

LONDON, UK:
STRENGTHENING
TIES BETWEEN
CAPITAL AND
COUNTRY

Jack Brown

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Jack Brown is a Senior Researcher at Centre for London and joined in May 2018. His research interests include governance, development and regeneration, and the history of London. Jack is also Lecturer in London Studies at King's College London. Jack holds an MA in Contemporary British History, and a PhD in Political Science, written on the regeneration of London's Docklands and the emergence of the Canary Wharf development.

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Foreword

London plays a pivotal economic, political and cultural role at the heart of the UK. This report illustrates some of the many ways in which other towns, cities and regions share in the benefits of the capital's success. It is also a reminder that growth across the country need not be pursued at the expense of London's economic performance. Regional growth is not a 'zero-sum' game, and there are a variety of ways in which different UK cities, towns and regions can complement, rather than compete, with each other.

The report highlights the wide range of measures that London's politicians, businesses and cultural institutions are already taking to strengthen ties with partners across our country. This is something we welcome and want to build upon.

There is certainly much more work to do to bridge the divide between London and the rest of the nation. While Londoners are immensely proud of the success of our capital city, that sentiment is not always shared across the country. Part of the explanation for this lies in the fact that not enough people feel like they are able to share in the prosperity that London generates. In such politically volatile times, our city's leaders and institutions have a responsibility to raise awareness about London's contribution - not only to our national economy, but to our civic life. Only by doing this can we hope to make progress towards a more successful and 'United' Kingdom.

As the report also reveals, London does face its own challenges. Whilst there is great wealth in parts of the capital, there are still too many disadvantaged areas where many Londoners are missing out on the chance to reach their potential. London's own institutions of governance are best placed to meet these challenges but, just like other local government and devolved administrations across the country, more resources and control are needed to effect meaningful change.

Ultimately, this report shows that London's role is unique. We share many common features and

challenges with other parts of the country, and our success or failure is completely intertwined with that of the wider nation – but our sheer size and growth, as well as London’s perceived dominance, can at times attract scrutiny and arouse a certain level of anger and anxiety. London’s scale clearly offers opportunity, but we should be in no doubt that it also brings with it a responsibility to reach out and engage with other towns, cities and regions. We welcome the challenge to strengthen these connections. London is a creative, inclusive, dynamic city that the entire country should be proud of – and we are committed to making that happen.



Sadiq Khan,
Mayor of London



CLlr Peter John OBE,
Chair, London Councils



CLlr Nickie Aiken,
Leader of Westminster City Council



Catherine McGuinness,
Chair of the Policy and Resources Committee,
City of London Corporation

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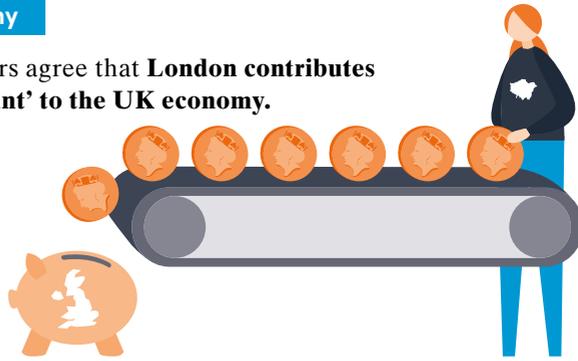
What do Brits think of London?

It's good for the economy

77 per cent of non-Londoners agree that **London contributes either 'a lot' or 'a fair amount' to the UK economy.**

'London is the UK's engine'.

Council leader,
Lincolnshire



But it's expensive, crowded and uninviting

London is seen as expensive (47 per cent) and crowded (43 per cent) by non-Londoners.

crowded
Expensive

It's something to be proud of, but pride is falling

Over **half of Brits feel proud of London** as the UK's capital city, but this figure falls with distance from London and has reduced since 2012.



London is part of the Westminster bubble

Non-Londoners **primarily think of London's role as the home of Parliament and government (22 per cent).**

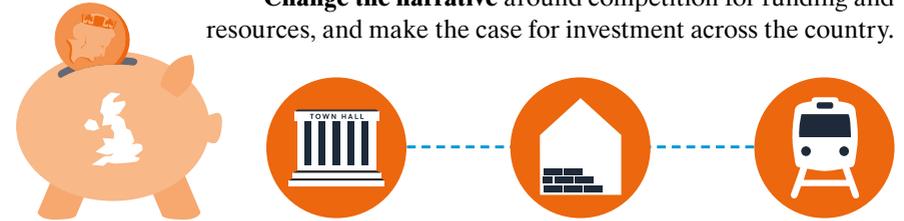
'I think London is brilliant – but there's London, and there's Westminster'.

Leader, city promotional agency, Manchester

How do we improve London's relationship with the rest of the UK?

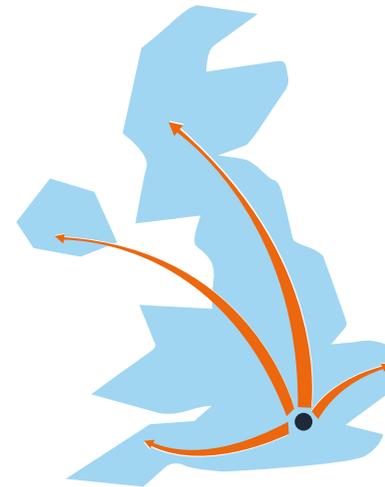
Change the narrative

Change the narrative around competition for funding and resources, and make the case for investment across the country.



Devolve now

Devolve powers to allow individual cities and regions to meet their needs, while reducing Whitehall's dominance.



Tell Brits that "London is Yours"

Launch a new narrative for London with a campaign modeled on 'London is Open'.

LondonisYours

Joint investment initiatives



Alliance of UK Mayors



Regional embassies



Knowledge sharing



Cultural exchange programmes



Strengthen the spokes

Strengthen the spokes to ensure that towns, cities and regions reap the benefits of the capital's success, and vice-versa.

Summary

London is a global powerhouse and a powerful engine for the national economy...

- Greater London's 8.8 million residents account for 23 per cent of the UK economy, with just 13 per cent of the national population, and form part of a 'Wider South East' of 24 million people.¹
- London is one of a small number of elite world cities around the globe, competing economically with New York and Paris rather than Birmingham and Manchester.²
- Greater London pays more in tax than it receives in public spending: in 2016/17, London's 'fiscal surplus' was £32.6 billion.³
- London also contributes heavily to other regional economies through intra-UK trade, supply chains, and employment in London-headquartered international businesses.

...but its relationship with the rest of UK has become increasingly strained.

- Public spending cuts have heightened tensions over the 'fair share' of limited resources between regions.⁴
- Media commentary has increasingly focused on regional imbalances and on 'toxic relations' between the capital and the rest of the UK.⁵
- The 2016 EU Referendum served to highlight differences between Greater London (which voted 60:40 to Remain) and the rest of the country.
- And recent debates over the regional allocation of transport spending have exacerbated tensions.

People across the country express pride in London and acknowledge the capital's role...

- Polling shows that twice as many Brits say they are proud of the capital as those who are not (56 and 28 per cent, respectively).
- 77 per cent of non-Londoners agree that London contributes a lot or a fair amount to the UK economy – and decision-makers across the country interviewed for this report also agree.
- London's role as a global hub for business and investment is also widely appreciated by decision-makers.
- Those Brits who visit London once a year or more have notably more positive views than those who do not.
- There is very little interest outside London in moving institutions like Parliament, national museums or government departments elsewhere in the UK.
- And there are many emerging, but often unremarked, examples of London's political, business and cultural institutions working with regional partners to mutual benefit.

...but London does also have some serious reputational problems.

- Non-Londoners see the capital as expensive and crowded, with Londoners themselves thought to be arrogant and insular.
- London is also seen as inaccessible: 78 per cent of non-Londoners polled said that they felt that living and working in the capital was not an option for them.

