**City Region Debates**

**Rebalancing the UK economy**

What is the role of places and how can we rebalance the UK economy? This was the question facing the panel at the Royal Geographical Society on Tuesday 21st October. Entitled ‘Cities, growth and rebalancing the UK economy’ the event considered how to counteract the dominance of London in the UK economy and promote growth elsewhere. Led by a panel from business and academia, the discussion highlighted five notable points.

This is not a new problem but it is a worsening one. For a century or more investment and growth has concentrated in London at the expense of the rest of the UK. However, it has been worsening in the past 30 years with a widening gap between London and other regions. It was argued that this is, at least partly, due to the concentration of institutions in London and the significant level of public expenditure focused on London. Rebalancing the economy needs action to tackle both of these disparities.

Is big necessarily better? The panelists argued that big is definitely better. Places need to be big enough to reap the positive externalities provided by economies of scale. However, cities can be too big, where the costs of growth – such as congestion, pollution, and spiraling housing costs – outweigh the benefits. The south of England, it was claimed, has reached this stage providing an additional argument for rebalancing the UK economy. In part, this is already happening with 30-somethings leaving London and moving to Manchester and other vibrant cities in search of cheaper housing and a better quality of life.

Should there be one, two or many nodes? It was accepted that the current move towards promoting ‘powerhouses’ outside of London is crucial to any approach aimed at rebalancing the economy. For some on the panel this equated to supporting one key node, with the northern powerhouse of Manchester-Leeds the preferred option. Others did not express an opinion. But what about those areas outside of selected powerhouses? Therein lies the political challenge.

What a place offers is an essential part of its fortunes. It is not enough just to be big. The message from business is clear. Skills and flexibility are essential; a constant supply of talent is needed; the environment must support innovation, and policies and planning should be consistent. Connectivity is also crucial in order to reap the gains of agglomeration, but this should begin to emphasise east-west links rather than those that are north-south. Improving connections to London will not provide the required gains. Above all, the panel noted the importance of making choices and prioritizing investments.

Strong city governance and leadership is crucial. There has to be a sense of direction plus the ability to make difficult choices in prioritizing investment. This was the lesson to be learnt from the experience of London and its mayor. City governance can enable change, or constrain change. But for the gains of leadership to be realised there has to be a real devolution of powers and responsibilities. Cities are themselves active agents, and currently have different capacities to respond to the challenges that they face.

Cities are remarkably adaptive environments. The overall message of the event was one of optimism. Places do change and our cities have moved from vacant lots to thriving centres, often through the actions of urban developers such as Urban Splash providing new residential spaces in old buildings and the actions of a new generation of urban entrepreneurs, often working in the creative industries. Rebalancing the UK economy we were reminded is not a zero-sum game but rather aims to promote greater growth in regions outside of London and the greater South East of England.

However, a number of questions were left unanswered. For observers from Wales and Scotland the debate was very focused on England. Where a focus on a northern powerhouse might leave the Cardiff Capital Region should be a matter of some concern, particularly given that Cardiff, alongside Bristol, have recorded the strongest levels of employment growth in the UK’s core cities in recent years. It was also somewhat ironic that an event focused on rebalancing the economy away from London, which identified the concentration of institutional activity in London as one of the key problems, should itself have been held in London. Whilst it is good to see the debate being articulated, finding a solution will clearly take some time.

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