



ANNUAL REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



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COMPANIES HOUSE

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CENTRE FOR CITIES
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REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2017

The Board of Trustees are pleased to present their annual directors' report and accounts for the year ending 31 December 2017, which also contain a Director's Report as required by company law. The report and financial statements comply with the requirements of the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS102, effective from 1 January 2016.

CHAIR'S REPORT

During 2017 Centre for Cities has continued to grow its national and local reputation as a driving force in generating, influencing and informing public debate about city economies and their importance to the UK.

2017 saw significant policy changes for which the Centre for Cities has long campaigned, including the election of six metro mayors in May 2017. The Centre has argued for the creation of metro mayors since its establishment in 2005, and we continue to influence and shape national and local debates about what the mayors should focus on as well as how to create lasting, accountable new institutions.

The Centre has also sought to influence ongoing policy conversations about how cities perform and how they compare to the world. During 2017 the Centre published over 30 research and policy-based outputs, including briefings on key economic policies such as the industrial strategy, productivity, housing and skills. Our evidence-based rationale for prioritising more investment in intra-city transport was recognised in the Autumn Budget, with the announcement of the £1.7bn Transforming Cities Fund to improve transport links and promote growth within city regions.

In addition, our annual flagship publication, Cities Outlook, had a Brexit focus in 2017. As well as providing the definitive annual economic health check on the UK's 63 biggest urban areas, the report included analyses of cities' key export markets, highlighting which will be most affected by Brexit.

At the heart of the Centre's work is our commitment to high quality, accessible data that can be used to inform and transform policy and practice around city economies. Our rigorous reports and briefings sit alongside infographics, maps and an interactive data tool that can generate maps, statistics and insights for cities around the UK and Europe in just a few clicks. Through our event series, which roams the UK, we offer opportunities for policymakers, practitioners and the public to debate the present and future of city economies, and to interrogate the data and recommendations we provide.

We are particularly proud of the work we do with and in cities to support them in making the most of their economic strengths and tackling the challenges they face, which has intensified since the referendum vote as cities strive to identify the opportunities and challenges that Brexit will bring.

During 2018 the Centre will continue to work hard to provide cities with economic intelligence, insights and ideas, and to lead the conversation at national and local levels about the importance of cities to the UK's future economic prosperity.

Nigel Hugill, Chair, Centre for Cities
Objectives and activities

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The purposes of the charity, as set out in the Memorandum of Association, are:

- To promote education for the public benefit in issues of economics and public policy in relation to cities and towns in the United Kingdom and elsewhere in the world;
- To promote for the public benefit research in the aforementioned fields; and
- To publish the useful results of such research.

The vision shaping our activities each year is of a UK economy that makes the most of different cities' potential to drive sustainable economic growth and jobs.

We work to understand how and why economic growth and change takes place in cities in the UK and internationally, and publicise these findings widely in order to help British cities improve their economic performance and for public benefit.

To fulfil its purpose, the Centre undertakes the following activities:

- 1) Producing high quality research and policy:** The Centre publishes a range of briefings, blogs, papers and reports on the economic performance of UK cities. Our research is produced by an in-house team of experts, with input from external experts and partner cities. The research is of a high quality, drawing on a robust evidence base. It aims to inform debate, policy and practice and includes development of clear, evidence-based policy proposals about how to improve the economic performance of UK cities. These proposals are developed in consultation with Whitehall departments, political parties, local authorities and business organisations.

We also carry out research in association with UK cities, including the elected leaders and chief executives of city councils, and bring together networks of local and national decision makers from both the public and the private sector to share knowledge. This enables us to directly influence policies and practices within specific cities, and to publicise lessons from this work which are relevant to other cities.

- 2) Engaging with Stakeholders:** To ensure public benefit of the work we do, all the Centre's reports and papers are available to the public free of charge on the Centre's website and the Centre presents these findings to varied audiences through national, local and specialist broadcast and print media, social media and presentations at our own and others' events. Our events programme includes public events (free to attend) to discuss and debate city economies and include a programme of events at the major party conferences each year. We publish a regular newsletter and work in partnership with others, including journalists, universities and cities, to publicise the findings of our work.
- 3) Promoting an evidence-based approach to policy-making:** The What Works Centre for Local Economic Growth (WWC) was set up in October 2013 as part of the What Works Network to analyse which policies are most effective in supporting and increasing local economic growth. The three year programme, now extended to March 2019, is a partnership with the London School of Economics and Arup and is funded by the ESRC and four government departments. The Centre works to provide solutions for local and national policymakers through:
 - a) Systematically reviewing the evidence base on policies for local economic growth using a robust methodology;

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- b) Working with and convening events and workshops for local authorities, LEAs, central government and business to help them understand and make better use of evidence in designing and delivering policy;
- c) Improving the quality of the UK evidence base by helping to develop 'demonstration' projects, or local policy experiments.

Public Benefit

The charity trustees of a charity must have a regard to the Charity Commission guidance when exercising any powers or duties to which the guidance is relevant.

The Charity remains committed to the aim of providing public benefit in accordance with the Charities Act 2011.

The Trustees also confirm that, in carrying out its Principal Activities, the Centre provided public benefit during 2017.

The Centre produces high-quality research reports and policy analysis that are independent of government, individual clients or companies. These reports and briefing papers are made available widely and free of charge to individuals, organisations, practitioners and others active in urban economic development, and the Centre constantly invests in improving our outreach to ensure our work reaches more policymakers, practitioners and members of the public.

To complement our research work, we deliver papers which focus on practical ways in which UK cities can tackle longstanding challenges such as productivity and unemployment, drawing on UK and international case studies.

