RESPONSE TO:	**RSA City Growth Commission: Open Call for Evidence**
DATE:	**Thursday 9th January**
SUBJECT:	**Call for Evidence**
REPORT OF:	**Core Cities Group**

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1. England's Core Cities and their role

Core Cities are a unique and united voice to promote the role of our cities in driving economic growth. We represent the City Authorities at the centre of England's eight largest economies outside London: Birmingham, Bristol, Liverpool, Leeds, Manchester, Newcastle, Nottingham and Sheffield.

Core Cities Group develop evidence-based policies that support the critical role of these important cities in delivering the country's full economic potential, creating more jobs and improving people's lives. Our cities already contribute more than a quarter of England's wealth, yet by international standards they are underperforming, largely due to the heavily centralised state system within which they operate in England. With devolution to Scotland, and further decentralisation now on the table for Wales, this constitutional imbalance is further heightened, which has real economic consequences for the whole of the UK.

The Core Cities together with their surrounding urban areas:

- are home to 16 million people, almost a third of the population of England (set to grow by at least 1 million by 2030)
- generate 27% of England's wealth (more than London)
- are home to half of the country's leading research universities
- contain 28% of highly skilled workers (graduate level or above)

Core Cities are a vital delivery partner for Government and its agencies and are best placed to improve the UK's economic fortunes. They already deliver an enormous amount for the country, but with the right freedoms and flexibilities in place, they could do a lot more.

By 2030 – within the timeframe for delivering HS2 - the Core Cities urban areas could put 1.16 million more jobs and £222 billion into the economy. That is equivalent to the entire economy of Denmark and equal to almost £14,000 for every person living in a Core City urban area – £52,500 for an average family.

Core Cities have built on this experience by setting out how specific policy changes could significantly improve economic growth and support public sector reform, enabling Core Cities to outperform the national economy and to become financially self-sustaining by 2030.

These are set out in a Growth Prospectus, "Competitive Cities, Prosperous People: A Core Cities Prospectus for Growth" which was launched at our summit on 21st November 2013. The prospectus can be found at our website at www.corecities.com/what-we-do/publications and is attached to this report as it forms the background to our submission.

These proposals build on recent national policy shifts like the City Deals, bespoke packages for decentralisation of powers and resources from central to local government to drive growth, which have been welcomed by all the Core Cities. Core Cities want to build on the success of this process, seeking to go further, provide more jobs and growth, and improve lives by reforming the public sector.

2. Introduction

The Core Cities welcome this independent Inquiry and the opportunity it provides to set out our response to the RSA's questions. We recognise that, with no end to the financial constraints in sight, the current situation, particularly for large urban authorities which have been disproportionately affected by budget cuts, is not sustainable. Across all areas of provision, public services are stretched to the limit under the weight of rising demand, dwindling resources and the increasingly complex needs of the most vulnerable.

The scale of the financial crisis since 2008 means we need a new path for the national economy based on doing more to get jobs and growth across all our major cities. To do this, cities need to be freed from central Government restraints.

Past political leaders of English cities had greater direct responsibility, and were much more able to work with industrialists to support growth, while bringing in reforms designed to improve people's lives. There is a strong relationship between the ability of cities to drive growth, the levels of local financial control and the freedom to make policies match the needs of places, and with the right changes, England can once again be home to a new economic revolution by giving our city leaders the tools to create the environment in which businesses can thrive.

In the "The State of the English Cities" (Office of the Deputy Prime Minister, 2006), the lead author Professor Michael Parkinson sets out compelling evidence that many second tier English cities are not performing as well as their competitors in Europe and beyond. The norm in continental Europe – and indeed in developed countries throughout the world - is for a much more decentralised model of financial control and decision-making. Indeed it is normal for second tier cities in many European countries to regularly outperform the national economy but this is not true of England where most Core Cities lag behind the national economy.

In fact, if all the Core Cities urban areas could perform at the national economic average, £1.3 billion would be put into the economy every year.

As well as driving economic growth, cities need to reform the delivery of public services to ensure long-term financial sustainability. Whilst budget cuts have been made, there is evidence that public spending overall has not been reduced in our cities. It has reduced in agencies with a preventative or coordinating role such as Local Authorities but increased in areas such as welfare, care and health. Reform is required to give local leaders more control to join up delivery of services, to reduce dependency and support the Core Cities long-term aim to be financially self-sufficient by 2030. If public finances within cities are not made more sustainable, cities will be restrained from achieving long term economic growth and the cost of the State will not be reduced.

The amount of money cities control directly in England is very small compared to other countries and national policies don't cater for the strengths or needs of different places. Often, they take a blanket approach, treating everywhere the same. There is a lot of evidence that national agencies struggle to join up with local agencies in England, resulting in duplication and inefficiency. It also means that cities and the people who live there don't decide what's best for them, which ignores distinct local needs, wastes public money and gets poor results.

In England, cities only directly control about 5% of all the taxes raised from local people and businesses, with 95% going straight to the Government (although recent change means some business rates are now retained locally, instead of grants to fund services, in reality this makes a negligible difference). According to the OECD, compared to English figures the level of taxes controlled at the local or regional level is about 10 times greater in Canada, 7.5 in the US, 7 in Sweden, almost 6 in Germany, and over 5 times greater across the OECD on average. This means English cities have nothing like the level of local financial control enjoyed by cities abroad and are not competing on a level playing field.

We welcome the continued waves of devolution to Scotland and Wales but there is an imbalance which needs to be addressed to ensure that English cities are freed up to be able to deliver on their ambitious plans for jobs and growth, for the benefit of the country. One of the routes to support this would be to introduce more radical reform to the central-local relationship. The Political and Constitutional Reform Committee has put forward the case for 'codification', to enshrine the independence of local government and in particular to ensure greater financial autonomy than currently exists, which the Core Cities support.

3. Answers to the Commission's Specific Questions

3.1 *What are the key benefits – for the economy, investment, innovation, productivity and public finances – of shifting to a multi-polar growth model, in which our major cities are key players in the nation's economy?*

Economy

The UK economy is spatially and structurally unbalanced, which has been recognised by Government and the Opposition. The challenge for national policy is to build upon the strengths of London as a successful global city while not neglecting the rest of the urban system, maximising the contribution of Core Cities. The relationship between London and the Core Cities should not be seen as zero-sum but as win-win. The prize is to grow the overall national urban economic output.

As highlighted above, it is the norm in other developed countries for second tier cities to outperform the national economy but in England only London consistently (and Bristol occasionally) do this.

