



**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Registered Office: 9 Holyrood Street, London SE1 2EL
Telephone: 020 7803 4300 Fax: 020 7803 4301

www.centreforcities.org

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 2019

	Pages
Trustees' Annual Report	3 - 13
Independent Auditors' Report	14 - 16
Statement of Financial Activities	17
Balance Sheet	18
Statement of Cash Flows	19
Notes to the Accounts	20 - 29

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2019

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2019

The Board of Trustees are pleased to present their Trustees' Annual Report and accounts for the year ending 31 December 2019. 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, effective 1 January 2019.

CHAIR'S REPORT

In a year when the media and policy focus has continued to be on Brexit, Centre for Cities has been able 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 2019*, set the tone for the year. It made a big splash by highlighting how cities had been harder hit by austerity than anywhere else, and in particular cities in the North and Midlands. This cut through in the crowded field of research on the local government funding, and highlighted the importance of adequately funding the services that people living and working in cities rely on.

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. A perspective increasingly adopted by national government and city leaders in developing their high street renewal strategies.

We again added value to the debates on how to boost the UK's productivity by reviewing the success of place-based interventions such as Sheffield's Advanced Manufacturing Park, and how these could be replicated in other parts of the country.

We also emphasised the importance of increasing land supply in and around cities with high demand for homes as a key factor in solving the housing shortages in these places. We published new research with LSE suggesting millions of homes could be built close to existing rail routes around London and other large cities.

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 second survey of city leaders' challenges and ambitions marked the end of the year - the commonality of concerns held by urban leaders across the country 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 2020. With a new government that has 'levelling-up' at the centre of its domestic policy programme the Centre will seek to inform these debates and 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 2019

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 opportunities for their residents.

Our research is produced by an in-house team of analysts, with input from external experts and 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 independently but 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, 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:** We are a partner in the What Works Centre for Local Economic Growth (WWC), part of the [What Works Network](#), with the London School of Economics. It is funded by the ESRC and government departments. WWC analyses which policies are most effective in

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2019

supporting and increasing local economic growth. 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, 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 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 2019.

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.

Our work was covered by the media 2,681 times in 2019 and the number of times people were exposed to our work (our 'media reach') as a result exceeded 500 million for the first time. To achieve an equivalent reach via advertising would have cost more than £10 million. In addition, our contributions to the BBC Expert Network were read by hundreds of thousands of times and we wrote more than 30 articles and op-eds for other media outlets.

Pages on our website were viewed more than a million times in 2019 and continue to increase. Sessions (discrete visits to the site to view one or more pages) were up by 12.5 per cent. Our podcasts were downloaded 21,800 times (up 150 per cent). In 2019, our following on Twitter increased by 10 per cent to more than 27,000.

We organised 25 (seven more than in 2018) public events and roundtables around the country in 2019, in Newcastle, Derby, Doncaster, Liverpool, Birmingham and Manchester and at the Conservative and Labour Party conferences. Through our work with the What Works Centre, we ran local industrial strategy workshops in Leeds, Bristol, Coventry and Sheffield.

Our team have made 21 in-depth visits to cities in 2019 (up from 16 in 2018), including Blackpool, Exeter, Norwich, Portsmouth, Bournemouth, Preston, Bradford and Barnsley. These visits typically comprise meetings with local authorities and others to deepen our

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2019

understanding of their economies, build our local networks, gather intelligence and share our research findings. In addition, we participated in 139 events organised by others, an increase on 2018.

Throughout 2019, we have engaged with central government on multiple issues of concern to cities and have been consulted on our views in relation to developing policy. We engaged with both major political parties in the run up to the General Election in December.

Review of achievements and performance for the year

In 2019, we published 20 original research reports (up 25 per cent on 2018) and posted 106 blogs on topics affecting cities. These are some of the highlights of the year:

Mayors and devolution

As cities prepared for the much-heralded 'end of austerity' and some metro mayors neared the end of their first terms in office our work focused on helping cities secure more power and resources from central government:

- Cities Outlook 2019 set out how cities had been harder hit by austerity than anywhere else. It was covered by the Financial Times, Guardian, BBC, ITV News, the Independent, Mirror, Metro and major regional titles and welcomed by the Chief Secretary to the Treasury. As well as the launch, we held three 'on tour' events with city leaders and local MPs in Doncaster, Liverpool and Derby. We gave oral evidence to the Housing, Communities and Local Government Select Committee's inquiry into local government finance.
- Ahead of the election in May, we set out *Three policy priorities for the new North of Tyne Mayor* and held a husting in Newcastle with all the candidates. This was covered in the local media. Ahead of the metro mayor elections next year we have refreshed our online resource on city region devolution.
- *Urban Voices 2*, our second survey of city leaders, sponsored by Arup, demonstrated the shared ambitions and challenges faced by urban areas around the country.
- New research on buses in urban transport, sponsored by Abellio, set out why more places should pursue re-regulation. This followed a roundtable we organised for the Prime Minister's transport adviser on buses and engagement with the Minister of State at the Department for Transport.

