



Government
Office for Science

 Foresight

Future of cities: International seminar

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Future of cities: seminar report

Foresight, Government Office for Science

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I. Introduction

The Government Office for Science (GO Science) Foresight project, The Future of Cities (the Project), is taking a long-term look at how UK cities can best contribute to economic growth and wellbeing over the coming decades. The Project considers the opportunities for UK cities within both a national and global 'system of cities'. It also assesses future challenges to UK cities, many of which will be common to other countries.

In view of this, GO Science, the Regional Studies Association and the Cabinet Office co-hosted a one-day roundtable event at the Royal Society in Central London on 18 September 2014 to strengthen the Project's understanding of international perspectives, and to gain clarity on several of the Project's key questions.

The seminar event brought together a diverse range of 30-40 UK and international experts, from the public and private sectors, to share experience and perspectives about the future of cities at a national and trans-national level. The full list of attendees and speakers can be found in Appendix 1. The event was conducted under the 'Chatham House' rules.

Prior to the event, a questionnaire was distributed to attendees. This survey sought to gain participants' initial insight about which countries are preparing their urban future effectively, the character of 'systems of cities' approaches, and the role of the private sector in shaping future urbanisation. The responses inform this summary report of the seminar's findings.

Delegates were also provided with a background paper, entitled 'The Future of Cities: What is the Global Agenda?', authored by The Business of Cities. This report provided recent evidence of the way national and regional governments, and inter-governmental bodies, now conceive and address their own future urban challenges.

The agenda comprised six separate sessions:

- (1) Introduction
- (2) Country-level perspectives
- (3) IGO perspectives
- (4) Business focus
- (5) Benchmarks
- (6) Conclusions

(for the full agenda see Appendix 2)

It also incorporated two break-out sessions to facilitate free-flowing discussion and dialogue. The following sections detail the key themes that emerged from the roundtable.

2. Why is a national agenda for the future of cities important?

- i. **Across the developed and developing world, national policies and institutions affect cities and urban development in multiple ways, only some of which are visible or examined.**

Tax systems, and regulatory policies, along with infrastructure, land-use, R&D, social and housing policies all influence and shape development patterns, producing outcomes that do not automatically match the intentions of a more narrowly formulated 'urban' policy agenda. Indeed, the impact of these 'non-urban' policies and systems is often in tension with the stated ambitions of urban and cities policies. National governments also set laws and frameworks that define the rules of the game for cities, and determine how much space cities have to innovate, for example on climate change, skills or transport. Sectoral policies can be more or less open to influence by cities.

Therefore a key task for national and other higher tier governments is to become more conscious of the way in which 'non-urban' policies, systems, and frameworks shape and influence how cities perform. As the highest tier of government, effective national policy for cities should address the whole system of policies that can shape urban outcomes, and help cities navigate the governance 'maze' above it.

- ii. **Patterns of urbanisation internationally are moving in new and unanticipated directions.**

In many non-OECD countries, rapid growth at the periphery of the largest cities has created unprecedented issues of spatial supply, integration and exclusion. In other nations, large city growth has checked in the past decade while second and third-tier cities have become more economically significant and led their country out of recession. Today's national spatial policy choices not only leave very lasting effects on settlement patterns in an era of high infrastructure demand, environmental uncertainty and aging populations. They also affect how cities can participate in national and global supply chains, and how incentivised lower tiers of government are to collaborate intra-regionally.

- iii. **Globally, national approaches to manage the future of their cities can, and should, be more effective than they have been in the past.**

The promotion of 'spatially blind' growth policies have inadvertently entrenched costly disadvantage in more vulnerable cities, creating negative lock in path dependency. Initiatives to de-concentrate large, primate cities and re-balance the national economy have rarely succeeded and are often abandoned. The momentum towards decentralisation has seldom attended fully to dynamics of agglomeration, and can be constrained by cumbersome micro-management and unrealistic demands placed on local authorities.