In view of this evidence Core Cities have set out a number of proposals in our Growth Prospectus with the aims of all Core Cities outperforming the national economy and becoming financially self-sustaining (raising more taxes in them than is spent on public services) by 2030. Independent forecasts for the Core Cities by Oxford Economics suggest this would deliver an additional 1.16 million jobs and £222 billion into the economy by 2030 – the equivalent of adding the entire economy of Denmark to the UK.

The role of cities in generating economic growth is crucial in providing the additionality to the UK economy above and beyond the strength of the capital. Other evidence that devolution strengthens economic performance and local improvement is set out in the paper "Second Tier Cities in Europe: In An Age of Austerity Why Invest Beyond the Capitals?" (ESPON & European Institute of Urban Affairs, Liverpool John Moores University, 2012), where the authors present evidence from a thorough two-year study across Europe that deconcentration of investment and decentralisation of decision making and resources leads to more high performing second tier cities, and that overconcentration in one city is ultimately bad for national economies. Institutional and financial decentralisation from national to regional and local levels of government will reduce the costs of overconcentration on the capital and maximise the contribution of second tier cities to national competitiveness and welfare. This was a very sophisticated study and makes a compelling evidence-based case. It shows that encouraging high performance in a range of cities, including but not exclusive to the capital city, produces national benefits. If the gap between second-tier cities and capitals is very large, this will limit national performance.

More recently Bruce Katz in his publication “The Metropolitan Revolution” states that it is cities that are driving the economic recovery and that cities are on the frontline of wining inward investment for themselves and their nations as a whole.

Investment and innovation

The following examples highlight some of the areas that would benefit from this devolved approach.

- Infrastructure. With access to a wider range of revenues through devolved property taxes, cities will be able to capture future dividends and values of infrastructure investment. This is currently not the case and acts a disincentive to investment from public and private sources. This does not necessarily mean just more public borrowing, but will enable off-balance sheet solutions, and Prudential borrowing for growth.

- Transport investment will increase, particularly if fiscal devolution takes place alongside devolved models that seek to replicate the Transport for London model across the Core Cities. This will improve local transport in the short to medium term – something that is badly needed across Core Cities – and enable them to strengthen links between cities and connect fully with HS2 in the longer term. For instance, since bus deregulation, passenger numbers have decreased on average by 41% while in London they have risen by 91%.

- Energy infrastructure will be supported by decentralisation. There is much that cities already can and are doing to generate and distribute energy, but this will be supported by greater local fiscal control alongside devolution that aims for integration, particularly for infrastructure plans and spending, at the local level. The results could be very significant for reducing energy costs and fuel poverty, and increasing energy security. In particular, the Core Cities LEP areas account for 22% of the UK’s final energy demand compared to Greater London which accounts for less than 9%. Core Cities are therefore the places that can unlock energy solutions for the country.

- House building will receive a significant boost. Access to property taxes allows cities to capture the value of future development, and to attract and hypothecate investment against this. The devolved housing funding model we advocate will add significantly to this approach. This will help to address the current complex and inflexible funding situation with some 36 different funding streams for housing which reduces cities’ ability to innovate and create new housing.

- Urban regeneration programmes and projects will have a much greater chance of completion, kick starting new schemes and reviving stalled ones, largely because of the relationship that devolving property taxes builds between investment in the here and now and future value capture (which enables that investment in the first place). This will be further incentivised by the adopting the Core Cities' proposals for 'Brownfield Development Zones which offer tax freedoms for investment, including housing. This approach is supported by the evidence from current Enterprise Zones which are helping to drive economic growth via innovative local programmes.

- Broadband investment will increase. Cities will have the ability to align plans for infrastructure more closely, and the freedom to use dividends from value capture to support broadband investment. This is significant given that broadband is the lifeblood of knowledge intensive industries such as media and biotechnology which account for 33% of the national economy and 25% of employment.

- Business support incentives will increase. Fiscal devolution will allow cities to work closely with their business leadership to understand which investments are most likely to support business start-up, relocation and growth, and stimulate inward investment, private sector spending and jobs. Cities do already work closely with business, but the investment streams fiscal devolution would bring are not currently within their control. The Heseltine Review was clear that local leadership is key to business development and growth and Core Cities welcome its proposals regarding fiscal devolution.

Productivity

- Although the Core Cities deliver a massive share of national wealth, they are clearly not as productive as many of their competitors in the EU and beyond as highlighted above.

- This is partly as a result of the lack of local freedom and flexibility which enables cities to plan according to local economic opportunity and need, and to react in a flexible and responsive way to changes in local, national and international economic systems and structure.

- There is a clear link between economic growth and public service reform. One of the biggest anchor drags on a cities productivity is the levels of skills within its labour market, combined with the numbers of people able to access employment within that labour market, e.g. because they may be dependent upon public services and still be some distance from accessing that labour market.

- The skills needs of a local labour market are inherently local issues, and the largely nationally controlled delivery model we have fails to meet the specific needs of cities, businesses and individuals. And yet the tools to co-ordinate this range of services and activities are fragmented between different organisations and parts of Government with no recognised point of local coordination.

- Many businesses struggle to locate the skills they need - despite persistent unemployment and growing numbers of people of all ages looking for work. Students, parents and adult learners struggle to understand opportunities for employment in their local area.

- Tackling these problems requires a more locally co-ordinated approach. The Work Programme is not closely enough connected to a range of other local employability and skills programmes. Neither does it connect well to other local services like health, care and education which are often key to addressing the underlying issues faced by claimants.

- Joining these things up locally can create ‘whole person’ or ‘whole family’ solutions. The recent Community Budget pilots have demonstrated greatly improved results from taking this approach

- Each Core City should have the option for a minimum five-year Skills and Labour Market Agreement (SLMA), with the aim of moving more people from welfare to work, to include:

  i. A framework of coordination for all education providers

  ii. A single plan and investment framework for skills with: devolved budgets and locally commissioned provision; more focus on under-25s; and Advice and Guidance Services all linked to current and future needs of the local labour market

  iii. Core Cities commissioning the Work Programme post-2016, with the option for a single performance framework across all the cities

  iv. Core Cities and the Government to explore aligning procurement to maximise training and employment dividends

- The details of this proposal are set out below in section 3.4

- Local Skills and Labour Market Agreements will be enabled through a more devolved approach. For instance, where national providers are delivering the Youth Contract, 27% of young people got into training or employment. However, where Councils have delivered, up to twice as many have (57% Leeds and Bradford, 47% Newcastle and Gateshead).