Productivity, innovation and enterprise

Our work in 2019 focused on understanding more about the success or otherwise of place-based interventions:

- We published *Parks and innovation* in-depth analysis of Sheffield's Advanced Manufacturing Park, looking at its success and lessons for other places. Lord Sainsbury spoke at the launch of the research, which was covered in the New Statesman and trade press.
- *In the zone*, our analysis into the performance of Enterprise Zones over the last decade was produced in partnership with BBC News.
- We hosted a high-level policy roundtable with Fast Growth Cities on the industrial strategy and productivity, released podcasts with Prof Michael Parkinson on Liverpool's regeneration and Bruce Katz on Opportunity Zones and a City Horizons public lecture heard from Stian Westlake on the role of intangible assets in the modern urban economy.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2019

Brexit

Our work continued to focus on what leaving the European Union could mean for cities and the future of policy and politics in the UK:

- We updated our analysis from 2017 on *How cities trade with the world*. It was covered by The Times and major regional press.
- Our public lecture series City Horizons heard from Nick Pearce and Gavin Kelly, the editors of *Britain beyond Brexit*, which included our chapter on Brexit and the future of the UK's unbalanced economic geography.
- We released podcasts on the rise of anti-EU sentiment, with Lewis Dijkstra of the European Commission, and on the deep roots of the urban/rural political divide with Jonathan Rodden of Stanford.

High Streets and city centres

Our work was front and centre of the debate about the future of the high street:

- We published *City centres – past, present and future*, sponsored by George Capital, bringing together all our analysis and thinking on city centres and high streets. It was covered by the FT and BBC amongst other outlets.
- *What's in store*, sponsored by Nationwide, revealed for the first time how and why cities' consumer offers differ and the implications for the future strength of their city centre amenities. It was covered in The Guardian and Daily Telegraph and on BBC News and Sky News.
- Our half-day conference in Birmingham on city place-making, sponsored by Montagu Evans, drew together people working in economic development from all over the country to hear about best practice, design and the economics of a bustling high street.

Skills and the changing world of work

We continued to help cities understand their human capital and the opportunities they offer to people:

- Our report *Opportunity knocks* examined how city economies work for low-skilled people and what can be done to make sure more people can take up the opportunities they offer.
- We published detailed analysis of graduate migration for Greater Manchester and for Glasgow to inform discussion in those cities on this issue.
- *Self-employment in cities* used HMRC data for the first time to look at how the rise of self-employment has varied between cities. It was widely welcomed by policymakers and covered by BBC News and major regional press.
- We worked with the OECD to publish new research shedding new light on economic inactivity figures in UK cities, revealing that, with the right support some three million more people could join the workforce. It was covered in the Times and The Guardian.
- We released a podcast with David Blanchflower on his book *Where have all the good jobs gone?* and hosted party conference roundtables with KPMG on the future of work and skills.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2019

Housing

Our work continued to focus on land supply as a key factor in solving the housing shortages in cities with high demand:

- *Capital cities* examined the relationship between urban economies and housing wealth, revealing how the wealth is being concentrated among homeowners in economically strong cities. It was covered by the FT and the Daily Telegraph amongst other media outlets.
- We published new research by LSE professor Paul Cheshire, *Homes on the right tracks*, suggesting millions of homes could be built close to existing rail routes around London and other large cities. It was covered in Sunday Telegraph. We held policy roundtables on the research at the party conferences.
- We hosted a policy roundtable with Fast Growth Cities on how to ensure more homes are built and that they are affordable in cities where demand is highest.

Financial review

The year ended with a surplus of £66,358 (2018 (£4,292)). Funds carried forward were £913,848 (2018: £847,490).

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 £1,452,421 (2018: £1,413,552). Our main source of income was a core grant from the Gatsby Charitable Foundation. In 2019, we received £800,000, which was approximately 55 per cent of all our revenues.

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

In 2019, we continued to work with the London School of Economics on the What Works Centre for Local Economic Growth network. The project generated £225,622 for the Centre.

Resources expended

The Centre's expenditure was £1,386,063 (2018: £1,417,844). The decrease in expenditure was mainly due to the reduction in direct project costs, staff cost, and miscellaneous office costs.