- Only 16 per cent of non-Londoners feel that the capital contributes a lot or a fair amount to their local economy.
- Pride in London as a capital is highest in the South of England, falling to 51 per cent in the North and 39 per cent in Scotland – and appears to have declined since 2012.
- Local leaders feel that the location of central government in Westminster and Whitehall leads to ‘London-centric’ national policymaking.
- London’s size and sheer magnetism can make it difficult for other regions to compete with it.
- And both previous polling and interviews for this report suggest that there is a widespread feeling that London gets more than its ‘fair share’ of public money.

Some perception issues may be based on misconceptions...

- Whilst London does receive a lot of public spending, it contributes far more in taxation, which is then redistributed around the UK – all regions outside of the Wider South East (London, South East and East of England) are net receivers.
- Londoners have less disposable income on average than their UK counterparts, after housing costs.
- London is also a much more heterogeneous place than is often acknowledged – even London’s wealthiest boroughs have pockets of severe deprivation, and some boroughs recorded some of the UK’s highest Leave votes in the EU referendum.
- Polling revealed that non-Londoners who do not regularly visit, or have never visited, the capital have more negative opinions of it.

...but London still has work to do to improve and strengthen its relations with the rest of the UK:

- **Change the narrative:** London's political, business and cultural institutions have a powerful role to play in articulating the message that neither infrastructure investment, nor regional growth, are 'zero-sum' games – addressing regional inequalities by boosting other UK cities, towns and regions is in the interests of all.
- **Devolve now:** Real devolution of power to the UK's towns, cities and regions - including London - would make for better governance and reduce the significance of central government's location in SW1.
- **Show London cares:** London must also act more immediately to address its poor national reputation. London must demonstrate that it cares, and that it wants to perform better in its civic duty as a capital city, as well as its global role.
- **Strengthen the spokes:** The capital's dynamic economy and its role as a 'hub' for innovative new ideas, talented people and investment from around the world are crucial for the UK - but the 'spokes' that share out its advantages across the UK need strengthening.

Summary of recommendations

Recommendations for the Mayor of London, Greater London Authority and London boroughs

Recommendation 1: 'London is Yours'

The Mayor of London and mayoral agencies should launch a domestically-targeted 'London is Open'-style campaign, entitled 'London is Yours', to restate London's commitment to its role as England and the UK's capital, explicitly stating that it is in London's interests for the UK's other cities and regions to succeed, and that the capital does not seek growth at the expense of any other region, nor devolution in order to hoard resources.

London and central government must also work together to explore ways to make London's culture and tourism offer, and particularly those relating to its 'national' institutions, more accessible and advantageous for those visiting from elsewhere in the UK. The Mayor, the Greater London Authority and London boroughs must work alongside the capital's businesses and anchor institutions to ensure that London's cultural offering and business expertise is shared more widely with the rest of the country.

Recommendation 2: Mayoral networks

The Mayor of London should play a prominent role in further developing the emerging mayoral network and establish a UK Alliance of Mayors. This alliance would advocate for solutions to shared problems, and for further devolution in the UK. Joint mayoral delegations can play a role in pitching for 'multi-region' overseas investment to the UK.

Recommendation 3: Make the case for further devolution and comprehensive infrastructure investment

London's leaders should continue to make the case that infrastructure investment across the country should not be a 'zero-sum game'.

Recommendations for central government

Recommendation 1: Devolution

A post-Brexit UK must see power devolved, with decisions taken as close to those who they affect as possible, in London and across the country. Central government must commit to a major review of where power lies in the UK, and appoint a Cabinet Minister for Devolution to oversee the process.

Recommendation 2: Invest in infrastructure

Infrastructure is key to addressing regional imbalances. National government must invest more in infrastructure across the UK – and devolve more funding and decision-making, along the lines set out by the National Infrastructure Commission. The ‘lock-step’ arrangement for Crossrail 2 and Northern Powerhouse Rail must mean ‘do both’, not ‘do neither’.

Recommendation 3: Better data, better debate

Better city-level data is needed, and better measures must be found to accurately represent the strength of regional economies. These measures can and must be improved, to more accurately explain London’s relationship with the rest of the country – but all parties must ultimately also learn the lessons of the EU Referendum; to ‘get beyond the figures’ and make the emotional and more ‘human’ case for a more united nation.

Recommendation 4: Civil service secondments

Civil servants in Whitehall should be expected to undertake temporary ‘job swaps’ with local government officials, including London boroughs, to provide greater experience and insight into the challenges and opportunities faced by elected authorities beyond Westminster.

Recommendations for London's businesses and anchor institutions

Recommendation 1: Cultural connections

The practice of London's 'national' cultural attractions going 'on tour' should be built upon and expanded – and applied to people and performance, as well as artworks and exhibits. Exchange programmes should be established to ensure that young people across the UK benefit from London's world-class cultural offering, whether by visiting the capital or the capital coming to them. A national inter-city school exchange programme could also help build a stronger sense of collective national identity.

Recommendation 2: Knowledge sharing

London's public, private and third sector institutions, following the lead of the Mayor of London's Office, Transport for London and London & Partners, as well as the tone set by 'London is Yours', must reach out to partner institutions across the country even more than they do so today, to share ideas, experience and knowledge.

Recommendation 3: Strengthen the spokes

London is a global 'hub' for tourism, business and investment. More must be done to strengthen the 'spokes' that draw these advantages out across the UK. Excellent joint initiatives designed to spread the benefits of international tourism across the UK should be built upon and developed. London's private, public and third sector organisations must also commit to work with partners outside the capital to more frequently and successfully apply this model to preparing joint investment strategies for international business.

Recommendation 4: Regions in the city

London's governance and business institutions must work together with the Department for International Trade to investigate how to provide spaces in the capital where regional businesses can take advantage of its connections to the rest of the world, and help develop stronger spokes from London's international hub, drawing investment out across the country.

Introduction

London has played a significant and arguably oversized role in the United Kingdom (UK) for several centuries. Today, the capital is a thriving world city of almost nine million residents, responsible for nearly a quarter of the national economy. London is the UK's global hub, attracting business, investment and people from around the world. Alongside the rest of the 'Wider South East' (including the South East and East of England regions), its economy is steaming ahead of the rest of the UK, and the gap is rapidly widening.

But this has occurred amidst a climate of national austerity, following a financial crash widely perceived to have arrived in the UK via the capital, where much of the financial service sector is headquartered. Rising Scottish nationalism came close to dividing the United Kingdom in a close-run referendum in 2014. And national government and media are currently focused on the result and ramifications of another divisive poll on Britain's future place within the European Union (EU). This time, Londoners had a vote - and a majority of them voted with the losing side.

These events have seen increasing debate over London's economic and cultural role, and whether this represents an unhealthy dominance of the UK. Many commentators have argued that the capital is becoming a 'city-state', uninterested in or unable to understand the rest of the country. Opinion polling of those outside of the capital suggests that London does have a perception problem. The age-old critique that the capital's magnetic pull is responsible for sucking the life out of the rest of the UK has also re-emerged. In 2013, then-Business Secretary, Vince Cable, branded the capital a 'giant suction machine', with the Scottish National Party's Alex Salmond describing London as the UK's 'dark star' the following year. But as Cambridge Professor, Ron Martin, observes: 'concern over an economy tipped too far towards London is actually nothing new. We have been here before, repeatedly.'⁶

The growth of London and its economy has been so powerful in recent decades that it is often forgotten that London was in economic, demographic and

physical decline as recently as the 1980s, with parts of Inner London seemingly terminal. Today, despite the tremendous wealth generated in the capital, Londoners are on average less well off than their UK counterparts after housing costs. The strength of London's economy comes with its own problems; from sky-high property prices and increasing congestion to air pollution and inequality. London's councils face more than their fair share of challenges.