Public finances

- Public sector reform will be enabled. Reform depends upon a suite of devolved abilities including the powers to control local property taxes and the ability to capture and reinvest such revenues will support service transformation. These are described in more detail below in section 3.3 but in essence, a place-based approach to budgeting and commissioning is required, based on Community Budget pilot models and taking in the two major blocks of local public spending of the Work Programme and Health and Social Care, as described below.

- The link between risk and reward, investment and sharing in the dividends of investment is completely fractured within the current local government finance system. The Community Budget Pilots have demonstrated how improvements in outcomes and significant savings to the public purse can be made simultaneously, but one agency often has to spend more or take more risk in order for another to benefit financially or in terms of its targets. This requires a complete rethink of how we organise existing funds, using the filter of ‘place’ and local labour markets rather than administrative boundaries, and aggregating commissioning and targets in a way which is meaningful at this level. Even where cities have made savings to health, care or welfare budgets, they often do not benefit directly, as the savings are recouped by Whitehall departments, the Exchequer or national agencies. Instead, we believe that savings should be initially reinvested to further improve outcomes and place services on a sustainable footing, with benefits accruing to Government over time, both in terms of reduced spending and increased tax take.

- The same principle applies to investment in growth from city authority finances. Jobs and growth may result in e.g. decreased welfare spend and increased income tax, National Insurance and business rates, but other than a portion of business rates which is negligible in terms of the total tax-take from a city, this does not return directly to the city council budget. Therefore investment is not incentivised and, where it does occur (which is frequently within the Core Cities) is not rewarded. Although this issue has been recognised for some time in terms of hard infrastructure (and Core Cities proposals for Tax Increment Financing, now implemented in a limited form in three of the cities, were designed to fix this) it also applies to 'soft' infrastructure.

- For example, the link between cultural investment and activity, and the economic attractiveness and vibrancy of a city is well established. City authorities invest in culture as a discretionary service which, along with other discretionary activities like economic development, are under increasing pressure due to rising levels of dependency on statutory services whilst budgets overall are reducing. But cities are not able to recoup directly any of their investment in culture, because all the tax income from increased activity returns to central government, and cities are not able to levy additional taxes, e.g. on hotel rooms, to compensate for their expenditure. If unchecked, this situation is likely to result in a downward trajectory for discretionary services which actively help to make the city economically attractive and investor ready.

3.2 *What does the international evidence show about the role of cities in driving growth and catalysing innovation? What are the key success factors that we can learn from?*

The Core Cities acknowledge that there has been positive change in national policy. In particular the City Deals process has been welcomed by all the cities and is already delivering growth, jobs and training into each of our urban areas. Although many schemes will take a decade or more to complete, the City Deals already provide substantial evidence.

But given the scale of centralisation in England compared to other countries (with perhaps New Zealand the only developed country with a more centralised state system, which has roughly the same population as the Leeds City Region), we have some way still to go before our cities – the undisputed economic engines of the economy – have the tools they need to compete on a level playing field with international competitors.

This is evident from the relative performance of cities across the developed world. Whereas only London (and occasionally Bristol) outperform the national economy in the UK, in other countries it is the norm that second tier cities regularly outperform the national economy.

There is a greater focus on cities and on devolution within the thinking of Government and the Opposition, who all supported the Core Cities Amendment to the Localism Act which has paved the way for further devolution. The Heseltine Review, Lord Adonis' Growth Review and other initiatives all point in the same direction. This perhaps reflects a recognition that the centralised economic system we have has run its course.

The evidence strongly suggests that where cities have more freedom and resources they have responded by being more proactive, entrepreneurial and successful. German cities are amongst the most successful in Europe, and it is no coincidence that Germany is also one of the most decentralised state systems in Europe. The renaissance of Barcelona in part stems from the move towards decentralisation and the lessening of the grip of the capital city, Madrid. In addition, some European governments have been moving towards more long term contractual relationships between national and local government to deliver improved urban economic performance.

The difficulty with providing evidence for making the shift to decentralisation from a centralised position is that most of the international examples we have are historic, that is, countries that have always had more devolved models. One exception is Japan, and a paper on the Japanese experience of decentralisation is appended to this report. The view of the Japan Local Government Centre, based in London, is that fiscal decentralisation in Japan, over an explicit national policy programme lasting more than a decade, has clearly led to much more effective and efficient spending on social cohesion programmes, and has helped to drive local economic growth, although the same period has been one of the most challenging for Japan due to regional and global economic forces.

International comparisons also demonstrate how out of step with other developed nations England is in terms of decentralisation. As stated above, the OECD reports that the level of taxes controlled at the local or regional level is about 10 times greater in Canada, 7.5 in the US, 7 in Sweden, almost 6 in Germany, and over 5 times greater across the OECD on average. New Zealand is probably the only developed country which has a more centralised state system than England, a country which has a population roughly the same as the Leeds City Region. Even cities in China have a greater degree of financial freedom and flexibility.

We welcome continued waves of devolution to Scotland and Wales mentioned in the introduction and recognise the significant constitutional imbalance this creates. We welcome the Political and Constitutional Reform Committee's case for 'codification', a legally binding agreement between local and national government setting out roles and responsibilities to secure the independence of local government and ensure greater financial autonomy. The Core Cities' view is that Government should also change Parliamentary Standing Orders so ministers can't constantly question the decisions of local politicians without good reason – see 3.6 below.

Other evidence that devolution strengthens economic performance and local improvement is set out in the paper "Second Tier Cities in Europe: In An Age of Austerity Why Invest Beyond the Capitals?" where the authors present evidence from a thorough two-year study across Europe that deconcentration of investment and decentralisation of decision making and resources leads to more high performing second tier cities, and that overconcentration in one city is ultimately bad for national economies. Institutional and financial decentralisation from national to regional and local levels of government will reduce the costs of overconcentration on the capital and maximise the contribution of second tier cities to national competitiveness and welfare. This was a very sophisticated study and makes a compelling evidence-based case. It shows that encouraging high performance in a range of cities, including but not exclusive to the capital city, produces national benefits. If the gap between second-tier cities and capitals is very large, this will limit national performance.

3.3 *What is the relationship between public service reform and economic growth at city level? How can more effective demand management – through public service reconfiguration and integration for instance – help to drive social and economic productivity? Can this enable our cities to become more financially sustainable?*

The Core Cities' aim is to be financially self-sustainable. To achieve this, we need a clear focus not just on economic growth, but also on supporting people to benefit from that growth, with more people becoming financially independent and contributing to the economy. This will mean a significant increase in total tax take – resulting from economic growth and jobs – which will also reduce the need for public services to pick up the costs of failure, so that support can be redirected toward investments which improve prosperity and wellbeing.