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

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2019

Total reserves held at 31 December 2019 were £913,848 of which net unrestricted current assets held were £876,362 (2018: £785,258). Free reserves were £301,362 higher than the agreed level of reserves.

The surplus on the free reserves will be expended in the forthcoming years on new advocacy and research projects, a substantial upgrade and renewal of the Centre's website and digital media functions and capabilities, and the costs associated with either an office relocation or a refurbishment of the existing office.

PROGRAMME FOR 2020

The Trustees have assessed the impact of the Covid-19 pandemic on the Charity's ability to deliver its programme in 2020 and concluded that most of the programme will proceed.

To have the impact we desire, we need to produce excellent research and communicate it effectively across our government and city networks, and to the public. In 2020, we are focusing on those areas of national and local policy of most importance to the economic performance of cities:

Devolution

This includes a programme of work in the run up to the 2020 elections, taxation and spending plans and the relationship between cities and their surrounding areas.

Innovation and industrial strategy

This includes a continued emphasis on city centres as national economic infrastructure and concerns about the future of the high street.

Environment

This includes work on air quality, decarbonisation and urban transport. Air quality is the subject of *Cities Outlook 2020*.

The future of work

This encompasses the changing labour market, skills and education policy.

Housing

This includes work on the role of suburbs, planning reforms, quality and supply.

Events

We plan to run a busy schedule of public events and roundtables, including our public lecture series City Horizons and our programme of receptions and panel debates at the party conferences.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2019

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 and up to the date of signature of the accounts were as follows:

Nigel Hugill (Chairman)
Stephen Ashworth
Alex Plant
Martin Reeves
Rosemary Feenan
Nicola Yates
Tom Riordan
Miranda Sharp
Alan Harding
John Cummins
Joe Burns

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 2019

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.

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.

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 organisation's 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.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2019

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 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.

Impact of Covid-19

Prior to government advice to begin working from home, we had planned for a scenario in which our office might be closed as a result of the pandemic. We had a plan in place for staff to begin working from home and in common with other organisations, we switched to virtual working overnight.

We have updated our research programme to reflect the overarching economic impact of the pandemic and lockdown and, overall, the volume and impact of our work has not been compromised by this change. We have continued to publish high-profile research, which has received considerable media and government attention, to host public events, meet with stakeholders and negotiate partnerships, albeit online.

Although our preference would be to return to office working as soon as it is safe and practical for us to do so, we are able to continue to work virtually for the foreseeable future. Our core funding from the Gatsby Foundation, which is confirmed until 2023, has not been affected by the pandemic. The Finance and Audit Committee agreed a revised fundraising target for 2020 to reflect the challenges of fundraising in the circumstances. This revised target was based on a worst-case analysis of our existing fundraising pipeline and was used as the basis for a revised budget for the year. We have since exceeded this target and are continuing to pursue additional fundraising for 2020 and 2021.

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

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2019

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 accounts;
- prepare accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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.

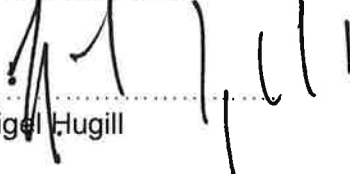
Disclosure of information to auditors

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 HW 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

.....
5.11.2020
Date

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the accounts of Centre for Cities (the 'charity') for the year ended 31 December 2019 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 2019 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 2019

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' Annual 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' Annual 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' Annual 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 trustees 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 2019

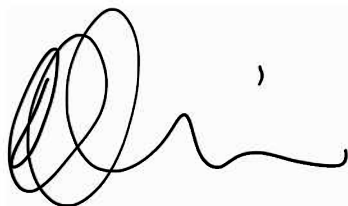
Auditor's responsibilities for the audit of the accounts

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.



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

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

10/11/20

CENTRE FOR CITIES
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Income from:			
Donations	3	862,500	800,000
Charitable activities:			
Research		286,761	233,604
External Affairs	4	71,903	98,038
What Works Centre		225,622	278,037
Subtotal		<u>584,286</u>	<u>609,679</u>
Income from Investments	5	5,635	3,873
Total Income		<u>1,452,421</u>	<u>1,413,552</u>
Expenditure on:			
Charitable activities:			
Research-Policy	6	539,763	607,686
External Affairs		528,573	449,408
What Works Centre		213,159	263,314
Subtotal		<u>1,281,495</u>	<u>1,320,408</u>
Support and Governance		104,568	97,436
Total		<u>1,386,063</u>	<u>1,417,844</u>
Net income/(expenditure) and net movement in funds		66,358	(4,292)
Reconciliation of funds		847,490	851,782
Total Funds brought forward		<u>847,490</u>	<u>847,490</u>
Total funds carried forward		<u>913,848</u>	<u>847,490</u>

All funds in the current and comparative year were unrestricted.