We have also invested in expanding our blog which draws on our evidence base to offer readers our analysis of what recent economic, political or financial changes mean for city economies. Topics range from providing information on mayors (our frequently asked questions has been one of our most popular briefings during 2017), to why many UK cities have below average levels of productivity, to commentary on the implications of the Budget and Autumn Statement for city economies.

To make it easier for policymakers, practitioners and the public to review the economic performance of UK cities, we have invested in an interactive, easy-to-use data tool available on our website. This contains the latest data at city level and provides users with the ability to compare different UK cities on measures ranging from skills and business starts to broadband and housing. We have publicised this data tool through our own networks and through strategic partnerships: for example a city-focused website, City Metric, writes regular articles (freely available to all) that draw on our data tool and this has increased use of our data tool more than tenfold. We have also now produced a data tool that allows comparisons of UK and European cities, enabling identification of areas where UK cities need to improve the most compared to similar counterparts.

Together, the reports, briefings, blogs and data tool provide a robust evidence base on the economic performance of UK cities and towns for public access, thereby equipping the public with knowledge and information on issues affecting cities and towns.

We also continued our work on city economies and governance structures, contributing and leading the debates around devolution, mayors, combined authorities and partnership

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working. We have provided advice to city regions negotiating devolution deals and have published blogs to publicise lessons learned.

Review of achievements and performance for the year

In 2017, our aims, activities and achievements were:

- 1. *Policy-research Aim:* Inform public policy and election debates and improve the quality of cities policies for all parties, as well as inform the policies of cities through publishing high quality research and developing policy recommendations which are recognised as accessible, relevant, timely and rigorous.**

To ensure our work is relevant, impactful and focused on the issues policymakers are grappling with at the national and city level, our research and outputs throughout 2017 have explored the biggest policy challenges facing the UK economy. These included: Brexit, the industrial strategy, and mayors and the devolution of power in six city regions across the country.

Leadership, devolution and metro mayors

The Centre has long advocated for the introduction of metro mayors in major cities across the country and this year six were elected in city regions around England. Since the policy was announced in 2016, we developed a strategic programme of research, events and communications for the mayoral candidates which continued for the mayors after the elections in May.

- We produced briefing papers on each of the metro mayor regions highlighting the three main areas which any new mayor should focus on. These were sent to each of the candidates as they developed their manifestos and we met with a number of them. Some of these papers received strong local media coverage - including in Manchester for our recommendation to introduce a congestion charge.
- We held hustings in each of the city regions, many of which were the first of their kind. These focused on the economic issues, and around 50-80 people attended each event.
- Working with Bloomberg Philanthropies, Arup and the What Works Centre for Local Economic Growth, we developed a programme of support for the new mayors to build up their brand new institutions. This included helping to facilitate four of the mayors going to Harvard University to participate in a Bloomberg funded leadership training programme for new mayors – something which they have publicly acknowledged as valuable.
- During party conferences Mayors Steve Rotherham and Andy Burnham spoke at our Labour conference fringe, and Andy Street, Tim Bowles and Ben Houchen all spoke at our Conservative conference fringe. Both were hugely popular fringes, attended by a number of trade media, and were the only events to bring the metro mayors together.
- We continue to produce commentary both in the media and on our blog as announcements are made on mayors and devolution. To mark six months of the mayors, we ran a blog series on their progress including contributions from the mayors themselves, and external experts including Prof Tony Travers, Mike Emmerich and Lord Jim O'Neill.
- In December we hosted a hugely successful summit with Citi, Boston University Initiative on Cities, Bloomberg Philanthropies, Arup and the University of Warwick. The summit brought together five of the UK's metro mayors and five mayors from the USA. All of the mayors found the event valuable - in part because it was based around private discussions to support them, rather than showcasing their work to a wider audience.

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The summit included a networking reception at City Hall with around 70 invited guests from business and Whitehall, and private discussions with Greg Clark and Sajid Javid, then Secretaries of State for Business and Communities respectively.

Brexit

- Our flagship Cities Outlook, launched in January, set out for the first time the nature of the exporting links that UK cities have with countries in the EU and elsewhere across the globe. Outlook was once again a huge success, and has continued to be downloaded and quoted throughout the year. Around the launch, we gained excellent national coverage, including articles in the FT, The Daily Telegraph, The Times, The Guardian, The Independent, The I newspaper, Prospect and the Huffington Post. The report also featured on BBC News and BBC Radios 4 and 2.
- We also produced analysis working with the London School of Economics for all 62 British cities (data for Northern Ireland was not available) showing the impact of a 'soft' or 'hard' Brexit. This was well received, in particular in the Scottish press. The report has been a huge online hit thanks to experimenting with and successfully implementing Google's AdWords. It continues to get page views, and is currently at over 20k.
- As part of our work with the What Works Centre for Local Economic Growth we also established a Brexit Cities Group involving 10 cities and combined authorities to support them to prepare for Brexit, which included producing place-specific reports on the potential impact and implications for local policy development.

Finance, tax and investment

- Our report 'Making the most of public assets through city partnerships', supported by Turner and Townsend and Bevan Brittan and published in May, followed up the work done in 2015, to look at the mechanisms for combined authorities in particular to make the most of their assets, with an emphasis on the development of partnerships. Following a launch event in Leeds, hosted by the leader of the council, we spoke at and chaired an additional 20 roundtables with Turner & Townsend in cities around the country to disseminate the work and its findings more widely.
- Our report 'A Guide to Improving Investment in Cities', supported by Capita, provided a practical set of ideas for cities on how to leverage business investment into their place and concentrated on improving their commercial property, and the brand of the city. Capita took the report to MPIM UK, at which our chief executive spoke, and also hosted a number of roundtables around the country to discuss the findings. The report secured coverage in the I newspaper, as well as Estates Gazette, Property Week and Local Government Chronicle, and has had over 1,200 views on the website.
- Before the Budget we published a briefing setting out how the Local Growth Fund – first introduced during the Coalition Government – can be improved to support productivity across the country, aligned with the government's overall priorities for the industrial strategy and the economy more generally.
- In March, we gained coverage in The Times, FT and Guardian for our analysis of the geographical breakdown of the Government's revaluation of business rates – which showed that had the Government stuck to its original plans, rates would have only gone up in two cities. We also produced a number of blogs on the impact of business rates retention, both across the country and the particular effects for London.
- In early December we published a briefing looking at how small adjustments to the business rates system can be made, ahead of the move towards 100% retention, to ensure local governments are incentivised to grow their business base.