Investment in the levers of economic growth – infrastructure, housing, skills and support for businesses – will enable Core Cities to create more and better jobs, compete internationally and increase GVA, and our Prospectus for Growth sets out proposals to accelerate this. But growth alone, without connecting people to that growth so they can contribute and share in its rewards, will perpetuate the economic, health and social inequalities which remain features of big cities.

Just as economic growth in the Core Cities is critical to the growth of the UK as a whole, reform of the public sector - making services that support people and places more efficient and effective - is essential to the success of these critical economic and population hubs. Demand for some services like health and social care is rising as the available funds to deal with them are reducing. A different approach is required to make services sustainable for the long term, to ensure that they support a high quality of local life and environment which are important to business growth, and that cities are able to continue to invest in their economic development.

Core City authorities already have many of the necessary policy levers needed to make a difference, and have a density of institutions and facilities that can support change. Partly because of their scale, and partly because these are the places that face some of the most complex and challenging social issues on the ground, the Core Cities are ideally placed to lead the agenda for reform of the public sector.

Through the strength of our leadership and governance, the Core Cities can overcome many of the barriers to integrating public services across places. Because of the scale of the economic opportunity Core Cities offer – already producing 27% of England's wealth and capable of much more – they can also add significant value by connecting policies for growth to policies for reform within their urban areas, supporting business to create more and better jobs and aligning local services to bring more people into employment.

To achieve these changes requires more alignment of local and national plans and spending within a place, enabling cities to deliver local solutions to local problems, devolving and integrating budgets at the local level, and empowering cities to join up services. This is particularly important around health and social care, skills development, employment and welfare support, wrapping services around individuals and families within places.

The Community Budget Pilots have demonstrated how Core Cities can deliver better services that improve people's lives - increasing employment, improving health and reducing welfare and care costs in the long term. This agenda is not about additional money, but how Government spending plans are intelligently deployed and aligned to meet local priorities across places to achieve better outcomes.

However, as highlighted above, evidence suggests that overall public spending has not declined as cuts in preventative and coordinating services are offset by increases in spending on welfare, care and health.

Core cities therefore propose the following:

(i) Place Based settlements and devolved commissioning

(a) **A 'Place Based Settlement' should be made with each Core City (**effectively a single way of budgeting across all public services), allowing issues like 'troubled families', health and social care, welfare, unemployment, crime, to be dealt with in a holistic and joined up way, breaking down the silos of national departments and their agencies.

(b) **Devolving commissioning of the Work Programme to cities** could secure genuine and sustainable reductions in the numbers of people on benefits and increases in the number of people moving into employment, education or training. Genuine welfare reform requires greater local capacity and responsibility to deal with the consequences for individuals, particularly in the interactions between housing, health services and welfare systems. Early success for the "troubled family" programme illustrates the potential for locally-led approaches based on the needs of individuals, their families and communities.

(c) **Greater certainty of funding over a Spending Review period**, on a par with Government departments. Current funding periods of 1-2 years make it very difficult for any partner to invest over a long term. Certainty over budget means partners can share budget planning timescales and priorities as well as sequencing decision making. In view of this, we welcome the Government's aim set out in the Autumn Statement to undertake work with departments with a view to giving local public services the same long term indicative budgets as departments from the next Spending Review.

(d) **Ability to retain a share of cashable savings** in the place over a longer period from reforms, in order to make reforms financially sustainable.

(ii) Core Cities to lead the integration and delivery of Health and Social Care services

The approach to national government spending has to change, to one that understands the links between different services and how can they work together more effectively. A number of studies indicate that taking an integrated approach to Health and Social Care for the frail and elderly could save up to 15% on delivery costs. This is equivalent to Newcastle saving £44m and £29.5m per year on its Health and Social Care expenditure respectively. Based on the Troubled Families Community Budget pilots, Core Cities could potentially avoid costs of between £62.0m and £75.0m per annum for every 1,000 troubled families successfully worked with.

The key issue is how to invest in out of hospital services at scale, which in turn prevent people from making unplanned admissions to hospitals, and to long-term residential care. This will require a shift of resources from acute trusts to community services. Local authorities, Clinical Commissioning Groups and Acute Providers need to further develop relationships that demonstrate how these resource flows work based on detailed models of care that fit local health economies. To invest in this way requires a number of actions from Government.

This should include the following:

(a) **Multi-year budgeting** for Clinical Commissioning Groups and local authorities to encourage investment in reforms that take several years to generate a cash return.

(b) **Direct support from Government for non-traditional financial and organisational models** including 'alliance contracts' for all providers in an area to deliver agreed outcomes, and support navigating the competition and other concerns this might generate.

(c) **As new health institutions and responsibility take effect, the Core Cities should establish strong local relationships which transcend barriers** between institutions, and follow the needs of clients, investing to create age-friendly cities which promote independence, empowerment and economic opportunity.

(d) **Enhance local accountability** through the new partnership structures of Health and Wellbeing Boards.

(e) **Core Cities to help raise productivity** through improved health and social care aligned with skills and employment opportunity, and to maximise the economic role of health facilities as major employers.

3.4 *How can decision making and responsibility for public policy and public services be better aligned with the reality of local labour markets? How can policies around employment support, childcare, skills policy, welfare strategy and economic development better reflect the needs of local people and businesses?*

Core Cities are committed to making and delivering changes that get the best results for the UK's economy and for the national public finances. Each of our proposals needs to operate at the right spatial level for that issue. For local transport, for example, this is likely to be the "Travel to Work Area", whereas for rail franchising it will be a bigger geography. In some cases, we think there could be merit in joining up plans between all the Core Cities to get even better value, for instance with a locally commissioned Work Programme.

These choices should be based on local evidence of the best geographical scale for each policy and therefore the Core City and its local partners should decide what the arrangements should be for each proposal.

The Core Cities have developed policies on how we think skills and employment systems (including all education, learning, welfare to work, job match and job search services) could work differently, coming together within a single framework that aligns national and local funds, spending them more efficiently and improving outcomes, getting more people into jobs.

This model would complement greater fiscal devolution, because the supply of skills within a local labour market needs to reflect more closely the demands of that labour market and its employers, and the largely nationally controlled delivery model is currently failing to meet the specific needs of cities, businesses and individuals.