The notes on pages 20 to 29 form part of these accounts

CENTRE FOR CITIES
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	11	37,486	62,232
Total fixed assets		<u>37,486</u>	<u>62,232</u>
Current assets			
Debtors	12	356,905	277,772
Cash at bank and in hand		1,690,330	1,414,628
Total current assets		<u>2,047,235</u>	<u>1,692,400</u>
Liabilities			
Creditors falling due within one year	13	1,170,873	907,142
		<u>1,170,873</u>	<u>907,142</u>
Net current assets		<u>876,362</u>	<u>785,258</u>
Total assets less current liabilities		<u>913,848</u>	<u>847,490</u>
Funds		<u>913,848</u>	<u>847,490</u>
Unrestricted funds:		<u>913,848</u>	<u>847,490</u>

Approved and authorised for issue by the Board of Trustees on 5.11.2020 and signed on their behalf by

Trustee


Nigel Hugill

The notes at pages 20 to 29 form part of these accounts

CENTRE FOR CITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of cash flows	Note	2019 £	2018 £
Net cash provided by operating activities	17	<u>282,126</u>	<u>75,413</u>
Cash flows from investing activities:			
Interest receivable		5,635	3,873
Purchase of tangible fixed assets		(12,059)	(2,458)
		<u>(6,424)</u>	<u>1,415</u>
		<u>275,702</u>	<u>76,828</u>
Change in cash and cash equivalents in the reporting period		<u>275,702</u>	<u>76,828</u>
Change in cash and cash equivalents at the beginning of the reporting period		1,414,628	1,337,800
Cash and cash equivalents at the end of the reporting period		<u>1,690,330</u>	<u>1,414,628</u>

The notes at pages 20 to 29 form part of these accounts

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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) (effective 1 January 2019) – (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.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(f) Debtors

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

(g) Expenditure and recoverable VAT

All expenditure has been recognised on the accruals basis. The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to of its financial instruments.

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

(h) Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial subsequently measured at their settlement value.

(i) 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.

(j) 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.

(k) 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

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.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(l) 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).

(m) Going concern

The Trustees have considered the effect of the Covid-19 outbreak and, although it has disrupted the Charity's work, it has continued its activities in modified form, including fundraising. The Charity's confirmed core funding of £1,100,000 from the Gatsby Foundation for the period 2020 to 2023 has not been affected by the pandemic and the Charity took steps to revise its budget to allow for a reduction in income and expenditure in 2020 since which time it has exceeded the minimum fundraising required to balance this budget. In addition, as set out in 'Reserves Policy' above, the Charity holds reserves in excess of the minimum required, which are available to support research and advocacy in coming years.

As a result, the Trustees are confident that the Charity can continue as a going concern for a period of at least twelve months from the date of approval of these accounts. The Trustees have a reasonable expectation that the Charity has adequate resources to continue in operation for the foreseeable future.

(n) 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.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3 Donations

	2019 £	2018 £
Core Grant	800,000	800,000
Other donations	62,500	-
	<u>862,500</u>	<u>800,000</u>

In 2019, 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.

The Centre also received a personal donation of £62,500 from Lord Sainsbury of Turville.

4 Donated services and facilities

Dentons LLP donated venue and catering for City Horizons events at an estimated market value of £10,500.

5 Investment Income

Centre for Cities investment income of £5,635 arises from money held in deposit accounts.

6 Analysis of expenditure on charitable activities

2019	Research- Policy £	External Affairs £	What Works Centre £	Total £
Staff Costs	384,085	263,151	155,174	802,410
Projects Direct Costs	12,408	168,199	1,308	181,915
Premises	74,275	44,565	29,710	148,550
Depreciation	18,403	11,042	7,360	36,805
IT & Communication	4,037	2,422	1,615	8,074
Printing & Stationery	2,652	1,592	1,062	5,306
Miscellaneous Office Costs	39,663	35,057	15,234	89,954
Legal, Professional and Insurance	4,240	2,545	1,696	8,481
<i>Subtotal</i>	<u>539,763</u>	<u>528,573</u>	<u>213,159</u>	<u>1,281,495</u>
Support Costs (note 7)	49,276	21,286	11,122	81,684
Governance Costs (note 7)	10,423	11,120	1,341	22,884
<i>Subtotal</i>	<u>59,699</u>	<u>32,406</u>	<u>12,463</u>	<u>104,568</u>
Total	<u>599,462</u>	<u>560,979</u>	<u>225,622</u>	<u>1,386,063</u>