So London's future success, and its contribution to taxes and economic activity across the UK, is far from guaranteed. Equally, it is in London's interests for other regions, cities and towns across the UK to grow. A more economically, politically and culturally balanced nation is in everyone's interests. London's government, businesses and other anchor institutions are increasingly working with regional partners to this end. But there is much more to be done.

This report begins with a review of relevant facts and figures about London, Londoners, and the capital's relationship with the rest of the UK. Chapter 2 reports on the findings of Centre for London's opinion polling and 'deep dive' interviews with decision makers across the UK, in order to establish how London is perceived now, and how this has changed over time. Chapter 3 highlights some of the ways in which the capital is also working with other regions and cities behind the scenes, followed by Chapter 4 which makes recommendations as to how this could be further strengthened and improved upon.

Two annexes add context. An historical overview charts the evolution of rhetoric and policy concerning rebalancing the UK economy away from London, focusing on the postwar years up to the present day. Three international case studies then outline how comparable capital cities in heavily centralised nation states are currently attempting to deal with similar challenges.

This report seeks to correct some misconceptions about London. But it also serves as a reminder to London's business, cultural and governance institutions that the capital has work to do in communicating that it is not exclusively self-interested, and that it takes its

national role as the capital city of England and the UK seriously. Simply stating that the capital redistributes its wealth around the country via taxation is not enough. This report attempts to get beyond the figures and make the case for London's place at the heart of its nation.

1.

London today

London is the largest city, within the largest country, in the United Kingdom. Alongside housing Parliament and government departments, the capital also contains the majority of national media, national galleries and museums, the Bank of England and the national football stadium.

In 2017, nearly 20 million international tourists visited London, and 78 million passengers passed through Heathrow, the busiest of the capital's five major international airports. London is home to several of the world's top universities and is the number one city in the world for foreign direct investment.⁷ As Henry Mance of the *Financial Times* describes, London 'dominates its country politically, culturally and economically like few other cities; it is the birthplace of modern democracy, Charlie Chaplin and Pret a Manger.'⁸

But this slightly bizarre list of historic achievements belies a more serious point. Commenting on the effects of London's dominance on the 2016 EU Referendum for an American audience, Cambridge historian Peter Mandler observed, 'It's as if Hollywood, Wall Street, the Beltway, and the hipper neighborhoods of New York and San Francisco had all been mashed together.'⁹ For Mandler, this amounts to a 'toxic combination'.¹⁰ London's dominance in so many areas is not entirely deliberate, nor necessarily planned. Nor is it unique internationally. But there are elements of London's current position, and its relationship with the UK as a whole, which are unique, and warrant attention. And London's sheer size cannot be ignored.

This chapter outlines some key facts about London, and about Londoners, in order to inform the following chapters. Some myths are rebutted, and some important realities are highlighted in an attempt to better inform debate about what should be done to improve London's relations with the rest of the UK.

London's economy

London is the only UK city to be treated as a statistical 'region' in its own right. This Greater London region has a larger population than most other UK statistical

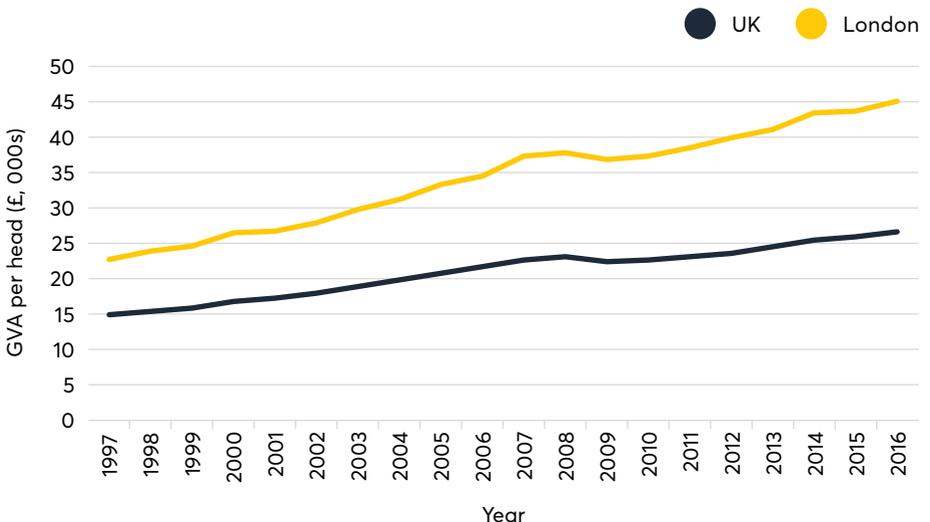
regions, but comparing London with Scotland or the South West is not comparing like-with-like and has some issues. London is governed primarily as a city, rather than a region. In practical terms, London is economically tied to the 'Wider South East', including the South East and East of England. However, comparing the Wider South East to other regions, or London to other UK cities is also imperfect, given the huge size disparities. The Office for National Statistics treats London as a region, and so the data below is the best available, but it is worth bearing this caveat in mind throughout.

London's economy is crucial to the rest of the UK. In economic terms, London is:

1. Performing better than most

London generates a significantly higher rate of GVA per head (the most widely used measure of economic output) than the UK average, and the gap between London and the UK average is also growing, as Figure 1 demonstrates. Whilst it appears that productivity growth has slowed or even stalled in London, the capital's economy still continues to grow and pull away from the rest of the UK.¹¹

Figure 1: GVA per head, London vs UK average, 1997-2016



Source: Office of National Statistics

2. A fiscal redistributor

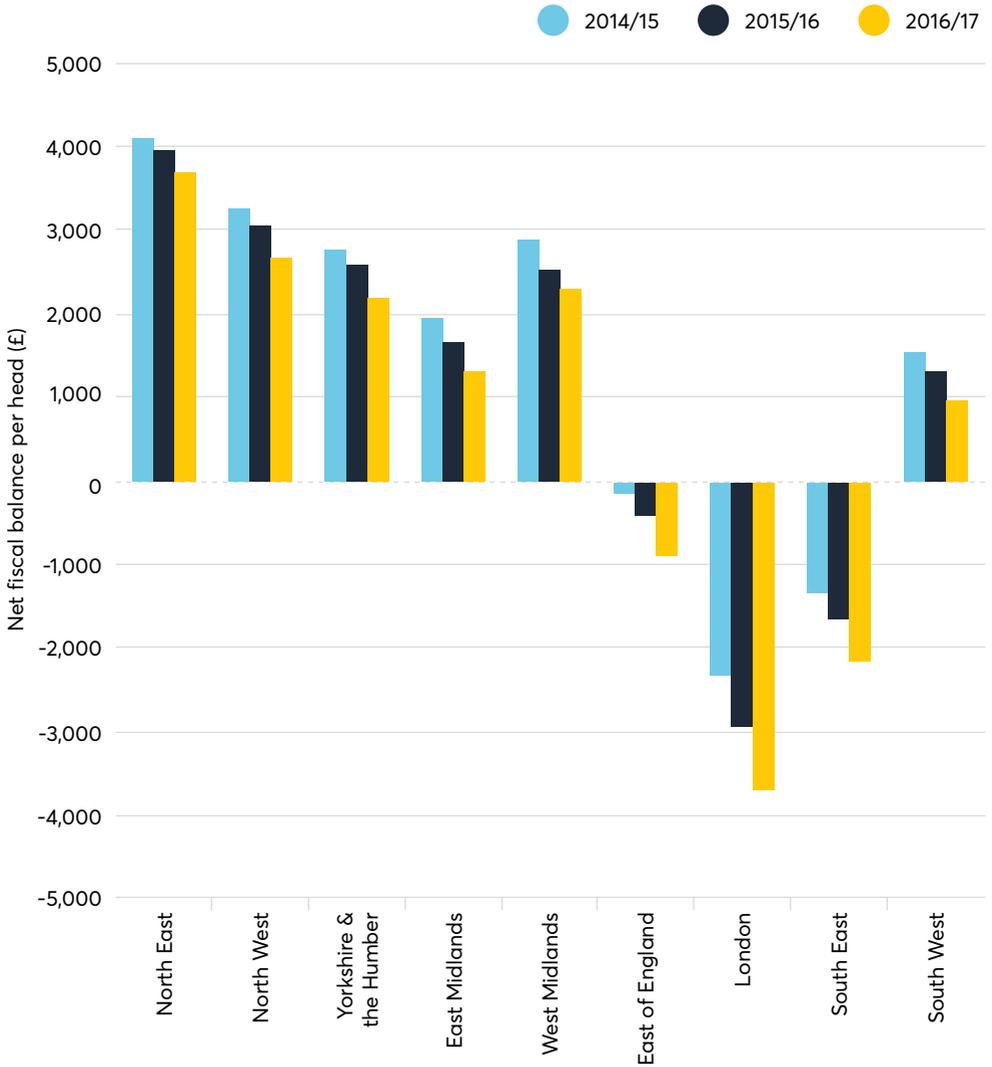
London has been a net exporter of taxes to the rest of the UK for well over a decade, 'paying in' an average of £12.7 billion a year more through taxation than it received in public spending in the ten years up to 2014.¹² All other regions of the UK, outside of London and the 'Wider South East', have fiscal deficits – in other words, their residents receive more in public spending than they pay in through taxation. And the extent to which Londoners subsidise other parts of the country has only increased in recent times, with London's 'fiscal surplus' reaching £32.6 billion in 2016/17.¹³ Londoners (like the rest of the Wider South East) have been 'paying in' more and more per head on average each year, as Figure 2 demonstrates.¹⁴