This results in an over-supply of skills in some areas and an under supply in others with, for example, 17% of job vacancies nationally remaining unfilled due to skills-gaps. Although the current model might be viewed as highly localist in one respect – that is, that the learner chooses their course – without much better signposting and a stronger relationship between supply (learning providers) and demand (businesses), learners cannot make informed choices and many are effectively excluded from employment in areas they might otherwise have chosen to aim for.

The Core Cities devolved model also recognises that welfare dependency undermines economic capacity. The current welfare to work and employment support systems, which aim to help the unemployed and excluded move towards employment and economic independence, are not delivering the results that Core Cities and their residents need.

In view of the above, we have proposed 5-year 'Skills and Labour Market Agreements' where Core Cities will work in partnership LEPs, local business and the full range of local providers to build a common commissioning framework, removing duplication, increasing skills and employment, and reducing dependency on public services. SLMAs should be built on the following:

<u>(i) A single plan and investment framework for skills</u>

- Devolved budgets and locally commissioned provision.
- A framework of coordination for all education providers, linked to current and future needs of the local labour market.
- A co-ordinated focus on the under 25's across schools, colleges and employment support services.
- A stronger offer for older people in the labour force, or those seeking to rejoin it.
- Strengthened advice and guidance services and work experience system.
- Stronger engagement with business to promote skills investment and utilisation.

<u>A locally commissioned Work Programme</u>
Core Cities should commission the Work Programme post-2016, and embed it into a wider system of employability support, with the option for a single performance framework across all of the Core Cities, moving people from welfare to work. Where cities have more control of welfare to work programmes, results have improved significantly. For example, where the Youth Contract has been delivered by national providers, on average 27% of young people have found training or employment; the Newcastle-Gateshead council's scheme increased this to 47%, and the Leeds-Bradford scheme to 57%.

<u>Public sector reform: a whole-system, place-based approach</u>
Core Cities aim is to align skills and employment provision to other services, including education, care and health, wrapping services around individuals and families, dealing with household poverty, improving outcomes and reducing spending over the longer term. We are not simply proposing to shift responsibility for the existing system, but to wholly improve and integrate skills and employment delivery on the ground.

More widely, we would propose that a 'Place Based Settlement' should be made with each Core City (based on Community Budget-style models, effectively a single way of budgeting across public services), allowing issues like 'troubled families', health and social care, welfare, unemployment, crime, to be dealt with in an holistic and joined up way, breaking down the silos of national departments and their agencies.

This relies on a significant reform of the public sector, as set out above, including integrating services for health and social care at the local level, across meaningful geographies. As an example, modelling demonstrates that by taking an integrated approach to health and social care for the frail and elderly, delivery costs could be reduced by 15%. That would be equivalent to Newcastle saving £44 million and £29.5 million on its health and social care expenditure respectively.

As far as possible, public money spent across a city for a specific set of purposes should take a 'whole system' approach to budgeting, and be spent according to single investment plans, agreed between cities, local and national agencies and the Government, but based on local needs. As an example, at the moment there are 36 separate funds just for housing, and in other areas it is equally complex.

<u>A new approach to procurement</u>
Core Cities and Government could explore how public procurement for major projects, for example construction and regeneration, might be aligned within a place to maximise training and employment dividends, e.g. apprenticeships.

3.5 *How can growth in other English cities complement London's economic success? What should be the interrelationship between devolution, growth and reform strategies in London and in our other major cities?*

Core Cities have three sets of proposals to enable cities to raise the investment they need to outperform the national economy by 2030; and become self-sustaining and deliver more back to the UK than they receive by 2228. Together, these proposals would achieve three things nationally:

- create more certainty and stability over public finances which will allow lasting, positive reform to be delivered;
- achieve the critical scale needed to drive really significant investment in growth by allowing cities to share in the proceeds of success; and
- provide the necessary freedoms to innovate with whatever funds will be available within an area, to create the most attractive environment possible for investors.

Core Cities have also developed a "City Centred" campaign in partnership with London Councils and the Mayor of London to highlight the need for greater fiscal devolution to cities which benefits both the Core Cities and London.

The campaign sets out the benefits of devolved fiscal powers in driving growth and stimulating economic performance and has strengthened the positive relationship between the Core Cities and London's leadership. As stated above, the overarching aim of the Core Cities is to deliver changes that get the best results for the UK's economy and that national economic growth is not a zero sum game. Both London and the Core Cities can prosper and generate additional growth if powers are devolved to local Government.

We recognise that the capital remains a vital engine of growth for the UK as a whole but equally that the Core Cities can grow without damaging London's prosperity. However, it is noted that the current levels of funding in London as compared to the Core Cities is not compatible in the long term with continued economic growth. For instance, transport spending in London is £644 per head compared with £243 per head for the West Midland and the North of England combined.

The three key proposals are:

(i) Reform through certainty: aligning public budgets across places with longer term budget agreements

(a) **Implement place based budgets** (see point 3.3 above). Core Cities have the capacity to transform public services and reduce the cost of the state in the UK's most populous urban centres. Increased local control over public spending through 'place-based budgets' – effectively a single budget approach for public services across an agreed geography - will overcome the inefficiencies and duplication between services, breaking down a currently siloed approach, built on segregated departmental budgets linked to nationally defined rather than locally agreed outcomes. This should include funds for Health and Social Care Integration, Skills and the Work Programme through Skills and Labour Market Agreements.

(b) **Longer budgeting periods aligned to length of parliaments**. Single year budgeting cycles do not provide the certainty needed to support strategic investment decisions nor the flexibility to "buffer" local market risks. A longer term budgeting window would provide much greater ability to plan and provide consistent messages to private investors. A number of Government agencies operate in a similar way. If its good enough for Government agencies, Core Cities believe it's good enough for them too.

(ii) Investing and reinvesting in growth at scale: retaining a greater share in the proceeds of growth and reform

(a) **Support city growth and success through specific immediate changes**. Some specific flexibilities could make a big immediate difference, ahead of more comprehensive decentralisation:

- **Business Rates Retention** – improving how business rate localisation operates to incentivise growth (e.g. introducing incentives for high growth sector development) as part of implementing the London Finance Commission findings. **Licensing Taxes** - relaxation of rigid restrictions over the use of licensing revenues e.g. to allow to pay for night time policing.
- **Council Tax –** support a more flexible, mature relationship with council tax payers in setting the Council tax, discounts and taking a different approach to referendums (including on Transport Levies). This would more closely reflect the complex decisions that face cities trying to achieve economic, social and environmental wellbeing.
- **TIF** – extend the ability of cities to enact TIF.
- **Urban Growth Zones** - to promote growth in cities that builds and capitalises on distinctive local competitive advantage. For example, an innovation UGZ could support a city to link innovation, technology transfer and commercial exploitation to support sector growth in emerging sectors, skills retention, FDI and trade growth and enhance a city's competitive advantage

(b) **Deliver the recommendations of the London Finance Commission for Core Cities and London**. Support economic growth, rebalancing and decentralisation by implementing the London Finance Commission recommendations, devolving property taxes to Core Cities, within a framework that has a neutral effect on the rest of local government finance (allowing for 'equalisation').This will help UK cities compete on a level playing field with international competitor cities.