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Industrial strategy

- Since Theresa May's election in 2016, the industrial strategy has been an essential part of the domestic policy response to Brexit and low productivity at the national level. While the initial green paper earlier in the year suggested that place was one of the 'pillars' of the strategy, our series of briefings sought to influence the final strategy further to ensure that cities were at its heart.
- We produced a series of briefings and blogs looking at the key areas a successful industrial strategy must focus on to support higher growth and productivity gains - including the need to focus on skills and managing the costs (such as congestion) that come with growth – and the need for a place based approach.
- Our work on the UK's productivity problem – and in particular the disparities between different cities, especially those in the Greater South East and elsewhere – was used extensively in a Financial Times feature about the geography of the UK's productivity problems, and how they can be addressed.

Employment and skills

- Working in partnership with the OECD, University of Warwick and the Work Foundation we held a one-day conference on how the skills system should be more responsive to employers' needs, particularly in light of globalisation and technological change. The conference brought together around 40 people from local government, business and civil service to discuss the challenges around local skills mismatches, apprenticeships and more.
- We also worked in partnership with the Learning and Work Institute on an event in Birmingham on how metro mayors and combined authorities should be thinking about the ways they can use their new powers over skills and apprenticeships to support more people into employment. The event included sessions around practical policy solutions for improving the skills and chances of people in different cities.
- Our roundtables during Labour and Conservative party conferences, supported by the University of Salford and Prospects brought together around 25 people to discuss the future of jobs and skills. Cllr Judith Blake, Leader of Leeds, and Tees Valley Mayor Ben Houchen spoke.

Transport and Housing

- We have long made the case for funding for intra-city transport and/or evidence-led approach for more investment in intra-city transport, and this was reflected in the Budget, with the announcement of the £1.7bn Transforming Cities Fund to improve transport links and promote growth within city regions. 50% of this fund will be allocated to the six mayoral regions, further demonstrating their importance.
- Throughout the year we have continued to make the case that the housing crisis is a particular issue facing successful cities, and, allied to this, the need for selective development on the green belt. In March our chief executive appeared on Sky News debating the merits of building on the green belt. In recent months we have also secured a number of high profile media slots discussing housing issues, including an interview with BBC Breakfast News about disparities in house prices across the country.
- In March the National Infrastructure Commission published a major report on economic growth and demand for infrastructure services, in which the Centre for Cities was referenced throughout.

New areas of analysis in 2017

- To maintain our reputation as the leading expert on urban economies we invest considerable time in staying informed on both current and emerging policy discussions. This year there have been shifts in policy thinking around issues such as inequality, inclusivity and air quality. With these ideas prevalent in Whitehall and Westminster, we

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have been keen to demonstrate where cities can, and should, be the way to resolve some of these issues.

- During 2017 we have written several blogs on air quality and pollution in cities. These have proved extremely popular – after only four weeks our blog responding to the London mayor's new 't-charge' had surpassed all of the blogs for the year, for example, reaching well over 3,000 unique views. We are currently working on a longer briefing examining what different cities are doing to reduce air pollution and improve air quality, including dealing with congestion and car use.
- In partnership with the Joseph Rowntree Foundation we have undertaken research into innovative models for funding and financing inclusive growth. Building on our existing work on how cities can creatively fund and finance their services, this major project looked at what local finance mechanisms cities can use to fund inclusive growth and how this supports a more inclusive city. The findings will be discussed with city leaders at a series of events in 2018 and inclusive growth will be one of our research priorities next year.
- As migration remains a key topic for the media and policymakers, we have received praise for our initial analysis on the impact of migration in cities from both the Paul Hamlyn Foundation, who funded this work, and the core cities on which we focused. We are hoping to expand on this next year.

2. Networks Aim: Strengthen and grow the Centre's role as a convener of challenging and constructive dialogue between UK cities, LEPs, government, business and academics. Sustain links with the 63 primary urban areas, taking a targeted approach to strengthening those relationships where this is most appropriate for our work.

- **We have engaged with Ministers and MPs from across all major parties throughout the year** using the Centre's evidence base to inform their policy development and our work continues to be regularly quoted by national and local politicians in parliamentary debates and used by their policy teams. We also held a series of free-to-attend events at party conferences, including receptions at Labour and Conservative party conference and roundtables discussing metro mayors and economic performance.
- **We continue to work closely with cities all across the country to support them in improving their economic performance.** We have worked with the Core Cities, Key Cities and Fast Growth Cities group, and provided support to a range of cities including Birmingham, Belfast, Cardiff, Gloucester, Aberdeen, Milton Keynes and Preston. We have a system of ensuring regular contact with the cities on which the Centre's work focuses to ensure we understand their priorities, opportunities and challenges, and can share any lessons learned with the wider audience.
- **We continue to work in partnership with academic institutions and practitioner organisations to improve our research base and increase our impact and public benefit,** with partners during 2017 including OECD, ONS, Cambridge University, London School of Economics, Birmingham University, Joseph Rowntree Foundation, Bloomberg Philanthropies, Regional Australia Institute, and Brookings Institution.
- **Through our lead role in the What Works Centre for Local Economic Growth** we have built a strong network of local authority leaders and policymakers keen to build a stronger evidence base around urban policy interventions, publishing a number of reports, and convening events across the country through the year. Through 2017 we have completed the evidence reviews and also published a number of toolkits for cities to use to better inform their policymaking, as well as working alongside cities with devolution deals to set up effective evaluation frameworks.