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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	3,804	1,510	1,183	6,497
<i>Subtotal</i>	<u>607,686</u>	<u>449,408</u>	<u>263,314</u>	<u>1,320,408</u>
Support Costs (note 7)	56,963	21,275	13,727	91,965
Governance Costs (note 7)	3,203	1,272	996	5,471
<i>Subtotal</i>	<u>60,166</u>	<u>22,547</u>	<u>14,723</u>	<u>97,436</u>
Total	<u>667,852</u>	<u>471,955</u>	<u>278,037</u>	<u>1,417,844</u>

Expenditure on charitable activities was £1,386,063 (2018: £1,417,844). All expenditures were unrestricted. Most of the costs in the above table (note 6) 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 2019

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 6) in the year. The table below shows analysis of support and governance costs and basis of apportionment.

2019	General Support £	Governance Function £	Total £	Basis of Apportionment
Salaries	79,724	16,178	95,902	Time
Information Technology	1,960	-	1,960	Cost
Audit Fees	-	6,706	6,706	Governance
Legal & Other Professional Fees	-	-	-	Governance
Total	81,684	22,884	104,568	

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

8 Net income/(expenditure) for the year

This is stated after charging:	2019 £	2018 £
Operating leases - photocopier	1,219	1,219

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9 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 £90,001-£100,000	1	1

Pension contributions in respect of higher paid employees totalled £20,174 (2018: £18,757).

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 10 were £360,159 (2018: £319,998).

10 Staff numbers

The average monthly head count was 17 staff (2018: 18.5 staff) and the average monthly number of the full-time equivalent employees during the year was as follows:

	2019	2018
Research	7.5	10
External Affairs	5	4
WWC	3	3
Governance	0.5	0.5
	16	17.5

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11 Tangible fixed assets

	Leasehold Improvements £	Fixtures and Fittings £	Computer Equipment £	Total £
Cost or book value				
At 1 January 2019	111,704	35,614	57,559	204,877
Additions	-	-	12,059	12,059
Disposals	-	-	(24,766)	(24,766)
At 31 December 2019	111,704	35,614	44,852	192,170
Accumulated depreciation				
At 1 January 2019	70,332	23,326	48,987	142,645
Disposals	-	-	(24,766)	(24,766)
Charge for year	22,893	6,801	7,111	36,805
At 31 December 2019	93,225	30,127	31,332	154,684
Net book value				
At 31 December 2019	18,479	5,487	13,520	37,486
At 31 December 2018	41,372	12,288	8,572	62,232

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

12 Debtors

	Total 2019 £	Total 2018 £
Due within one year:		
Trade Debtors	190,287	92,123
Prepayments	42,498	61,462
Other debtors	124,120	124,187
	356,905	277,772

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13 Creditors: amounts falling due within one year

	Total 2019	Total 2018
	£	£
Trade creditors	13,511	11,727
Taxation and social security	42,907	39,479
Accruals	11,955	17,543
Deferred income	1,102,500	838,393
Other creditors	-	-
	<u>1,170,873</u>	<u>907,142</u>

14 Operating lease commitments

At 31 December 2019, the charity had the following operating lease commitments:

Land and buildings

At 31 December 2019 the charity had the following operating lease commitments:

	2019	2018
	£	£
Not later than one year	119,463	119,463
Later than one year and not later than five years	99,551	219,015

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

15 Deferred income

Deferred income comprises of advance grant from the Gatsby Foundation received in 2019 for the Charity core costs in 2020, as well as sponsorship income for research programme.

	£
Balance as at 1 January 2019	838,393
Amount released to income earned from charitable activities	(838,393)
Amount deferred in year	1,102,500
Balance as at 31 December 2019	<u>1,102,500</u>

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16 Related party transactions

There were no related party transactions.

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

	2019 £	2018 £
Net (expenditure)/income for the reporting period	66,358	(4,292)
Adjustments for:		
Depreciation charges	36,805	37,765
Interest receivable	(5,635)	(3,873)
Decrease/(increase) in debtors	(79,133)	89,403
(Decrease)/increase in creditors	263,731	(43,590)
Net cash provided by operating activities	282,126	75,413

18 Analysis of changes in debt

The charity had no debt during the year.

19 Post balance sheet events

As stated in note 1 (m), the Trustees have considered the effect of the Covid-19 pandemic on the Charity's activities. The pandemic has disrupted the Charity's work but, although it has shifted to home-working, it has not curtailed its activities. It has continued to publish research, host events and to raise funds. Revised fundraising targets for 2020 have been met at the date of the approval of these accounts, although the quantum of disruption going into 2021 remains uncertain.