National strategies for the future of cities can learn many lessons from the past. They can now identify complementarities between green growth, liveability and commercial innovation. They can also play a decisive role in stimulating collective action within and between cities, and in helping them to find a balance between competition and collaboration.

3. What do we know about the current and future UK system of cities from an international perspective?

The UK system of cities is unique for at least six reasons.

- i. It was the first urban system to undergo wholesale de-industrialisation, population loss and contraction. The process of restructuring was not managed altogether well either at national or local levels. Its outcomes have been mixed and remain historically contested. Nevertheless UK cities' industrial and imperial history has left singular legacies of development, skills, identities, politics, diversity and culture.**
- ii. The lack of positive correlation between city size and productivity in the UK is highly unusual, and something of a 'conundrum' for analysts. The relative under-performance of the large secondary cities, and the low number of cities that perform well above the national average sets the UK apart among European and OECD countries.**
- iii. It has an extraordinary asset in the city-region of London, a capital whose global reach is unsurpassed among countries of the UK's size. In a context of steady European population decline, London stands out as a transnational magnet for talent and investment. London has also effectively evolved into a 15-20 million person city region (or regional system of cities), whose dynamics are partly separate to the rest of the UK, and its other systems of cities, and for which there is no formal or strategic guidance.**
- iv. London's two-tier metropolitan government system has become a (partly unintentional) success story, and despite its own lack of fiscal autonomy and implementational span compared to its global peers, it remains the UK's most empowered urban government. London's dominance in the UK urban hierarchy has left deep infrastructural, economic, cultural and psychological imprints.**
- v. The degree of centralisation of public finance is unique among major industrialised and developed nations. Centralisation has been closely correlated to disparities in spatial outcomes, having created a permanent governance deficit that constantly lags behind larger cities' needs for powers and flexibility. Centralisation is also thought to have disincentivised citizens, civic organisations and even the private sector from engaging with their cities' futures.**
- vi. The late 20th century planning system, the impact of green belt policy, the business model of housing developers, and the decline in spatial management, all contributed to high prices in UK city centres and to a failure to achieve urban containment. The disadvantages this meant for the urban growth of Northern cities was compounded by the priority of investment accorded the stronger-performing capital, London. The UK system therefore inherits a distinctive spatial morphology whose historic evolution is not well understood and which is hard to overcome. This morphology is a path dependency in that**

it limits what kind of employment patterns and place-making interventions will be possible in future.

- vii. It has a distinctive inter-regional and trans-national character. Dublin, Amsterdam, Lille, and cities in the historic 'Blue Banana' corridor in Western Europe, are embedded in productive cross-border networks with British cities that also demand analysis and strategic attention. UK cities participate in a range of different systems of cities that have overlapping geographies. Understanding these different systems of cities and identifying what they mean for the UK system is an important task.**

The UK needs better intelligence about the character and assets of its national system of cities, and for this knowledge to build and endure across political cycles in order to prepare for the urban future in the long-term. Careful evaluation would be necessary to compare what urban structure is likely in 50 years time if a 'business-as-usual' approach is adopted, versus other outcomes that may be achievable through long-term strategic intervention. A scenarios-based model will be required to illuminate this.

Part of this challenge involves grasping the comparative advantages of the UK Core Cities, the competitive benefits of their relative proximity to London, and the specialised and complementary economic roles each city can play.

Another aspect is to map and ascertain whether the appropriate lens is a national 'system' of 20 or more cities, or aggregated mega-city-regions (Greater South East, One North, Edinburgh-Glasgow, Bristol-Cardiff, for example).

There is agreement that a city-regional approach can be achieved effectively without 'filling in' the inter-urban gaps with planned development, as long as connectivity between nodes is rapidly improved.

4. What are the barriers to, and opportunities for, urban innovation in the UK and elsewhere?

There are important opportunities and barriers that need to be recognised:

i. Institutional inertia impedes adaptation to social and spatial change.