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3. **Communications Aim:** Continue to build the Centre's reputation as the UK's leading urban economics think tank, and to ensure our research programme is as impactful as possible with target audiences. Build on our successful external affairs activities of recent years, prioritising quality coverage and dissemination, and considering new ways to broaden our reach.
- **The Centre hosted a range of events for both public and invited audiences,** including an extremely successful summit for the new metro mayors and their counterparts from the USA, a set of hustings ahead of the mayoral elections and we continued our City Horizons programme with three fully-registered talks from Prof Diane Coyle, Prof Michael Storper and Prof Ron Martin. In total, we held 39 events across the country and welcomed nearly 1,500 guests.
 - **We successfully positioned the Centre as the go-to-place for information, analysis and comment on the metro mayor agenda.** As well as our hustings and mayoral summit, our party conference fringe events brought together exclusively the metro mayors from both main political parties, attracting significant attention from journalists for Conservative fringe event in particular. Online, our FAQs on the metro mayors attracted significant web-traffic throughout the year, including around 10,000 hits during the week of the elections. Throughout 2017, we secured significant national print and broadcast press coverage on this agenda.
 - **Our data tool continues to make an impact with our core audiences of cities and Whitehall, as well as attracting wider public interest.** We saw over 200,000 unique users of the tool in 2017 and continue to receive feedback that the tool is helping cities to produce their economic reports. In 2017 we also published a policy tool targeted at cities seeking case studies of how different types of policy from house building to managing assets have been implemented around the world.
 - **Throughout the year we gained significant media coverage for our research and ideas across national, regional and specialist press outlets.** On average we secured around 12 pieces of national media coverage each month, the same level as 2016, despite an increasingly challenging media landscape. We also have regular columns in the Municipal Journal, Estates Gazette and Local Government Chronicle, and are frequently asked to contribute comment pieces for other publications such as the Times Red Box, the New Statesman, the Guardian and CityMetric.
 - **During 2017 we continued our podcast series bringing together experts on cities and urban policy.** Guests included Vince Cable MP, Gavin Kelly, Prof Diane Coyle, Prof Tony Travers, Mike Emmerich, Prof Henry Overman and Andrea Lee, covering topics ranging from industrial strategy to urban pollution. The podcasts received an average of 700 listeners per episode, and enabled the Centre to strengthen relationships with key influencers.
 - **We have continued to expand and improve our blog as a critical channel** for disseminating our research, commenting on relevant urban policy issues and helping educate the public about the implications for city economies. Alongside this, **we have developed our social media presence** by enhancing our presence on twitter, and increasing our engagement with platforms such as LinkedIn and Facebook. Our blog gained an average of 7,770 views per month, and our twitter account grew by around 2,400 followers in the past year. We also have nearly 4,000 followers on LinkedIn. We also increased sign-ups to our newsletter by over 600 in 2017.

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Financial review

Despite many challenges and uncertainties within the fundraising environment, the Centre reached its income target in 2017.

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

The Statement of Financial Activities set out on page 22, shows a surplus of £156,581 (2016: a loss of £34,795). The total funds carried forward were £851,782 (2016: £695,201)

Income

Our main source of income was a core grant from the Gatsby Charitable Foundation. In 2017, we received £800,000, which was approximately 54 per cent of all our revenues.

Other funding was generated through sponsorship agreements for research projects and events. Our target of £350,000 for the year was exceeded by £50,000.

In 2017, we continued to work with the London School of Economics and Arup on the What Works Centre for Local Economic Growth network. The project generated for the Centre approximately £260,000.

Resources expended

The Centre's expenditure was £1,314,679 (2016: £1,333,453). The decrease in expenditure was predominantly due to the salary bill being lower than in 2016. This was a result of the average number of the full-time equivalent employees falling from 18.2 in 2016 to 16.5 in 2017.

The Balance Sheet (page 23) shows the unrestricted fund balance of fixed assets of £97,538 (2016: £116,459) with unrestricted current assets totalling £851,782 (2016: £695,201).

Reserves Policy

The Trustees' reserves policy is reviewed annually. The Centre's reserves are defined as unrestricted net current assets. Our policy is that they should not fall below £425,000.

The reserves are required to protect the continuity of the organisation's work in the context of uncertain future income streams, for capital items replacement and to cover unplanned emergencies and potential risks. The reserves also include rent deposit, which would be forfeited should we need to leave these offices early and therefore is not accessible.

Furthermore, the trustees requested that from 2016, the Centre puts aside £30,000 a year towards a building fund which will be utilised at the end of the current office lease in 2020. By the end of 2017, the amount we set aside was £60,000. The total reserves including the building fund was £485,000.

Total reserves held at 31 December 2017 were £851,782 of which net unrestricted current assets held were £754,243 (2016: £578,742). Free reserves were £269,243 higher than the agreed level of reserves. In recognition of our significant surplus realised in 2017, we are

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planning to allocate additional funding into research as well as overhauling our website in 2018.

The cost of updating the Centre for Cities website and commissioning a novel dataset for the research projects will be in the region of £50,000.

PLANS FOR THE FUTURE

What is the Centre for Cities?

The only think tank dedicated to improving city economies, stimulating debate about cities and providing high quality evidence that helps policymakers make better national and local decisions.

What does the Centre want to achieve?

A UK economy that makes the most of different cities' potential to drive sustainable economic growth and jobs.

What is the Centre's ambition?