(c) **Ability to retain a greater share of other local taxes**. Core Cities should have the ability to set smaller local taxes e.g. hotel room tax, and explore other taxes having a local element, e.g. VAT and income tax.

(d) **Local Investment / Business Bank**. Review financial institutional arrangements and whether a 'Local Investment / Business Bank', perhaps across all Core Cities, building on proposals from BIS, would help increase the business investment focus across Core Cities, particularly for SMEs.

(iii) Local financial flexibility: using all available funds in the best way possible to create an attractive investor environment

(a) **Greater financial flexibility to innovate with all funds that are available.** Core Cities require greater flexibility and control over available funds to: capture a greater share of reward; innovate to drive reform; and stimulate private investment by creating the right conditions for investment and growth. This means that national spending, for example on infrastructure, should play to the strengths and needs of cities, giving them a seat at the table from the start. Greater access to revenue will enable cities to innovate more financially using instruments like TIF to create growth and jobs, and attract institutional and private sector investment.

(b) **Extend the Single Pot approach** Core Cities welcomed Lord Heseltine's recommendations to help cities grow, and supported the principle of the Single Local Growth Fund built upon this, whilst feeling that the Government could go further. Core Cities would ultimately like to see an extended 'Single Pot Plus' which combines a wider range of cross-departmental capital funds that are spent within a place (complimenting the 'Place Based Budget' approach which focuses more on revenue) with maximum local flexibility. This will give Core Cities the financial capacity to unlock growth through locally defined investment priorities, boosting economic productivity, creating jobs and speeding up economic rebalancing.

(c) **Lift the HRA debt ceiling**. Cities require greater power to manage their Housing Revenue Account finances to support the delivery of housing supply in cities. A stronger focus on housing in the Core Cities will create better life choices for more of the UK population, construction jobs, apprenticeships and ultimately stronger local economies and national rebalancing

3.6 *What needs to change between Whitehall and our cities to multi-polar growth a reality? What does the Centre need to do to enable this and what economic and revenue levers do cities require?*

Achieving change needs clear thinking and strong leadership. In particular, we would highlight the following key areas where change is required from the Centre to help drive economic growth and public sector reform:

<u>Set cities free to drive growth and jobs</u>

Cities could get better results if they had the power to make sure that national plans and spending reflected the wants and needs of their cities and their people. If they also had the freedom to join up plans for growing business and jobs with those for reducing reliance on public services, they could bring more people into work and reduce costs to the taxpayer.

Moreover, public sector reform will lead to a reduction in dependency and consequently a reduced in the overall cost to the State. These savings can then be ploughed back into services driving local priorities and further stimulate economic growth and job creation.

Make spending and plans a lot simpler

Public money spent across a city for a specific purpose should be put into one Single Fund and spent according to one Single Local Plan, agreed between cities and the Government but based on local needs.

At the moment there are 36 separate funds just for housing, and in other areas it is even more complex. By joining up funds and plans locally more housing can be built and the benefits bill reduced.

Skills, jobs, investment

To reach growth targets in the next 20 years, Core Cities have to find more investment and more people with the right skills. They need better support for local businesses, improved transport, more and better housing, faster broadband, and to meet rising energy demands.

In total, we estimate our cities will need to find an additional £104 billion of capital investment to achieve their growth targets. Core Cities are not just asking the Government for extra money; we are asking for the freedom to use the funds that do exist more flexibly to raise investment. The centralised system we have will not deliver the change we need and tends to favour the south east. Greater local control will help use money more efficiently, raise investment and get the right skills for local business.

Backing local leadership

Local public services are crucial to growth. They create quality of life and environment that supports business and builds successful cities for the long term. However, reducing public budgets means that, as well as driving economic growth, cities need to reform the way public services work, giving local leaders more control to join things up. If we don't make public finances in cities more sustainable, cities will be restrained from achieving long-term economic growth and the cost of the state will not be reduced.

Core Cities are convinced that the time is ripe for radical devolution to ensure sustainable economic growth and meaningful public sector reform. Previous national Governments have accepted the principles of urban devolution and have recognised the importance of local leadership in securing the best possible outcomes for local communities. This has resulted in progress such as the legislation permitting Combined Authorities and more recently the roll out of City Deals. However, a step change in devolution is required to address the current economic climate and ensure the UK can produce sustainable growth in the years and decades to come.

Taking all these points together, we have developed a series of proposals aimed at setting cities free to institute reform and drive growth:

(i) A new 'Constitutional Settlement', a legally binding agreement, between local and national government setting out roles and responsibilities.

We welcome continued waves of devolution to Scotland and Wales but there is an imbalance which needs to be addressed to ensure that English cities are freed up to be able to deliver on their ambitious plans for jobs and growth, for the benefit of the country. One of the routes to support this would be to introduce more radical reform to the central-local relationship. The Political and Constitutional Reform Committee has put forward the case for 'codification', to enshrine the independence of local government and in particular to ensure greater financial autonomy than currently exists, which the Core Cities support.

(ii) Change Parliamentary Standing Orders so ministers can't constantly question the decisions of local politicians without good reason.

Constitutional reform will only bring about the change that we need if it is accompanied by a systemic change in culture across government. This means that at Ministerial as well as Departmental level the traditional way of doing things needs to be rewired to places. This includes freeing up local politicians without unnecessarily questioning their decisions. It also means that we need to explore new mechanisms for risk and reward, so that when cities take the risk on an economic investment (where the rewards in increased tax take go back to Government), or in improving service delivery (where the rewards in terms of savings may go to another agency and not directly to the city), they can also benefit in the rewards. This will incentivise both economic investments and the reform of the public sector, understanding how city authorities, Government, other agencies and the private sector can co-invest in new delivery models that could bring a return both centrally and locally.

(iii) Devolved accountability arrangements between cities and Government, to get decentralisation moving.