Many supposedly non-urban frameworks have far-reaching impacts on urbanisation that escape the scrutiny of siloed sector-specific departments. National or local governments were not designed to manage 21st century urbanisation, but profound attachments to them make them very hard to reform or dislodge. If deep-seated institutions are to address combined future city challenges, they need the momentum gained by narratives, coalitions and consensus. They also need to be equipped with tools and resources to make informed cross-sectoral decisions, and to reward purposeful, controlled experimentalism at the urban level.

ii. An unclear picture of national (and international) spatial dynamics.

This tends to inhibit political and public understanding of future urban trends and expectations. It can also cause governments to waste time and money combating problems that are symptoms of insurmountable longer-term trends.

iii. The domination of national systems by the largest and best co-ordinated metropolitan regions.

This is a challenge to the spread of productivity and innovation to second tier urban areas. Fragmented and un-co-ordinated decision-making structures in these areas can result in much of their agglomeration benefit being lost. The ingredients of urban success stories also need to be positively extended to those areas currently locked out of any dividend of national growth.

iv. Continuity of investment and leadership are major barriers to the durability of good ideas.

Urban regions rely on the policymaking apparatus to acquire institutional memory if it is to deliver long-term projects and manage future complexity more generally. This memory can accumulate through systematic dialogue across layers and departments of government, which can circulate good ideas and gradually raise buy-in across city regions. Manchester is seen as a positive example of political innovation that has seen local governments become pragmatic and resourceful custodians of value. Alliances between cities within the UK and internationally are viewed as important mechanisms for shared and aggregated learning that can survive multiple political cycles.

v. Local governments need more internal professional capacity and know-how.

To pursue desired futures, local government will need additional skills and capabilities to take on substantive future fiscal and strategic responsibilities. One example is the effective interpretation and utilisation of evidence as big data becomes more widely used.

vi. More research is required to ascertain the precise economic and environmental benefits of density and agglomeration.

Evidence gathered by inter-governmental bodies offers important new insights into the classification of urban areas, the impact of agglomeration economies, and the complex effects of density. These indicate that one-size-fits-all policies for compact or scaled development will likely be less suitable than a differentiated approach that works with existing functional geographies. Data gathering techniques will improve rapidly, but cities and city systems are such complex non-linear entities that the evidence base will always be incomplete, and forecast variations will necessarily be wide.

vii. Finer-grained benchmarks of success are needed that rely not only on economic growth.

The measurement of city success is still in its infancy, and although already fostering a culture of improvement, is not yet able to monetise the impact of many goods. Enhanced diagnostics of urban performance will include assessments of fiscal health, systems integration, anticipatory infrastructure and citizen-focused liveability. Comparisons with relevant international city peers are also sought. City leaders are engaged and enthusiastic about uncovering the links between multiple dimensions of performance.

viii. Citizen engagement and participation is an important enabler.

There is growing appetite for democratic input into the formulation and implementation of city and regional futures. Other countries, especially in continental Europe, are beginning to illustrate how to prepare for the urban future in tandem with residents to agree a shared path. Simpler and more tangible measures of tracking quality of life and sustainability progress are viewed as potential galvanisers of public enthusiasm for future of cities thinking.

5. How can business and international organisations contribute to the future of cities?

- i. **The private sector, led by the financial and real estate industries, is one of the fundamental drivers of the new urban age.**

The knowledge economy continues to catalyse processes of re-urbanisation and regeneration. It has also transformed patterns of international business demand, choice, consumption and risk. The stake of business in cities has inevitably made it much more engaged with longer-term urban liveability and sustainability aspirations, especially in larger cities.

- ii. **UK city assets are embedded in the internationalisation of capital, and their economies will become further embedded in global production and innovation networks.**

As the number of globalising companies headquartered in emerging nations soars into the 2020s, the challenge to remain relevant in the global marketplace and achieve 'stickiness' among business clusters will grow. British cities will require a balanced approach to business friendliness that makes careful choices about sector alignments. They will also need agile leadership and delivery structures that can respond to the disruptive effects of technology, speed, skills, and the eastward shift in centre of economic gravity.