To be the leading institution for UK and international audiences wanting to know how to improve the economic performance of UK cities

To achieve this ambition the Centre needs to be recognised as:

- Having the best data, evidence and analysis on UK city economies (even if it isn't all generated by the Centre).
- Having the best policy answers and ideas to the urban economic challenges facing the government and cities across the country.
- Having the best networks of national and city policymakers, practitioners and journalists.

To achieve this recognition the Centre needs to:

- Focus on the issues that are fundamental to improving city economic performance and are top of mind for city and government policymakers.
- Make our work accessible and engaging for our different audiences.
- Establish longer-term relationships and partnerships with national and city policymakers, businesses and journalists.
- Have a way of working and funding base that enables us to be entrepreneurial and innovative about what we do and how we do it.
- Have a team with the blend of attitudes, skills, experience and contacts that can take the Centre to the next level.

Programme for 2018

Creating successful city economies for the 21st Century

The UK's emerging knowledge economy will be more powerful than the industrial model that powered the country's growth for much of the last two centuries and which we are now leaving behind.

In this knowledge economy, it's cities that are the great fonts of innovation and enterprise. They are where talent, customers, entrepreneurs, funders, and ideas mix and mingle. Many cities are leading the way: renewing infrastructure to better connect people and places, investing in education and skills, upgrading low-skill, low-wage service work, establishing new forms of strategic governance, and encouraging employers to introduce living wages tied to local costs of living.

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But if cities enable and create prosperity, they don't always distribute it equitably; many people and many places are left behind. In many cities the new urban job market is divided between high-skill, high-pay knowledge workers and low-skill, low-pay service workers. Although post-industrial success cities such as Manchester, Birmingham and Leeds are reinventing themselves as knowledge hotspots, many of the country's small and medium old industrial cities such as Blackburn, Burnley and Blackpool continue to struggle. Even rich cities such as Bristol and London have entrenched pockets of poverty. Needless to say, these trends are politically, economically and socially unsustainable.

To realise the knowledge economy's potential we need to further empower our cities to enhance their capacity for innovation and enterprise, to strengthen their links to the global economy through trade, talent and investment flows, and to lead the country's long-run economic prosperity.

Priorities for 2018

- 1) ***The Future of work*** – rapid technological innovation, globalisation and demographic change are all having a massive impact on the world of work. An ageing society means people are working for longer, and opportunities in the 'gig' and 'sharing' economies are resulting in more people working in temporary, part-time and freelance employment. At the same time, emerging markets account for an increasingly large share of high skilled workers, which may result in more offshoring and outsourcing of jobs. Previous research suggests that these structural changes will continue to impact unevenly on different cities and the people living in them in the coming decades. Since UK cities are the primary generators of jobs in the UK economy, this flagship research programme will explore the rise, nature and impact of self-employment, changing occupations and skills demands in cities, disparities in pay and changing urban labour markets to make practical recommendations on **how cities can help people and businesses to prepare for, and adapt to, the changing world of work.**

Linked to this, our **2018 Cities Outlook report** will focus on the impact of automation on different cities, both now and for the future.

- 2) ***Cities and inclusive growth*** – the Prime Minister has promised 'a country that works for everyone', whilst the Labour Party has pledged policies 'for the many not the few'. But for all the many discussions about inequality, very little is understood about the geography of these factors. Cities have a crucial role in understanding the causes of, and solutions to, poverty and inequality. On the one hand, they provide the opportunity to lift people out of poverty by giving access to work, offering not only many jobs – 60 percent of jobs in Britain are in cities – but a great range of jobs too, both in high-skilled and lower-skilled work. But despite this, they are also places where poverty concentrates – 67 per cent of unemployed people live in cities, and unemployment among low skilled people in particular is an urban phenomenon. We also see that our most successful cities are our most unequal ones too. Through this research, Centre for Cities will bring clarity to this debate by asking **what role cities can play to tackle inequality and support inclusive growth?**
- 3) ***What next for devolution?*** Over the past year Centre for Cities has continued to lead the debate on the devolution of economic powers to metro mayors, having advocated for this for over a decade, and in 2018 we will continue to support and work closely with the mayors and their teams. However, the national agenda for devolution going forward is less clear, and the risk is that the hard won gains of the last five years won't be maximised or built upon. At the same time, the fiscal devolution promised in the Local

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Government Finance Bill appears to have been put on hold. We believe business rates devolution could play a crucial role in supporting the development of local economies, by enabling local authorities to capture the fiscal benefits of economic growth within their area, giving them greater control over some of their revenues and how they spend them.

To address this lack of clarity around further devolved powers, both politically and economically, this project will explore **how can government and cities work together to drive economic prosperity across the country, both with and beyond fiscal devolution?**

- 4) **Consumer cities** - as well as places of production cities are also places of consumption, and specialist amenities and cultural activities tend to cluster there. This research will explore the relationship between amenities and economic performance across cities, why some cities play this role much more successfully than others, and the implications this has for them in terms of their attractiveness as places to live and invest. Another key aspect is funding. Whilst some of these amenities are driven by demand and private sector funded, other elements - particularly cultural activities - are part or fully funded by the public sector. Given the ongoing pressures on public finances, this project will also look at how much funding the public sector currently provides and (where possible) how this has changed, and make policy recommendations on how to address this.

Using evidence to design policy – Through our partnership with London School of Economics running the What Works Centre for Local Economic Growth we will work with cities, Mayoral Combined Authorities and Local Enterprise Partnerships to improve the way policy-makers design and **evaluate** economic policies. We will also work with the Office for National Statistics, the Government, the UK Statistics Authority and 'data-holders' to improve access to and use of data in cities across the UK.

Event priorities in 2018

We will continue to organise a programme of high quality public and private events to help achieve our mission and deliver our strategic priorities in 2018. This will include:

- **Hosting public events with the world's leading urban thinkers** through our popular *City Horizons* programme;
- Providing **opportunities to network** at the two main party conferences (a welcome reception, fringe event and round table discussions);
- **Private round table discussions** linked to our research priorities to help inform our work.