3. An economic hub

London-headquartered businesses are responsible for 1.9 million UK jobs outside of the capital, or 5.8 per cent of non-London jobs in the UK. Overall, London is responsible for 29.5 per cent of all jobs in Britain.¹⁵ London's role as the UK's global hub, drawing international investment to the country, can also then see investment and jobs travel outwards from the capital to elsewhere in the UK. Two thirds of financial services jobs in the UK are based outside of London, for example, but nearly 40 per cent of all of these are in a London-based firm.¹⁶ Between 2003-15, 12 per cent of all UK Foreign Direct Investment projects outside London stemmed from an investment in the capital. These 'London+' investments contributed £7.6 billion to the UK economy over that period and were responsible for creating over 38,000 jobs.¹⁷

In addition, London is responsible for a sizeable amount of intra-UK trade. The Greater London Authority (GLA) estimated that London bought over £405 billion's worth of goods from the rest of the UK in 2014, with around £290 billion's worth going the other way.¹⁸ Supply chains for London-based projects provide jobs across the country – two thirds of jobs in Transport for London's (TfL's) supply chain are outside of London, for example.¹⁹

Figure 2: Net fiscal balance per head by region, 2015/16 to 2016/17



Source: Office of National Statistics

4. A high public spending city

Whilst London contributes notably more to other regions through taxation, via the Treasury, than it receives from central government, it does still receive a substantial amount of public money overall. The British Academy has observed that in 2016/17, London was the English region that received the highest amount of overall public spending per head, with the South East receiving the least.²⁰ But London's higher spending is at least partly due to the higher costs of providing services in the capital – infrastructure and staffing costs are higher in London, for example.²¹ Additionally, as Figure 3 demonstrates, if London is treated as a part of the 'Wider South East' (as Manchester or Birmingham are within their regions) then the amount of money that this region receives is just below the UK average.²²

Nevertheless, public spending in London often has more visible outcomes. Over the last five years, Londoners have received twice the UK average per capita spent on transport.²³ A much higher share of total public spending in London is attributable to capital investment than is the case outside of the Wider South East.²⁴ Much of this investment creates highly visible infrastructure projects, generating understandable resentment. Crossrail (most recently estimated at £15.4 billion), the regeneration of King's Cross station (which has seen approximately £3 billion of construction investment), or even the Olympic Park (the legacy of an Olympic Games that cost £8.77 billion) are obvious examples.

London still contributes substantially more to the national purse than it takes out, and transport investment in the capital is essential to maintaining this level of contribution. Additionally, central government's contribution to London's infrastructure is reducing substantially, with London and Londoners contributing more than is often recognised (none of the three projects mentioned above were funded by central government alone). However, the visibility and scale of London's projects can still lead to the perception that London gets more than its fair share. This should also be put within the context of at least three decades of historic

Figure 3: Total identifiable expenditure on services by country and region, £ per head 2012/13 to 2016/17

	2012-13 outturn	2013-14 outturn	2014-2015 outturn	2015-16 outturn	2016-17 outturn	Index: UK identifiable expenditure (2012-17 average=100)
North East	9,284	9,377	9,451	9,585	9,680	106
North West	9,102	9,073	9,275	9,419	9,429	103
Yorkshire & the Humber	8,490	8,523	8,701	8,804	8,810	97
East Midlands	7,943	8,003	8,202	8,231	8,282	91
West Midlands	8,476	8,505	8,754	8,702	8,846	97
East	7,651	7,765	8,000	8,126	8,155	89
London	9,933	9,941	9,964	10,074	10,192	112
South East	7,532	7,677	7,776	7,913	8,111	87
South West	8,004	8,155	8,356	8,403	8,549	93
England	8,488	8,554	8,711	8,803	8,898	97
Scotland	10,155	10,169	10,308	10,478	10,651	116
Wales	9,614	9,770	9,908	9,994	10,076	110
Northern Ireland	10,773	10,920	11,048	10,921	11,042	122
UK	8,747	8,814	8,967	9,058	9,159	100
Wider South East	8,432	8,522	8,630	8,758	8,886	97
North	8,916	8,930	9,101	9,229	9,252	102
Midlands	8,237	8,280	8,506	8,490	8,592	94

Source: HM Treasury, Country and Regional Analysis 2017

underinvestment in infrastructure nationwide – and particularly transport infrastructure – when the UK is compared to other OECD countries.²⁵ Debates over the regional allocation of transport spending are discussed in more detail later in this chapter.

5. Still controlled by central government

As the London Finance Commission has found, despite its size and importance to the UK economy, London has comparatively little control over the money it raises. Reporting in May 2013, the commission found that 74 per cent of London's income was received through central government grant, compared to 37 per cent in Madrid, 31 per cent in New York, 26 per cent in Berlin, 18 per cent in Paris and only 8 per cent in Tokyo.²⁶ The Commission called for a range of taxes to be devolved to London (and other UK cities) with a corresponding offset in central government grant to ensure that these devolutionary measures were 'neutral on "day one"'. In other words, London's government should have more control over how the money it raises is invested within the city, but the amount that is redistributed across the rest of the UK should not reduce.²⁷

The case for further devolution was only strengthened by the outcome of the EU Referendum. With central government focused on negotiations, the ability of London and other cities to make long term commitments amongst a climate of uncertainty is even more important.²⁸ Whilst some limited progress has been made on devolution, the capital and other English cities remain highly reliant on central government in almost all aspects of their development. Speaking at Centre for London's 2018 London Conference, the Mayor of London, Sadiq Khan, called on central government to 'reboot the devolution agenda' post-Brexit: 'It will be localism and devolution - rather than nationalism and greater centralisation - that will mitigate us from the negative consequences of globalisation.'²⁹

London and the UK's towns and cities

Whilst London's economy has thrived in recent years, almost all other UK cities have been consistently less productive than the national average.³⁰ London's prosperity does appear to have a positive economic impact on those near it. Cities in the Wider South East are on average 44 per cent more productive than their counterparts elsewhere in the UK,³¹ and the average annual rate of economic growth was 50 per cent higher in the Wider South East than the rest of the UK between 2006 and 2016.³² It is also worth restressing that London is simply a very big city compared with others in the UK. The city region of Greater London is home to almost nine million people, part of a Wider South East of over 24 million inhabitants connected (by a massive transport network) to the core of London. No other UK city or city-regional hinterland comes close in terms of scale and density.