Decentralisation is not just about whether powers should be devolved or remain at the centre. There are a range of policies and funding streams which need to reflect national and local priorities and where new models of accountability could be explored in more detail. We need to explore models of accountability that could work through the current formal requirements, for example of Accounting Officer responsibilities, defining where the accountability lies for the success or failure to achieve key outcomes. A solution may lie in creating a link between the channels of accountability already established by central government to manage its relationship with arms length bodies, and the arrangements for local accountability in place in local government.

(iv) A new 'default option' for co-design of any policy that affects a city, using the skills and experience of Core Cities to help Government out.

As set out above, in some cases it is not appropriate to devolve powers. In these circumstances it may be the case that we require co-design of policy. Cities are able to bring their experience of working in places, ensuring that policy is not designed in silos. This will enable an open and honest reflection on what policy, commissioning or spending needs to become more closely and strategically aligned within a functioning economic area.

3.7 *What other practical, organisational, cultural and systemic barriers stand in the way of a fundamental shift in economic power to our cities and how can these be overcome?*

The Core Cities acknowledge that there has been positive change in national policy but, as highlighted above, England remains one of the most centralised states in the world. The City Deals process has been welcomed by all the cities and is already delivering growth, jobs and training into each of our urban areas. Although many schemes will take a decade or more to complete, the City Deals already provide substantial evidence.

There is a greater focus on cities and on devolution within the thinking of Government and the Opposition, who all supported the Core Cities Amendment to the Localism Act which has paved the way for further devolution. The Heseltine Review, Lord Adonis' Growth Review and other initiatives all point in the same direction. This perhaps reflects a recognition that the centralised economic system we have has run its course.

However, the long history of centralised authority has resulted in organisational systems and cultures that are completely driven by a centralist approach. Given this reticence to engage with a more decentralised view of the relationship between central and local Governments, it is difficult to provide definitive proof of the benefits of devolution as working examples within this country are few and far between. We need to accept the evidence from other countries as set out by Professor Michael Parkinson and Bruce Katz amongst others and devolve powers to better understand how this would benefit the UK and generate evidence for further devolution.

The Japanese example is particularly instructive and a paper on the Japanese experience of decentralisation can be found at our website at http://www.corecities.com/what-we-do/publications/growth-second-tier-cities-urban-policy-lessons-japan

Unlike many other countries where a decentralised model has been the norm for some time, Japan has had an explicit policy of decentralisation over more than a decade. The view of the Japan Local Government Centre, based in London, is that fiscal decentralisation in Japan has clearly led to much more effective and efficient spending on social cohesion programmes, and has helped to drive local economic growth, although the same period has been one of the most challenging for Japan due to regional and global economic forces.

As part of our ongoing work on urban devolution, the Core Cities have produced a Growth Prospectus mentioned above. Many of the questions above relate closely to the proposals set out in the prospectus but we have also developed proposals to drive economic growth in our cities which extend beyond the issues already addressed. These relate to housing, transport, low carbon and broadband delivery amongst other key issues and are central to ensuring a fundamental shift in economic power to cities.

A policy table in Appendix A sets out the nine key Core Cities policy steps to achieve the change the country needs, along with the anticipated result of their implementation.

Appendix A

Headline	Proposals	Results
Boost skills and jobs	Each Core City should have the option for a minimum five-year Skills and Labour Market Agreement (SLMA), with the aim of moving more people from welfare to work, to include: i. A framework of coordination for all education providers ii. A single plan and investment framework for skills with: devolved budgets and locally commissioned provision; more focus on under-25s; and Advice and Guidance Services all linked to current and future needs of the local labour market iii. Core Cities commissioning the Work Programme post-2016, with the option for a single performance framework across all the cities iv. Core Cities and the Government to explore aligning procurement to maximise training and employment dividends	Through SLMAs, Core Cities will undertake to work with their LEPs, other local businesses and the full range of local providers to build a common commissioning framework, removing duplication, increasing skills and employment, and reducing dependency on public services. Core Cities will set targets for the first five years of SLMAs, which will reduce skills shortages and gaps, increase the number of people with a minimum NVQ Level 2 qualification, increase the number of apprenticeships, and increase the number of people receiving training from their employer, thereby improving workforce skills. We estimate this could contribute up to £4.7billion GVA per annum to the UK economy10. We will aim to reduce both long-term and youth unemployment through devolved commissioning of the Work Programme post-2016, which has the potential to contribute an average of up to £134.4million to the UK exchequer through tax benefits. This could, on average, create up to a further £195.6million in benefit savings per annum11. Core Cities will align skills and employment provision to other services, including education, schools and career guidance, care and health, wrapping services around individuals and families, dealing with household poverty, improving outcomes and reducing spending over the long-term. Core Cities will also align skills and employment provision to local growth and inward investment strategies, increasing the resilience of the local economy and labour market. We are not simply proposing to shift responsibility for the existing system, but to wholly improve and integrate skills and employment delivery and design, including the relevant parts of the

		benefits system.
Grow Business and Innovation	Bespoke local business support through: i. A single Business Growth Hub in each Core City area, with links between all eight, to provide single point of expert contact for the advice business needs, a signpost to funding, support in accessing foreign markets, and to make national funds and policies respond to local business needs ii. Locally sensitive trade support packages from UKTI iii. Local venture capital funds administered by local financial institutions, eg. Business Banks – alongside mentoring iv. Tailored innovation support with BIS and TSB, strengthening local economic engagement in the framework underpinning university and college funding v. Making local and national public procurement work better for skills and jobs	Stronger local business and jobs growth, more into the national economy. Increased innovation getting to market, more entrepreneurs financially supported, more new businesses succeeding and existing businesses growing, and a bigger contribution to the balance of trade. Business support better linked to other local services, eg. skills. Local resources committed.
Build More	Core Cities has identified three principal	Core Cities' urban areas offer the best opportunity to deliver the new housing the

and Better Housing	steps that government can take to empower cities to deliver more and better housing: i. A Core Cities Joint Housing Investment Board and local Single Housing Investment Plans. Develop a menu of devolved measures and programmes co-designed between Core Cities and HCA. Each city will then develop their own local Single Housing Investment Plan which will be locally accountable and flexible ii. Make changes to tax and incentive regimes to make urban sites more attractive to investors: • Incentivise private sector house building in the Core Cities • Tax breaks for Brownfield Development Zones to get more urban housing • Work with cities to shift public spending from Housing Benefits to affordable house building • Guarantees to support more private rented sector house building iii. Alter national policies to create a level playing field for urban housing sites: • New Homes Bonus reformed • Lift Housing Revenue Account borrowing cap and allow spending on affordable and private rented property	country needs. They can offer real job and housing prospects to a younger generation, which will otherwise struggle to get a foothold in more expensive parts of the country. A stronger focus on housing in the Core Cities will create better life choices for more of the UK population, construction jobs, apprenticeships and ultimately stronger local economies and national rebalancing