In all of these efforts, we will continue to work in partnership with city leaders across the UK, their counterparts in a growing number of international cities, business leaders and institutions, and decision-makers in Whitehall and Westminster.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT'
YEAR ENDED 31 DECEMBER 2017

REFERENCE AND ADMINISTRATIVE DETAILS

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

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

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

DIRECTORS AND TRUSTEES

The directors of Centre for Cities are its trustees for the purpose of charity law.
The trustees serving during the year were as follows:

Nigel Hugill (Chairman)

Stephen Ashworth

Susan Hitch Resigned on 01/06/2018

Greg Clark

Alexander Plant

Martin Reeves

Alan Wilson Resigned on 08/06/2018

Rosemary Feenan

Nicola Yates

Tom Riordan

Michael Parkinson Retired on 06/07/2017

Alison Newton Retired on 06/07/2017

Joanna Averley Resigned on 06/07/2017

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT'
YEAR ENDED 31 DECEMBER 2017

KEY MANAGEMENT PERSONNEL:

Andrew Carter	Chief Executive
Anna Bullegas	Head of Finance and Operations
Paul Swinney	Head of Policy and Research
Naomi Clayton	Policy and Research Manager
Toni Darton	Head of Fundraising

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Centre for Cities is a company limited by guarantee governed by its Articles of Association, last amended on 11 April 2011. It is registered charity with the Charity Commission.

Appointment of trustees

The Board of Trustees, who are also Members and Directors of the Charitable Company, is self-appointing. A trustee's period of office is 3 years from the date of appointment or reappointment. A trustee may be re-appointed by the trustees for a further period of 3 years.

New members of the Governing Body are elected on the basis of nominations from the Trustees and the executive officers based on the candidates' professional qualities, experience and personal competence.

The trustees who served during the year are shown on the information page (15).

Trustee induction and training

All new trustees are provided with an induction pack giving full details of how the Charity is constituted and operates. Any further information they require is provided by an appropriate senior person within the Charity.

Organisation

The Board of Trustees consists of not less than three (3) members and is not subject to any maximum. The Board is responsible for the overall governance of the Charity. It meets three times a year to oversee the affairs of the Centre. The Board appoints a Chief Executive to manage day-to-day operations of the charity.

Related parties

Upon appointment each trustee makes a full, written disclosure of interests, including relationships that may be of relevance to the Centre's work and posts held that could potentially result in a conflict of interest. This written disclosure will be kept on file and trustees are emailed annually to check that it is up to date. It can be updated at any time through the year.

In the course of meetings or activities, trustees disclose any interests in a transaction or decision where there may be a conflict between the organisations' best interests and the trustee's best interests, or a conflict between the best interests of two organisations with which the Trustee is involved.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT'
YEAR ENDED 31 DECEMBER 2017

In the current year no related party transactions were reported.

None of our trustees receive remuneration or other benefits from the charity.

Pay policy for staff including key management personnel

The pay of all staff, including senior staff, is reviewed annually. Current policy is to award all staff an increase in salary provided the Centre reaches a fundraising milestone set by the Finance and Audit Committee. The increase is based on a review of changes in cost of living during the course of the year and is agreed by the Finance and Audit Committee. All the Centre's salaries, including those of senior staff, are benchmarked against pay levels in similar organisations.

Risk management

The trustees introduced a formal risk management process to assess business risks and implement risk management strategies in 2008. The established risk assessment system involves identifying the types of threats the Charity faces, prioritising them in terms of impact and recommending controls to mitigate them.

The on-going risks continue to be around securing sufficient funding and ensuring our work is of high quality and policy relevant. The funding risks are mitigated by engaging with a wide-range of potential sponsors and building long-term relationships with them. To ensure our work is of the highest standard and relevance we have a quality assurance and policy relevance process in place, with internal and external checks at key stages to peer review our work and ensure it continues to be objective, independent, robust and rigorous.

The Board is satisfied that, for all major risks, appropriate controls have been put in place and maintained to mitigate those risks adequately.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT'
YEAR ENDED 31 DECEMBER 2017

Trustees' responsibilities in relation to the financial statements

The Charity's trustees (who are also the directors of Centre for Cities for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (Statement of Recommended Practice);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

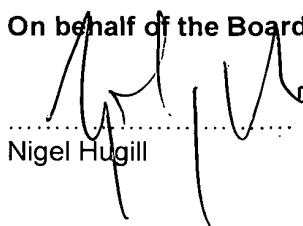
Disclosure of information to auditors

Each of the trustees has confirmed that there is no information of which they are aware, which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that H W Fisher & Company be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the Board of Trustees


Nigel Hugill

18/07/18
Date

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
YEAR ENDED 31 DECEMBER 2016

Opinion

We have audited the accounts of Centre for Cities (the 'charity') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
YEAR ENDED 31 DECEMBER 2016

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report included within the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

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

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

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
YEAR ENDED 31 DECEMBER 2016

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

24/1/18

CENTRE FOR CITIES
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Unrestricted Fund 2017 £	Total 2017 £	Total 2016 £
Income from:				
Donations	3	800,000	800,000	800,000
Charitable activities:				
Research		187,279	187,279	213,915
External Affairs		220,466	220,466	54,690
What Works Centre		261,775	261,775	225,725
Income from Investments	4	1,740	1,740	4,328
Total		1,471,260	1,471,260	1,298,658
Expenditure on:				
Charitable activities:				
Research-Policy	5	642,778	642,778	601,522
External Affairs		410,126	410,126	506,049
What Works Centre		261,775	261,775	225,882
Total		1,314,679	1,314,679	1,333,453
Net income/(expenditure) and net movement in funds		156,581	156,581	(34,795)
Reconciliation of funds				
Total Funds brought forward		695,201	695,201	729,995
Total funds carried forward		851,782	851,782	695,201

All funds in the comparative year (Note 18) were unrestricted.

