direct Costs	4,729	151,296	2,016	158,041
Premises	95,658	34,585	30,463	160,706
Depreciation	21,953	7,937	6,991	36,881
IT & Communication	11,502	4,159	3,663	19,324
Printing & Stationery	5,217	1,887	1,661	8,765
Legal, Professional and Insurance	4,069	1,471	1,296	6,836
Miscellaneous Office Costs	39,229	29,000	3,673	71,902
Support Costs (note 6)	54,252	23,666	21,710	99,628
Governance Costs (note 6)	2,798	1,011	891	4,700
Total	642,778	410,126	261,775	1,314,679

Expenditure on charitable activities was £1,417,844 (2017: £1,314,679). All expenditures were 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.

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

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6 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.

2018	General Support	Governance Function	Total	Basis of Apportionment
	£	£	£	
Salaries	74,680	15,266	89,946	Time 0
Information Technology	2,019	0	2,019	Cost 0
Audit Fees	0	5,060	5,060	Governance 0
Legal & Other Professional Fees		411	411	Governance
Total	76,699	20,737	97,436	

2017	General Support	Governance Function	Total	Basis of Apportionment
	£	£	£	
Salaries	78,660	17,995	96,655	Time
Information Technology	1,749	0	1,749	Cost
Audit Fees	0	4,700	4,700	Governance
Legal & Other Professional	1,225	0	1,225	Governance
Total	81,634	22,695	104,328	

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7 Net income/(expenditure) for the year

This is stated after charging:	2018	2017
	£	£
Operating leases - photocopier	1,219	1,356
Depreciation	37,765	36,881
<i>Auditor's remuneration:</i>		
Audit fees	5,060	4,700

8 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

	2018	2017
	£	£
Wages and salaries	750,401	708,805
Social security costs	69,225	65,495
Pension costs	78,485	71,475
	898,111	845,775

	2018	2017
Employees earning between £60,001-£70,000	1	1
Employees earning between £70,001-£80,000	0	0
Employees earning between £80,000-£90,000	0	0
Employees earning between £90,001-£100,000	1	1

Pension contributions in respect of higher paid employees totalled £18,757 (2017: £17,278).

The charity trustees were not paid and did not receive from the charity any benefits or reimbursement of their travel expenses during the year.

The total employee benefits received by the key management personnel listed on page 11 were £319,998 (2017: £332,958).

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9 Staff numbers

The average monthly head count was 18.5 staff (2017: 17.5 staff) and the average monthly number of the full-time equivalent employees during the year was as follows:

	2018	2017
Research	10	10
External Affairs	4	4
WWC	3	3
Governance	1	0
	18	17

10 Related party transactions

There were no related party transactions.

11 Tangible fixed assets

	Leasehold Improvements £	Fixtures and Fittings £	Computer Equipment £	Total £
Cost or book value				
At 1 January 2018	109,246	35,614	57,559	202,419
Additions	2,458	0	0	2,458
At 31 December 2018	111,704	35,614	57,559	204,877
Accumulated depreciation				
At 1 January 2018	47,882	16,525	40,473	104,880
Charge for year	22,450	6,801	8,514	37,765
At 31 December 2018	70,332	23,326	48,987	142,645
Net book value				
At 31 December 2018	41,372	12,288	8,572	62,232
At 31 December 2017	61,364	19,089	17,086	97,539

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

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12 Debtors

	Total 2018	Total 2017
	£	£
Due within one year:		
Trade Debtors	92,123	177,517
Prepayments	61,462	53,588
Other debtors	124,187	136,070
	277,772	367,175

13 Creditors: amounts falling due within one year

	Total 2018	Total 2017
	£	£
Trade creditors	11,727	16,946
Taxation and social security	39,479	53,708
Accruals	17,543	35,935
Deferred income	838,393	831,643
Other creditors	-	12,500
	907,142	950,732

14 Deferred income

Deferred income comprises of advance grant from the Gatsby Foundation received in 2018 for research programme in 2019 and sponsorship income

Balance as at 1 January 2018	831,643
Amount released to income earned from charitable activities	(831,643)
Amount deferred in year	838,393
Balance as at 31 December 2018	838,393

15 Funds of the charity

The fund of £847,490 on 31 December 2018 was unrestricted.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

16 Operating lease commitments

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

At 31 December 2018, the charity had the following operating lease commitments:

	2018	2017
	£	£
Not later than one year	119,463	119,463
Later than one year and not later than five years	99,551	219,014

The above commitments are for an operating lease on 2nd floor, 9 Holyrood Street.

17 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018	2017
	£	£
Net (expenditure)/income for the reporting period	(4,292)	156,581
Adjustments for:		
Depreciation charges	37,765	36,881
Interest receivable	(3,873)	(1,740)
Decrease/(increase) in debtors	89,403	(73,683)
(Decrease)/increase in creditors	(43,590)	59,955
Net cash provided by operating activities	<u>75,413</u>	<u>177,994</u>