But the UK's other big cities are underperforming when compared to their European counterparts.³³ Nine out of ten UK cities are less productive than the European average, with over half ranked in the least productive 25 per cent on the continent.³⁴ If all UK cities were as productive as those within the Wider South East, it has been claimed that the economy would be as much as £203 billion larger – 'equivalent to four extra city economies the size of Birmingham'.³⁵ Initiatives such as the Northern Powerhouse and Northern Powerhouse Rail are attempts to provide Northern cities with an opportunity to reap the 'agglomeration benefits' seen in London and the Wider South East, but it is too early to say whether they will succeed.

Recent political events, including general elections and the EU Referendum, have highlighted both the frustration felt in, and arguably the increasing national electoral importance of, smaller towns across the UK.³⁶ The Centre for Cities has claimed that 'cities versus towns' is a false dichotomy, and that improving Britain's cities would have positive ramifications for its towns, many of which are within the commuter belt or hinterlands of big cities that are current underperforming.³⁷ Improving

economic performance outside of London need not be a 'zero-sum' game.

Transport: At the heart of it all

Transport connectivity is key to improving regional productivity, and the regional allocation of transport investment has been a topic of great discussion in recent times. This debate provides a useful example of how the discussion of London's relationship with the rest of the UK can become polarised and potentially damaging. It also demonstrates the difficulties of measuring regional spending fairly, and ultimately the importance of getting beyond the figures.

In mid 2017 the Secretary of State for Transport announced an agreement in principle to fund Crossrail 2, four days after the cancellation of three rail electrification schemes outside the capital. This caused understandable controversy.³⁸ In January 2018 the think tank, IPPR North, responded to government figures that suggested the South of England would receive less central government transport spending than the North in the years to come, with alternative figures that suggested London was actually set to receive 2.6 times as much as the North over the next five years.³⁹ The Transport Secretary subsequently pledged that upgrades to the North of England Transpennine route, and an Independent Affordability Review of Crossrail 2, would proceed in 'lock-step', with investment in London and elsewhere now linked.⁴⁰

There are several variables that alter the regional spending figures, and several different ways of measuring investment. The differences between the government and IPPR North's figures arise from different timeframes, varying approaches to allocating the costs of national projects, such as HS2, and the inclusion or otherwise of non-central government investment, such as that from the private sector or Transport for London (IPPR North argue that this should also be included in the calculations). Treating London as a region in its own right, rather than a city at the heart of a wider region, has its own issues: 'per capita' spending calculations

are therefore not comparing like-for-like. Transport for London also argue that ‘per user’ or ‘per journey’ is a fairer way of measuring investment. In 2015/16, the amount spent per passenger journey in London was approximately £6.94, significantly lower than the national average of £10.31.⁴¹

It is not the purpose of this report to spend too much time disputing the figures. But it is important to acknowledge that there is no one correct or universally agreed method for appraising regional transport investment accurately and fairly. This can make for a hostile debate and become tangled with a wider feeling that London-based national politicians do not understand, or even care, about issues outside of the capital. This was further demonstrated when the introduction of new timetables by Govia Thameslink and Northern Rail caused chaos and cancellations in May 2018. Some commentators argued that London-based media focused on the issues this caused for the South East and the capital, ignoring the North.⁴² Mayor of Greater Manchester, Andy Burnham, claimed that the Northern Rail crisis was preventable, but had been ignored because ‘disruption here is not as important to [the Department for Transport] as disruption in London and the south.’⁴³ In June 2018 the *Manchester Evening News* launched a petition, alongside 30 other regional publications, attacking ‘the government’s failure to understand the severity of the North’s plight from its London bubble.’⁴⁴

Projects such as Crossrail 2, it is argued, are essential to keep London moving by increasing capacity and relieving congestion across the Wider South East, in a city and region whose population is expected to continue to grow.⁴⁵ Projects such as Northern Powerhouse Rail have the slightly different goal of unlocking previously suppressed growth across the North, a region with a population and economic potential to equal London.⁴⁶ These justifications are different, but equally valid and important. Whilst London needs continued investment to manage the consequences of its growth and keep it prosperous,

other parts of the country may need investment to stimulate or enhance growth and make them prosperous. In a similar fashion to ‘towns versus cities’, it is not helpful to view this as an ‘either-or’ decision.

In 2018, a press release from the Mayor of London’s office called explicitly for national government to invest in infrastructure outside of the capital: ‘Sadiq believes that infrastructure investment should not be seen as a “zero-sum game”, where one region of the UK loses out to another. He believes that all parts of the UK need to see an increase in transport and infrastructure investment from the government in order to support future growth and job creation as Britain exits the European Union.’⁴⁷ This change in narrative is notable, and to be welcomed. With London increasingly paying for its own infrastructure, there is no reason why transport investment in the UK should be an ‘either-or’. Nor is there a ‘lump of labour’: there is no fixed total of jobs (or earnings) within the UK economy. Infrastructure investment, like all measures to boost regional growth, cannot be a zero-sum game.

Who are Londoners?

We have seen how London’s economy relates to the rest of the UK. But what of Londoners themselves?

Compared to their fellow UK citizens, Londoners are:

- **Young, and getting younger:** the average Londoner is two years younger than the UK average, and this gap is currently widening.⁴⁸
- **More diverse:** Londoners are significantly less likely to be ethnically white, and more likely to be born abroad, than the UK average.⁴⁹
- **More religious** – with more religions: London is the most religiously diverse region in England and Wales, with over a fifth of its population identifying themselves with a religion other than Christianity.⁵⁰

- **Mobile:** 2016/17 saw the highest net internal migration out of London to other parts of the UK since 2004. International migration, whilst slowing, remains the main driver of London's continued population growth, followed by natural change.⁵¹
- **Remain voters (overall):** Londoners voted to Remain in the European Union by 59.9 to 40.1 per cent overall, the only English region to do so alongside Remain majorities in Scotland and Northern Ireland.⁵²

But Londoners are also:

- **Less socially liberal than commonly assumed:** regarding pre marital sex and homosexuality, Londoners are notably more conservative on average than the rest of the UK, although this appears primarily driven by religious factors.⁵³
- **Not that different from other UK urbanites:** London was the only English region to vote to Remain in 2016, but not the only city – English cities including Bristol, Cambridge, Leeds, Liverpool, Manchester and Newcastle all also voted to Remain.
- **Not that different from the rest of the UK:** Referendum voting patterns in London broadly correlated with levels of higher education, following a pattern seen across England (whereas Scots were more likely to vote Remain regardless of education).⁵⁴
- **But different from one another:** Five Outer London boroughs voted Leave, and whilst 70 per cent of Inner Londoners voted to Remain, the corresponding figure in Outer London was 54 per cent.⁵⁵ Recent surveys have shown that Outer Londoners also have a different set of priorities and concerns to Inner Londoners.⁵⁶