Strengthen Transport Networks	An integrated local transport fund and system connected to HS2, and a continued commitment to the delivery of a full High Speed network To include a single settlement for each Core City for ten years across the whole of public transport, with increased flexibility in the use of funds and powers to regulate networks – the same as Transport for London – reviewing Transport Levy Referendum arrangements Fast and reliable access to growth centres across the UK, including devolved rail Franchises Targeted access to key international markets, with a formal role in agreeing aviation and seaport strategies for Core Cities	Strategic prioritisation of transport investment to support jobs and business, with the transport systems people need to access work, learning and leisure. Enabling smart cards (like the Oyster system in London) for Core Cities. Increased passenger numbers, increased investment and reduced emissions. Maximising the returns on investment of HS2 for the country in jobs, training, growth and infrastructure improvements. Bringing in more Foreign Direct Investment and overseas business. HS2 isn't just about journey times to London; it's about more capacity and reduced journey times between Core Cities. Overall, HS2 is expected to deliver 15billion of economic benefit and £10billion of private investment around new stations
Increase Investment	Reform through certainty i. Increased local control over public spending to drive reform through 'place-based settlements' for revenue funds (including for Health and Social Care Integration and Skills and Labour Market Agreements) ii. Multi-year budget settlements tied to length of parliaments Investing in growth at scale:	Together, these proposals would achieve three things: • create more certainty and stability over public finances which will allow lasting, positive reform to be delivered • achieve the critical scale needed to drive really significant investment in growth by allowing cities to share in the proceeds of success • provide the necessary freedoms to innovate with whatever funds will be available within an area, to create the most attractive environment possible for investors This will result in increased commercial investment, more efficient and better public

	i. Implement the London Finance Commission findings, devolving property taxes to Core Cities, within a framework that has a neutral effect on the rest of local government finance (allowing for 'equalisation') ii. Cities able to set other smaller local taxes, eg. hotel room tax, and explore other taxes having a local element, eg. VAT and income tax iii. Review financial institutional arrangements and whether a 'Local Investment/Business Bank', perhaps across all Core Cities, building on proposals from the Business Secretary, would help increase the business investment focus across Core Cities, particularly for SMEs Local financial flexibility: i. Extend the Single Pot approach for capital funds ii. Lift the HRA debt cap	services, driving attractive and competitive business environments and jobs growth, and a high quality of environment and life. Core Cities will also be able to achieve financial self-sufficiency (producing more in taxes than is spent on public services) around 2028
Power Up the Cities: More Efficient, Cheaper Energy	Core Cities will work to establish a co-ordinated framework of Energy Service Companies (ESCOs) across their eight urban areas that will seek to obtain one or more supply and independent distribution licences We will use the Core Cities combined purchasing power to create 'next generation'	Increased and competitive local energy supply, lower energy usage and carbon emissions, reduced fuel poverty, stronger business infrastructure and huge savings to the public purse. The Energy and Low Carbon sector also creates jobs. During the recession, annual turnover of the Energy and Low Carbon sector grew from £116billion to £128billion and the sector currently employs over 937,000 people

	energy solutions and competitive consumer costs through arrangements such as Power Purchase Agreements linked to locally generated energy. Through a City Energy Unit we will liaise with the Government and regulators and link this to local development and growth plans Core Cities want to set tariff prices on energy they produce and reinvest more taxes from energy production. They need greater powers to organise infrastructure plans with utility companies and hold to account utility generators, transmission services and distributors across their areas. Cities should be the prime delivery partner for Energy Company Obligations	
Speed Up Broadband	The Government to work more closely with Core Cities and the European Union to influence and overcome barriers that prevent or slow down investment in broadband, to find ways of accelerating delivery of ultrafast broadband to create more competitive, wider and faster channels. Without this we risk undermining the long-term competitiveness of the nation and its business base. Core Cities to create Research and Development test beds for ultrafast open broadband in each of their cities, working with universities and other city partners.	A more competitive business environment in cities that can grow and retain companies, which will otherwise move overseas where this investment has already been made

	This could be supported by: i. The alignment of TSB and Research Council spend to maximise the value from such networks ii. A form of extended 'cloud voucher' scheme for SMEs to help them gain access to this test environment iii. A commitment to help scale up this type of city test infrastructure to city regional level iv. Commissioned work to understand the economic benefits of the wider 'smart-city' agenda, which links broadband to other infrastructure and services within a city The Government needs to work more closely with Core Cities and the European Union to influence and overcome barriers that prevent or slow down investment in broadband, to find ways of accelerating delivery of ultrafast broadband to create more competitive, wider and faster channels. Without this we risk undermining the long-term competitiveness of the nation and its business base	
Join Up Services to Improve People's Lives	Place-based settlements for joined-up services. All the public spending in a city should be viewed in the round locally, integrating services and tailoring them to local need. 'Place-Based Settlements' should be	Improved outcomes by integrating services around issues such as elderly care, supporting families across education, welfare, justice, employment, skills and preventative services. Reduced health, welfare and care costs, improved lives, increased employment. A

	made with each Core City (effectively a single way of budgeting across all public services), allowing issues such as 'troubled families' to be dealt with in a holistic way Integrate delivery of Health and Social Care services Link place-based budgets to Skills and Labour Market Agreements (see proposal 1 above), including local commissioning of the Work Programme	number of studies indicate that taking an integrated approach to health and social care for the frail and elderly could save up to 15% on delivery costs. This is equivalent to Newcastle saving £44million and £29.5million per year on its health and social care expenditure respectively. Based on the Troubled Families Community Budget pilots, Core Cities could potentially avoid costs of between £62million and £75million per annum for every 1,000 troubled families successfully worked with.
Set Cities Free	A new Constitution, a legally binding agreement between local and national government, setting out roles and responsibilities Change Parliamentary Standing Orders so ministers can't constantly question the decisions of local politicians without good reason 'Dual accountability' arrangements between cities and the Government, devolving 'accounting officer' functions to get decentralisation moving A new 'default option' for co-design of any policy that affects a city, using the skills and experience of Core Cities to help the Government	More growth and jobs. Better, more effective policy making that saves time, money and gets better results that local people want and need. Improved local accountability