- iii. **Increased competition for human capital will demand more vigilance among smaller and medium-sized cities to retain and attract firms and talent.**

Careful dis-aggregation of metropolitan economies is necessary to understand each sector's international economic geographies, whether industry assets are fixed or mobile, and to ensure cities do not lock in to one inflexible path of economic development. The roles of universities, sport, cohesion, security, branding, design and public space are all part of how cities can plan to be 'sticky' for mobile assets.

- iv. **The interface between the public and private sector in cities will continue to mature.**

Private sector firms and alliances possess the knowledge, finance, innovation and motivation to provide a wider span of services and solutions, although their effectiveness or replicability may prove variable. Business-led growth coalitions with government and the civic sector are becoming more influential in the strategic planning of cities. Commercial foundations are already active partners in delivering future cities and smart cities projects. For example, the Fraunhofer Institute is a co-sponsor of the German federal government's low-carbon city initiative up to 2020. There is, however, concern that the public sector may need more professional capacity in order both to ensure accountability and to remain a proficient provider of key services to disadvantaged groups and areas.

v. Inter-governmental institutions are essential partners of, and co-investors in, cities.

Their depth of experience and expertise on urbanisation make them valuable allies of cities seeking to understand the case for reform to prepare for the future. In the case of international financial institutions, the scale of their lending capability makes them well placed to tackle shared urban problems associated with economic inter-connection and the urgency for urban resilience. Their role can grow further if national governments are able to expand cities' fiscal flexibility to enter into long-term agreements.

6. How should the UK Foresight Future of Cities Project develop its international dimension?

- i. **The varied cultural and political systems in which cities have evolved globally mean that lessons for the UK system or for its individual cities should be gathered with care.**

Most experiences are not directly transferable or applicable, especially between developing and developed world contexts where the challenges are very different. Even the countries with which the UK shares the most institutional similarities (Australia, Canada, New Zealand) do not have an urban system that resembles the UK's densely packed yet territorially uneven pattern. The urban systems in France, Germany and Italy all exhibit similar regional variations in productivity to the UK, but have different and more federalised governance structures and adopted a more customised approach to these disparities.

- ii. **National, regional and local co-ordination structures are widely viewed as an essential part of a better-equipped future urban governance framework.**

National approaches can help local governments recognise shared interests and develop a regional mindset. Countries that have supported regional-level co-ordination, and countries that commit to a stable governance approach over several political cycles, have tended to be more effective at managing urban liveability and inequality. These countries include Germany, the Netherlands, Finland and Japan.

- Germany's federal government has supported 10 city-regional partnerships across administrative boundaries since 2007, as part of a "communities of shared responsibilities" approach, which has also protected the national system complementarities.
- The Netherlands' ten year old National Spatial Plan is widely praised for integrating all spatial aspects of policy, including housing, industry and transport within a system of city regions, with a focus on liveability.
- Japan has made progress in identifying necessary changes to urban planning associated with an aging society.
- The empowerment of regional and local governments to experiment with fiscal and development tools has also yielded some success in China, resulting in innovations that have been scaled up to the national level.

- iii. **Other nations can also learn from the British urban experience.**

Patterns of urban settlement in rapidly industrialising nations such as China resemble those laid down in the UK in the 19th and 20th centuries. These countries have access to the hindsight of the UK and others in order to address their mistakes more quickly and to undertake preventative measures. This is especially true for infrastructure, which will largely determine the future pace and pattern of development. The UK is also regarded as a leader for its negotiated and collaborative public-private approach to urban re-

investment and tackling social agendas, for its physical regeneration of distinctive city centres, and for its incubation of specialised science and knowledge clusters.