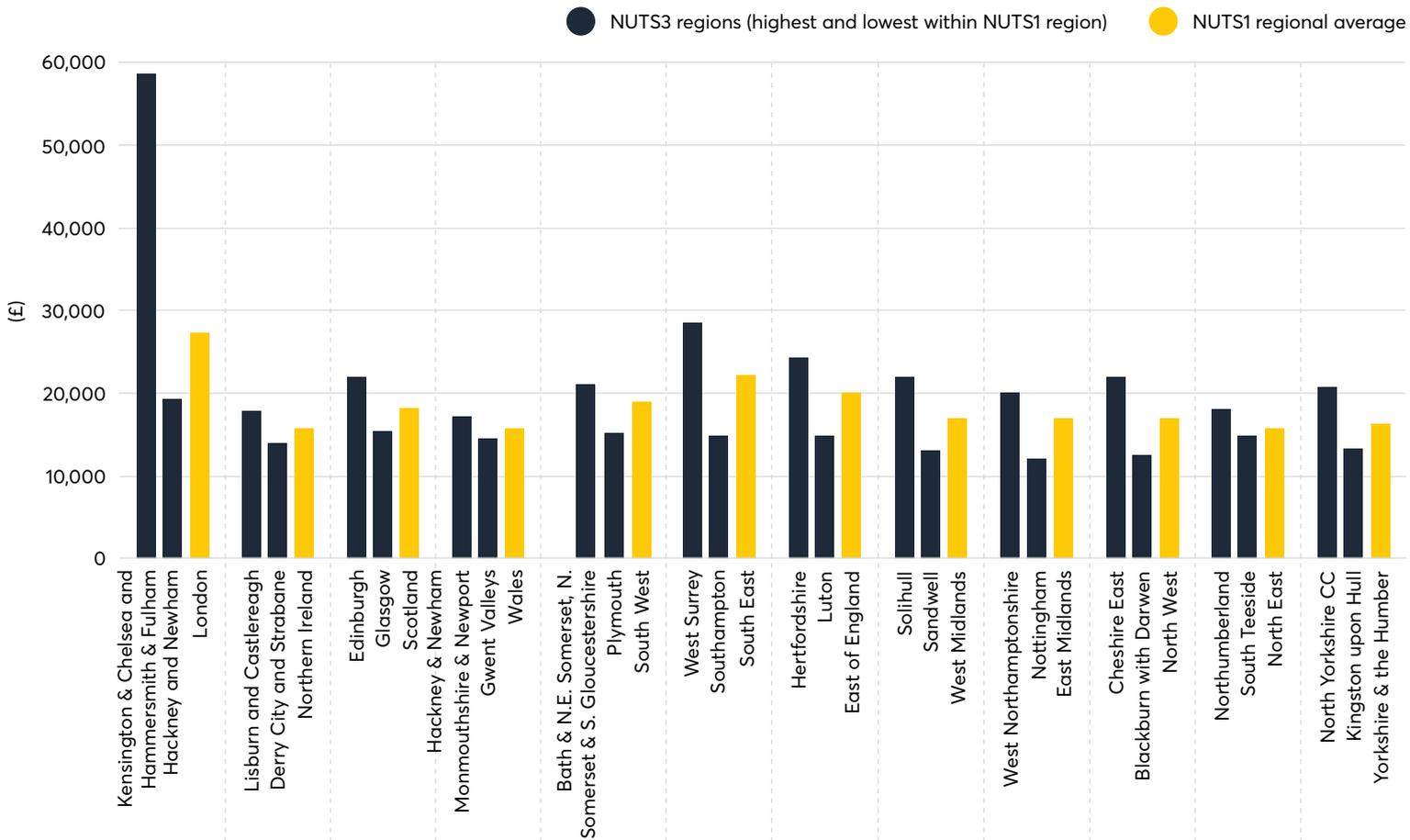
- **Struggling with housing costs:** London households are actually poorer (on average) than the UK average, after housing costs.⁵⁷ London households below the median income have lower disposable incomes than their equivalents in the UK as a whole, once housing costs are taken into consideration.⁵⁸
- **Ultimately unequal:** London's 'Gini coefficient', a way of measuring the distribution of household income, is the third highest in the country at 0.444, after only Cambridge and Oxford.⁵⁹
- **Not having a great time on the trains:** Londoners face the longest average daily commutes⁶⁰ and the most overcrowded trains in the country.⁶¹
- **More likely to grow up in poverty than non-Londoners:** Child poverty rates in London, at 37 per cent in 2013-15 and predicted to increase in 2019-2021, are the highest of any English region or UK country, with the UK average rate at 29 per cent.⁶²

8.8 million different Londons

London is home to the sixth highest number of billionaires of any global city, and the highest number of multi-millionaires.⁶³ But London is also home to some of the most deprived communities in the UK. Pockets of extreme deprivation exist even within the most affluent boroughs. The London Borough of Camden is, alongside the City of London, part of the NUTS3* region with the highest GVA per head in the country,⁶⁴ but it also has the second highest rate of income inequality of any borough in London, and a child poverty rate of 35 per cent.⁶⁵ The London Borough of Tower Hamlets, with the third highest GVA per head in London, also has the

*NUTS 1-3 (Nomenclature of Territorial Units for Statistics) are EuroStat's standard units for subdividing the UK for statistical purposes

Figure 4: Regional differences in gross disposable household income per head of population, 2016



Source: Office of National Statistics

highest poverty rate (39 per cent overall, with 43 per cent of its children living in poverty), and the highest unemployment rate (7.7 per cent).⁶⁶ Figure 4, which shows the areas with the highest and lowest gross household disposable income within each NUTS1 region in England, further highlights London's internal inequalities.

As previously noted, the average Londoner is actually poorer than the UK average, and more live in poverty, after housing costs are taken into account. In addition, whilst unemployment is relatively low and improving, the majority of impoverished Londoners are living in a working family.⁶⁷ Whilst the rise in property values in the capital in recent decades has benefitted some, housing affordability is at the heart of many of London's problems: seven in ten households living in temporary accommodation in England are in London, and rough sleeping in the capital has tripled in the last ten years.⁶⁸ London may absorb a higher amount of public spending on services than any other region, but public services are more expensive to provide in a London context, and demand is high.

So London is a city of extremes. Whilst there is great opportunity, there is also extreme poverty, deprivation, and complex social challenges across the city. Londoners' experience of the capital varies hugely between residents of Inner and Outer London, between boroughs, and even within the boroughs themselves. This disparity is not just economic, but political and cultural too. The London Borough of Havering – where just under 70 per cent of residents voted to Leave the EU, the 12th highest percentage in the entire country – is as much a part of London as Lambeth, where 78.6 per cent voted to Remain, the highest Remain vote outside of Gibraltar.

London faces huge and often expensive challenges, and many Londoners do not share in the benefits of the capital's economic success. London's leaders have to simultaneously balance multiple, radically different priorities, ensuring that the capital retains an attractive global city role around the world, whilst also addressing the challenges faced by its residents, who range from

some of the richest to some of the poorest in the country. If there are many outside of the capital who feel left behind by London's rapid rise, it would be fair to say that there are also plenty within it who have a right to feel the same: in 2017, 27 per cent of Londoners were living in poverty.⁶⁹

2.

Perceptions

What does the rest of the UK think about London?

As the previous chapter demonstrates, a great deal of research and analysis already exists regarding London's economic relationship with, and contribution to, the rest of the UK. However, we know much less about how the capital is currently perceived across the rest of the country, and therefore what could be done to improve relations.