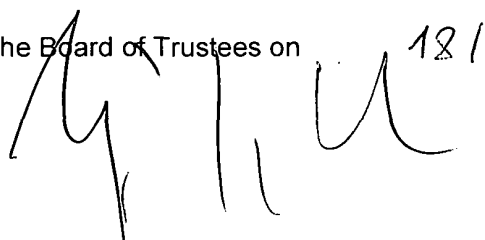
The notes on pages 25 to 34 form part of these accounts

CENTRE FOR CITIES
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2017

		Unrestricted Fund 2017 £	Total 2016 £
	Notes		
Fixed assets			
Tangible assets	11	97,539	116,459
Total fixed assets		<u>97,539</u>	<u>116,459</u>
Current assets			
Debtors	12	367,175	293,493
Cash at bank and in hand		1,337,800	1,176,026
Total current assets		<u>1,704,975</u>	<u>1,469,519</u>
Liabilities			
Creditors falling due within one year	13	950,732	890,777
		<u>950,732</u>	<u>890,777</u>
Net current assets		<u>754,243</u>	<u>578,742</u>
Total assets less current liabilities		<u>851,782</u>	<u>695,201</u>
Funds	15	851,782	695,201
Unrestricted funds:		<u>851,782</u>	<u>695,201</u>

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

Nigel Hugill
Trustee

18/04/18 and


The notes at pages 25 to 34 form part of these accounts

CENTRE FOR CITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of cash flows	Note	Total funds £	Prior year funds £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	17	<u>177,994</u>	<u>673,588</u>
Cash flows from investing activities:			
Interest receivable		1,740	4,328
Purchase of tangible fixed assets		(17,961)	(1,614)
Net cash provided by (used in) operating activities		<u>161,773</u>	<u>676,302</u>
 Change in cash and cash equivalents in the reporting period		 <u>161,773</u>	 <u>676,302</u>
 Change in cash and cash equivalents at the beginning of the reporting period		 1,176,027	 499,724
 Cash and cash equivalents at the end of the reporting period		 <u>1,337,800</u>	 <u>1,176,026</u>

The significant increase in cash and cash equivalent is the result of the early receipt of our grant for 2018.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 ACCOUNTING POLICIES

Accounting policies provide the basis on which the accounts are prepared and explain the accounting treatment of material transactions or items in the accounts.

(a) Basis of preparation of accounts

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2016) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical or transaction value unless otherwise stated in the relevant policy note(s).

(b) Recognition of income

Income under grants, donations or sponsorship is recognised in the financial statement on a receivable basis. Income under contracts is recognised in the financial statement to the extent that entitlement to the income has been earned during the year through completion of the contract.

(c) Interest receivable

Interest on funds held on deposit is included when receivable. The charity records it upon notification from the Bank.

(d) Funds

Funds which are expendable at the discretion of the Trustees in furtherance of the objectives or administration of the Charity are classified as unrestricted funds.

Restricted funds are funds which are subject to specific trusts and are expendable at the discretion of the trustees in furtherance of some particular aspect of the objects of the charity.

(e) Gift in kind

For accounting purposes, the recognition value of the gift in kind is the fair market value of the donated item. The fair market value is the price that would be agreed upon between a willing buyer and willing seller, with neither being required to act and both having reasonable knowledge of the facts.

(f) Cash at bank and in hand

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

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(g) Debtors

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

Prepayments are valued at the amount prepaid net of any trade discounts due.

(h) Expenditure and recoverable VAT

All expenditure has been recognised on the accruals basis.

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

(i) Financial instruments

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

(j) Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised as their settlement amount after allowing any discounts due.

(k) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include HR, finance, payroll, governance and well as general office costs which support Centre for Cities' activities. The basis on which support costs have been allocated are set out in note 6.

(l) Operating leases

The charity classifies the lease of the photocopier as an operating lease. The photocopier remains with the lessor and is replaced every 5 years. The rental costs are charged on a straight line basis over the term of the lease.

(m) Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental expenses of acquisition and unrecoverable VAT where appropriate. All assets costing more than £1000 are capitalised.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives. Depreciation is charged from the month of acquisition. The principal estimated useful lives for this purpose are:

Computer equipment and software - 3 years

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Fixtures and Fittings - 5 years
 Leasehold Improvements - Over the life of the lease

To the extent that VAT is irrecoverable the cost is included and identified separately within the contract or functional area to which it relates and where appropriate VAT on Fixed Assets is capitalised.

(n) Pension Costs

The Charity has a money purchase scheme for qualifying employees. Pension costs charged to the statement of Financial Activities represent the contributions payable by the Charity in the period (see Note 8).

(o) Critical accounting estimates and judgements

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

2 Company status

Centre for Cities is a company limited by guarantee and has no share capital.

Every member of the charity undertakes to contribute such amount as may be required (not exceeding £10) to the Charity's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Charity's debts and liabilities contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves. Its registered office is 9 Holyrood Street, 2nd Floor, London, SE1 2EL.

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

3 Donations

	Total 2017 £	Total 2016 £
Core Grant	800,000	800,000
	<u>800,000</u>	<u>800,000</u>

In 2016, Centre for Cities received a donation of £800k. The donation was an annual core grant from Gatsby Foundation, Lord Sainsbury's family charitable trust.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4 Investment Income

Centre for Cities investment income of £1,740 arises from money held in deposit accounts.