Appendix I

Registered attendees

Name	Organisation
William Tompson	OECD
Brian Field	EIB
Martin Powell	Siemens
Rashik Parmar	IBM
Rosemary Feenan	Jones Lang LaSalle
Jaana Remes	McKinsey
Peter Ache	Nijmegen
Fulong Wu	UCL
Philip McCann	University of Groningen
Suzanne Moroney	GLA
Jane Forshaw	Cardiff Council
Tim Stonor	Space Syntax
Mark Tewder-Jones	Regional Studies Association
Alan Harding	Liverpool University
Joe Ravetz	Manchester University
Josef Hargrave	Arup
Mai Valentin	SIN - Northern Europe
Julia Wilcox	RSA City Growth Commission
Aureliane Beauclaire	Regional Studies Association
Benoit Sauvage	Regional Studies Association
Graham Colclough	EU Smart Cities and Communities Partnership Group
Peter Kaldes	JP Morgan
Simon Allford	AHMM
Simon Brereton	Leeds City Council
Alice Balbo	Future Cities Catapult
Anne Charreyron-Perchet	French Ministry of Ecology, Sustainable Development and Energy
Prof Brian Collins	UCL
Greg Clark	OECD
Mark Walport	Government Chief Scientific Adviser
Claire Craig	GO-Science
Stephen Bennett	GO-Science
Jon Parke	GO-Science
Eleri Jones	GO-Science
Isobel Cave	GO-Science
Jay Amin	GO-Science
Tom Walker	Cabinet Office
Damien Smith	Cabinet Office

Appendix 2

Agenda

18 September		
08:30	Registration, tea and coffee served	
Session 1	Setting the scene	
09:00	Welcome and aims	Mark Walport
09:15	UK Future of Cities overview, emerging findings	Tim Stonor
09:35	Pre-event questionnaire - synthesis	Greg Clark
Session 2	Country-level perspectives Chair: Mark Tewdwr-Jones	
09:50	<u>Introduction: Facing the future of cities from a national perspective</u> 3x10 minute perspectives. To what extent are countries thinking about the future of their cities? In what ways are they doing so?	Mark Tewdwr-Jones
09:55	Germany	Prof Peter Ache, Nijmegen
10.05	China	Prof Fulong Wu, UCL
10.15	Multiple perspectives	Prof Philip McCann, Groningen
10:25	Discussion	
10:50	Coffee	
11:00	Breakout session -1 <u>Introduction: Future of Cities enablers and barriers to innovation /progress</u>	Mark Tewdwr-Jones
11:05	Q. Facing the future of cities: enablers and barriers to innovation/progress (eg knowledge gaps, poor governance....) and how to overcome them	
11:50	Feedback and discussion	
Session 3	IGO perspectives Chair: Mark Tewdwr-Jones	
12:15	<u>Introduction: how do IGOs address the future of cities?</u> 3x10 minute presentations	Mark Tewdwr-Jones
12:20	OECD	Bill Tompson
12.30	EIB	Brian Field
12:40	Plenary discussion <i>Intersection of city/national/transnational systems?</i> Where does the UK sit now and where does it need to be	
13:15	Lunch	
Session 4	Business focus on the future of Cities Chair: Greg Clark	
14:00	Introduction followed by short presentations on business	Greg Clark

	interests in the future of cities	
14:05	Presentation - Allford Hall Monaghan Morris	Simon Allford
14:15	Presentation – Jones Lang LaSalle	Rosemary Feenan
14:25	Presentation - IBM Academy	Rashik Parmar
14:35	Breakout Session – 2 Introduction: Future role of business	Greg Clark
14:40	<i>Q: Future role of business in city building/city making?</i>	
15:20	Feedback and discussion	
15:30	Coffee	
Session 5	Benchmarking Chair: Greg Clark	
15:45	Short presentation(s) 2x10 minute presentations on specific studies	Greg Clark
	McKinsey	Jaana Remes
	Siemens	Martin Powell
	Plenary discussion <i>Common conclusions of city benchmarking studies?</i>	
Session 6	Conclusions Chair: Greg Clark	
16:30	Plenary discussion What can this project learn from other international enquiries? What can this project contribute to global understanding of the future of cities?	Greg Clark
17:00	Closing remarks	