Centre for London embarked upon a three part 'listening exercise':

- First, by conducting a review of existing polling data.
- Second, Centre for London commissioned opinion polling of Britons living outside of London, in partnership with the Mile End Institute at Queen Mary University of London, who asked similar questions of Londoners.⁷⁰
- And third, to gather opinions and test possible solutions amongst decision-makers outside of the capital, Centre for London chose four locations across the UK to conduct deep dive research, holding interviews with a wide range of decision-makers in local and national government (including MPs), business, culture and tourism and higher education, alongside additional *ad hoc* interviews where relevant.⁷¹

What we already know

So, what can existing polling tell us? A March 2014 *Survation* poll on English devolution found that just under two thirds of adults in Great Britain agreed that 'too much of England is run from London' – a pro-devolution stance that many Londoners would share. However, over 70 per cent agreed that, 'London gets preferential treatment over most other parts of the UK' as a result.⁷² Polling by the Centre for Cities and Centre for London in May 2014 found 64 per cent of adults living in UK cities outside of London felt the location

of Whitehall and Parliament meant that decision-making in the UK was too London-centric. Just 17 per cent felt that Westminster and Whitehall were responsive to local issues where they lived.⁷³

More recently, YouGov analysis in June 2018 found 45 per cent of Brits had a favourable opinion of London, with 28 per cent expressing an unfavourable view overall. Positive views of the capital reduced as distance from the capital increased, with the North of England, Scotland, Wales and Cornwall being the most anti-London. Anti-Londoners were much more likely to agree with anti-big city statements in general, as well as being almost twice as likely as pro-Londoners to believe that ‘multiculturalism has had a negative impact on the UK.’⁷⁴ But there are London specific issues too: 80 per cent of anti-Londoners, and 51 per cent of pro-Londoners, believed that London gets ‘more than its fair share of public spending’.⁷⁵

What the public thinks – Centre for London’s 2018 polling

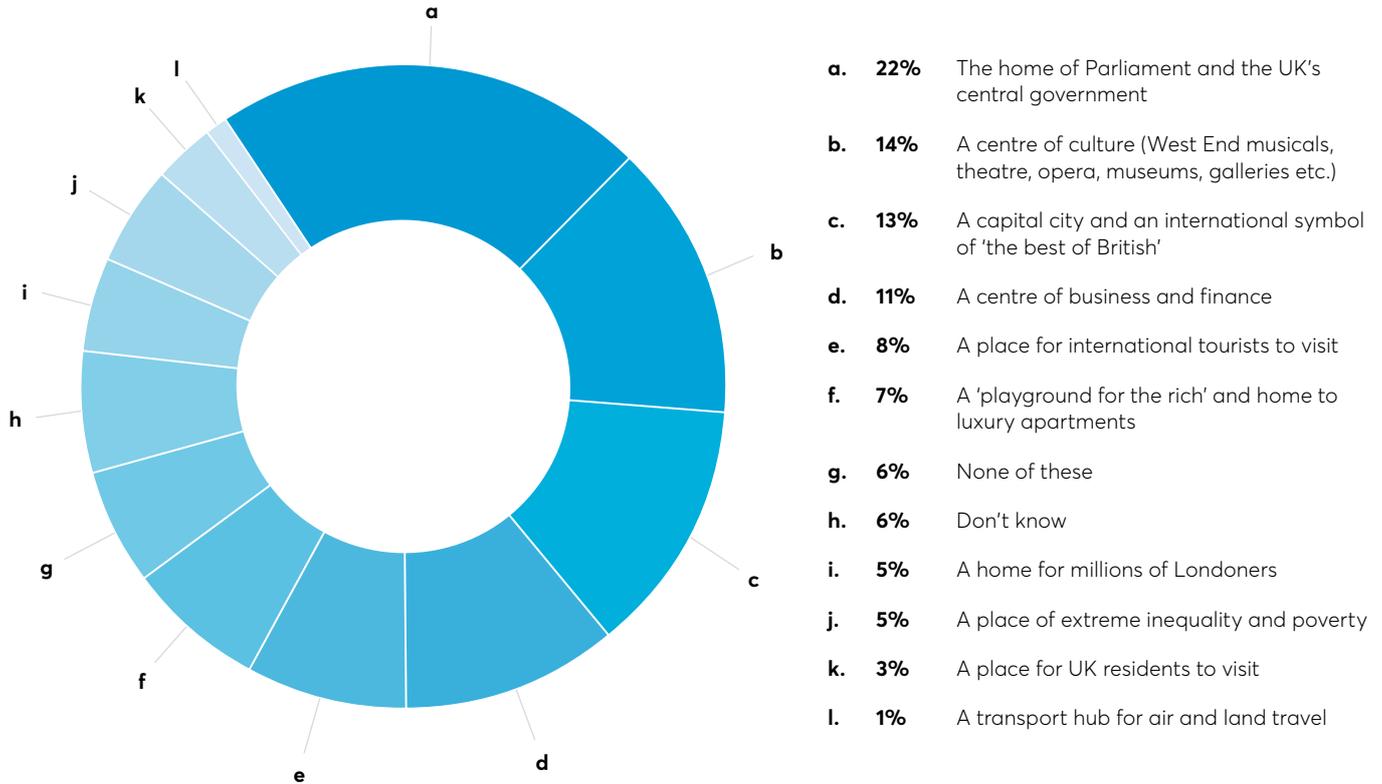
Building upon these findings, Centre for London’s 2018 polling addressed a range of issues, and the results are sorted into eight categories below.

1. London or Westminster?

We began by testing which of the capital’s many roles first comes to mind when Londoners and non-Londoners think of ‘London’. As Figure 5 demonstrates, for those outside of the capital, London’s role as the seat of national government was the number one result by some margin, with its cultural offering (West End shows, national galleries and museums) and its role as a capital following, albeit some way behind. However, if we look only at those non-Londoners who visit London once a year or more, ‘centre of culture’ comes first (20 per cent), with national government falling to third (17 per cent) after London’s role as the capital of the UK (18 per cent). Londoners, on the other hand, think of London primarily as the UK’s capital city (19 per cent), and as a home to Londoners (18 per cent) Despite being home to the majority of national cultural institutions

Figure 5: London's many different roles (Non-Londoners)

'London plays many different roles as a city. Which, if any, of these roles do you think of FIRST when you think of London? (Please select only one answer).'



and sports venues, just 3 per cent of non-Londoners thought of the capital as a place for UK residents to visit.

2. Views of London and Londoners

Both Londoners and non-Londoners were then asked to pick from a list of words to describe the capital, and a separate list of words to describe the city's residents.

The 'words to describe London' list was the same as used for 2014's *City Views*. In this area, little has changed. In 2018, both Londoners and non-Londoners agree that the capital is best described as 'expensive', 'crowded' and 'diverse' – with 'expensive' the number one word chosen by both groups. The top two words were the same as reported in 2014 (although 'cosmopolitan' was third in 2014, rather than 'diverse').⁷⁶

Those non-Londoners who reported that they either never or rarely visit London were more likely to describe the capital as 'chaotic' than 'diverse', however. In fact, non-Londoners who rarely or never visit London were noticeably more likely to describe it negatively than those who visit once a year or more, as Figure 6 below shows.

Furthermore, London's preferred international image as a modern, cutting-edge city isn't cutting through at home – words like 'modern', 'innovative' and 'competitive' were barely mentioned by Londoners or non-Londoners.

Londoners themselves also have an image problem – they are seen as 'arrogant' and 'insular' by the rest of the country, and a lot less 'friendly' than they think they are themselves ('friendly' was the fourth most chosen word by Londoners, with 18 per cent selecting it, but the eighth most chosen word by non-Londoners, selected by just 8 per cent).

However, there is also significant grounds for optimism. Both Londoners and non-Londoners chose 'diverse' as the number one word to describe the capital's residents. And it appears that this word has positive connotations - non-Londoners who visit London regularly (a group which has notably more positive views of the capital overall) were almost twice as likely to pick it as those who do not.

Figure 6: Words to describe London (Non-Londoners, by how often they visit London)

'Which of the following words do you think best describe London? (Please tick up to three).'