5 Analysis of expenditure on charitable activities

	Research- Policy	External Affairs	What Works Centre	Total
	£	£	£	£
Staff Costs	403,371	155,114	189,411	747,896
Projects Direct Costs	4,729	151,296	2,016	158,041
Premises	95,658	34,584	30,463	160,705
Depreciation	21,953	7,937	6,991	36,881
IT & Communication	11,502	4,159	3,663	19,324
Printing & Stationery	5,217	1,887	1,661	8,765
Miscellaneous Office Costs	39,229	29,000	3,673	71,902
Legal, Professional and Insurance Costs	3,340	1,208	1,064	5,612
Support Costs (note 6)	54,981	23,930	21,942	100,853
Governance Costs (note 7)	2,798	1,011	891	4,700
Total	642,778	410,126	261,775	1,314,679

Expenditure on charitable activities was £1,314,679 (2016: £1,333,453). All expenditures were unrestricted. Most of the costs in the above table (note 5) relate to staff, project direct costs and premises.

Staff costs consist of gross pay, employer NI and pension costs and are directly attributable to Centre for Cities' activities. Other staff costs are part of support costs.

Projects' direct expenditures are made up of costs that relate to events and research. Events costs include venue and equipment hire, catering, travel and accommodation costs. Costs related to research projects include data, polling and printing of reports. Premises costs include rent and rates, service charge, office security and insurance.

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

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

6 Analysis of support and governance costs

Centre for Cities initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the three charitable activities (see note 5) in the year. The table below shows analysis of support and governance costs and basis of apportionment.

	General support	Governance function	Total	Basis of apportionment
Salaries	79,884	17,995	97,879	Allocated on time
Information Technology	1,749	0	1,749	Cost
Audit fees	0	4,700	4,700	Governance
Legal & other professional fees	1,225	0	1,225	Governance
Total	82,858	22,695	105,553	

7 Net income/(expenditure) for the year

This is stated after charging:	2017	2016
Operating leases - photocopier	1,356	1,053
Depreciation	36,881	36,855
<i>Auditor's remuneration:</i>		
Audit fees	4,700	5,050

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

	2017 £	2016 £
Wages and salaries	708,805	695,901
Social security costs	65,495	63,894
Pension costs	71,475	74,247
	845,775	834,042

	2017	2016
Employees earning between £60,001-£70,000	1	0
Employees earning between £70,001-£80,000	0	0
Employees earning between £80,000-£90,000	0	2
Employees earning between £90,001-£100,000	1	0

Pension contributions in respect of higher paid employees totalled £17,278 (2016: £18,270).

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

The total employee benefits received by the key management personnel listed on page 16 were £332,958 (2016: £318,802).

9 Staff numbers

The average monthly head count was 17.5 staff (2016: 18.6 staff) and the average monthly number of the full-time equivalent employees during the year was as follows:

	2017	2016
Research	10	10
External Affairs	4	5
WWC	3	3
Governance	0	0
	17	18

10 Related party transactions

There were no related party transactions.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets

	Leasehold Improvements £	Fixtures and Fittings £	Computer Equipment £	Total £
Cost or book value				
At 1 January 2017	109,246	35,614	39,598	184,458
Additions		0	17,961	17,961
At 31 December 2017	109,246	35,614	57,559	202,419
Accumulated depreciation				
At 1 January 2017	26,022	9,724	32,253	67,999
Charge for year	21,860	6,801	8,220	36,881
At 31 December 2017	47,882	16,525	40,473	104,880
Net book value				
At 31 December 2017	61,364	19,089	17,086	97,539
At 31 December 2016	83,224	25,890	7,345	116,459

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

12 Debtors

	Total 2017 £	Total 2016 £
Due within one year:		
Trade Debtors	177,517	125,469
Prepayments	53,588	52,024
Other debtors	136,070	116,000
	367,175	293,493

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13 Creditors: amounts falling due within one year

	Total 2017 £	Total 2016 £
Trade creditors	16,946	14,012
Taxation and social security	53,708	40,046
Accruals	35,935	29,546
Deferred income	831,643	807,173
Other creditors	12,500	0
	950,732	890,777

14 Deferred income

Deferred income comprises of advance grant from the Gatsby Foundation received in 2017 for research programme in 2018 and sponsorship income

Balance as at 1 January 2017	807,173
Amount released to income earned from charitable activities	(807,173)
Amount deferred in year	831,643
Balance as at 1 January 2018	<u>831,643</u>

15 Funds of the charity

The fund of £851,782 on 31 December 2017 was unrestricted.

16 Operating lease commitments

At 31 December 2017, the charity had the following operating lease commitments:

	2017	2016
Not later than one year	119,463	119,463
Later than one year and not later than five years	219,014	338,479

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

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

	2017	2016
Net income/(expenditure) for the reporting period (as per statement of financial activities)	156,581	(34,795)
Adjustments for:		
Depreciation charges	36,881	36,855
Interest receivable	(1,740)	(4,328)
(Increase)/decrease in debtors	(73,683)	(29,095)
Increase/(decrease) in creditors	59,955	704,950
Net cash provided by (used in) operating activities	177,994	673,588

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18 Comparative statement of financial activities

	Notes	Unrestricted Fund 2016 £	Total 2016 £
Income from:			
Donations	3	800,000	800,000
Charitable activities:			
Research		213,915	213,915
External Affairs		54,690	54,690
What Works Centre		225,725	225,725
Income from Investments	4	4,328	4,328
Total		<u>1,298,658</u>	<u>1,298,658</u>
Expenditure on:			
Charitable activities:	5		
Research-Policy		601,522	601,522
External Affairs		506,049	506,049
What Works Centre		225,882	225,882
Total		<u>1,333,453</u>	<u>1,333,453</u>
Net income/(expenditure)		(34,795)	(34,795)
Reconciliation of funds			
Total Funds brought forward		<u>729,995</u>	<u>729,995</u>
Total funds carried forward		<u>695,201</u>	<u>695,201</u>