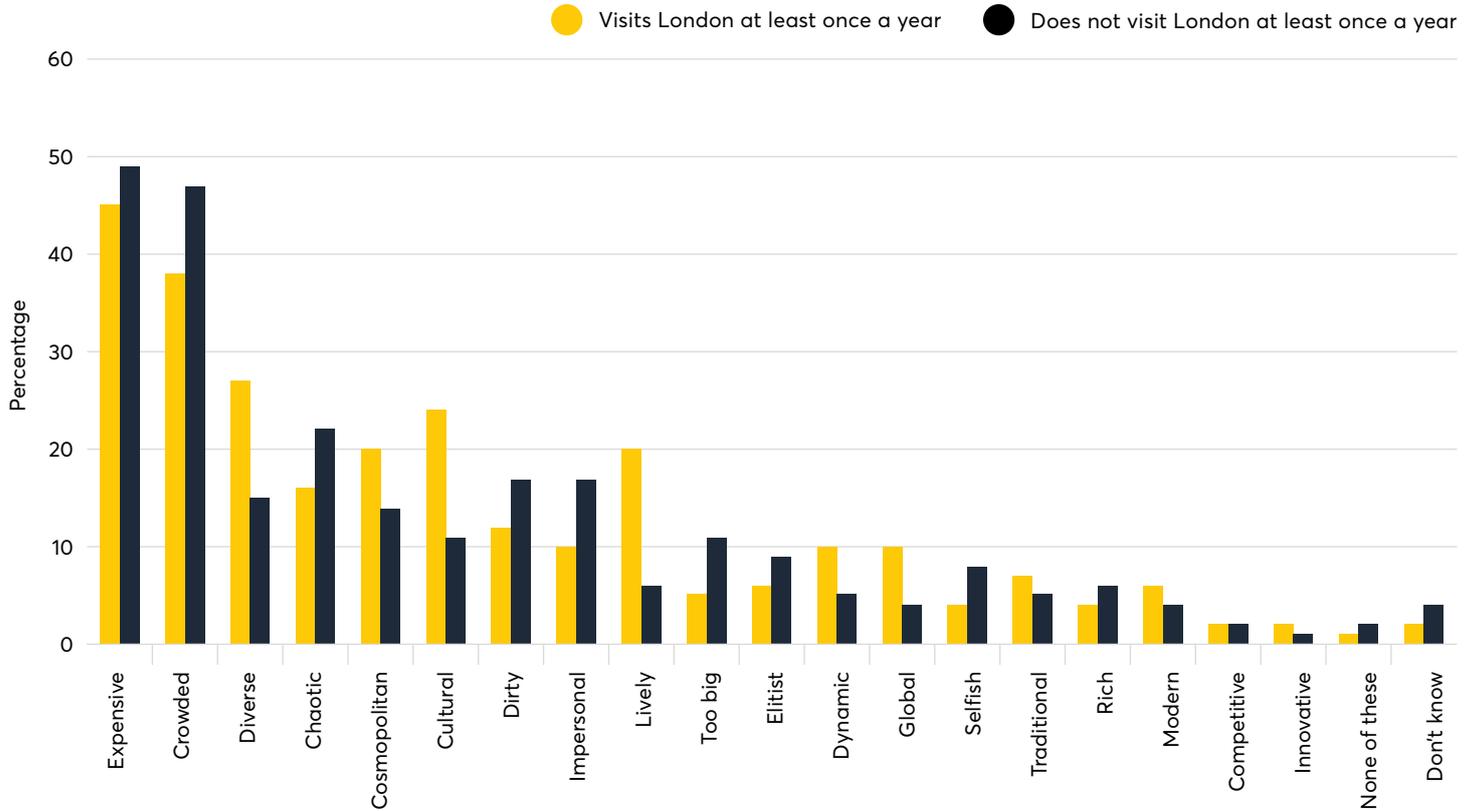
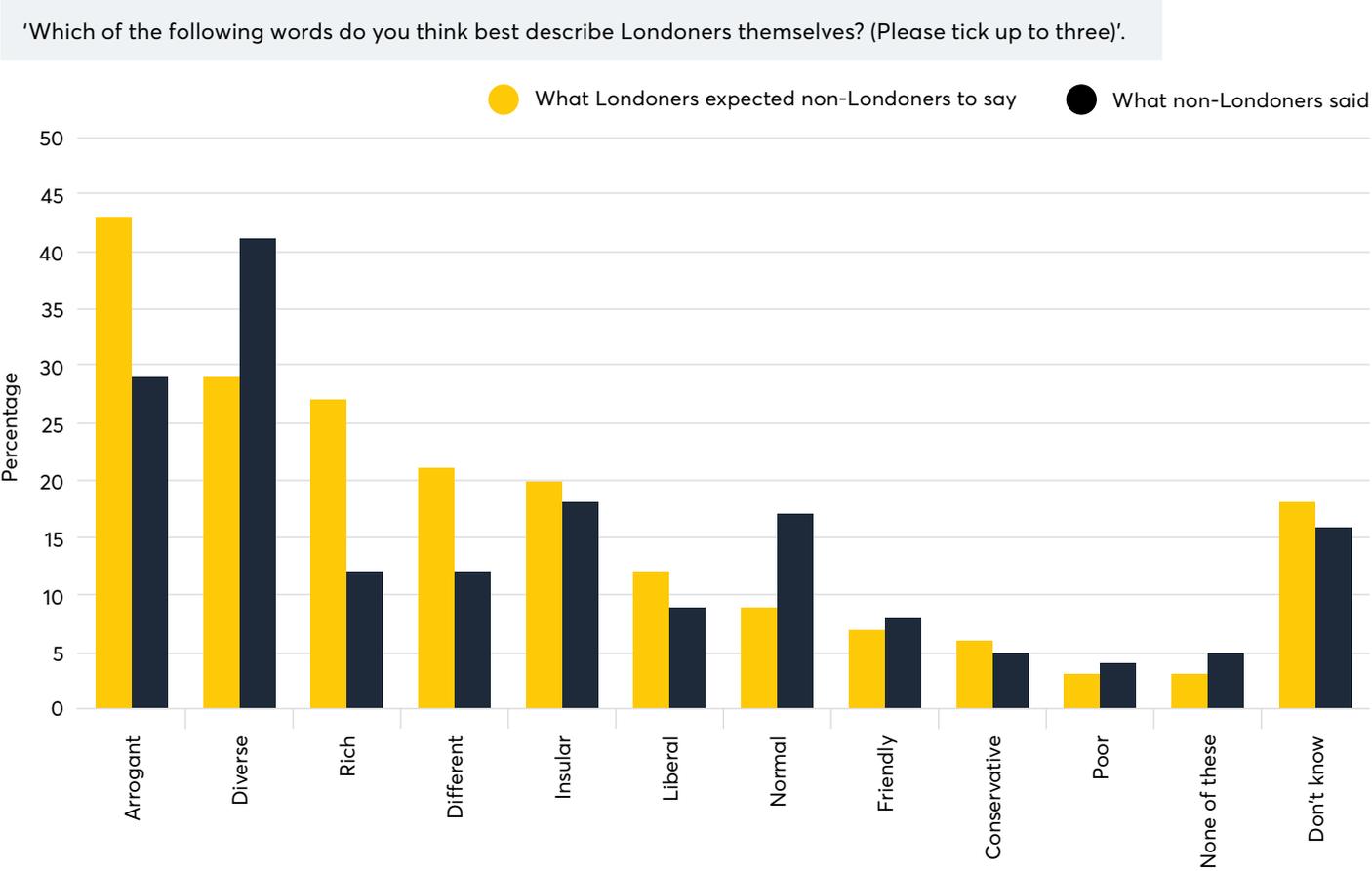


Figure 7: Words to describe Londoners (Non-Londoners, and what Londoners expected them to say)



The idea of a 'liberal metropolitan elite' also seems to be more prominent within the capital than outside it. Whilst Londoners describe themselves as 'liberal' (their third most popular word, chosen by 21 per cent of Londoners), the word barely registered for non-Londoners (the seventh most chosen word, picked by just 9 per cent). For both groups, more respondents chose the word 'normal' than the word 'different', suggesting that the perceived cultural gap between those who live in the capital and their fellow Brits is not as large as feared.

3. Londoners' perceptions

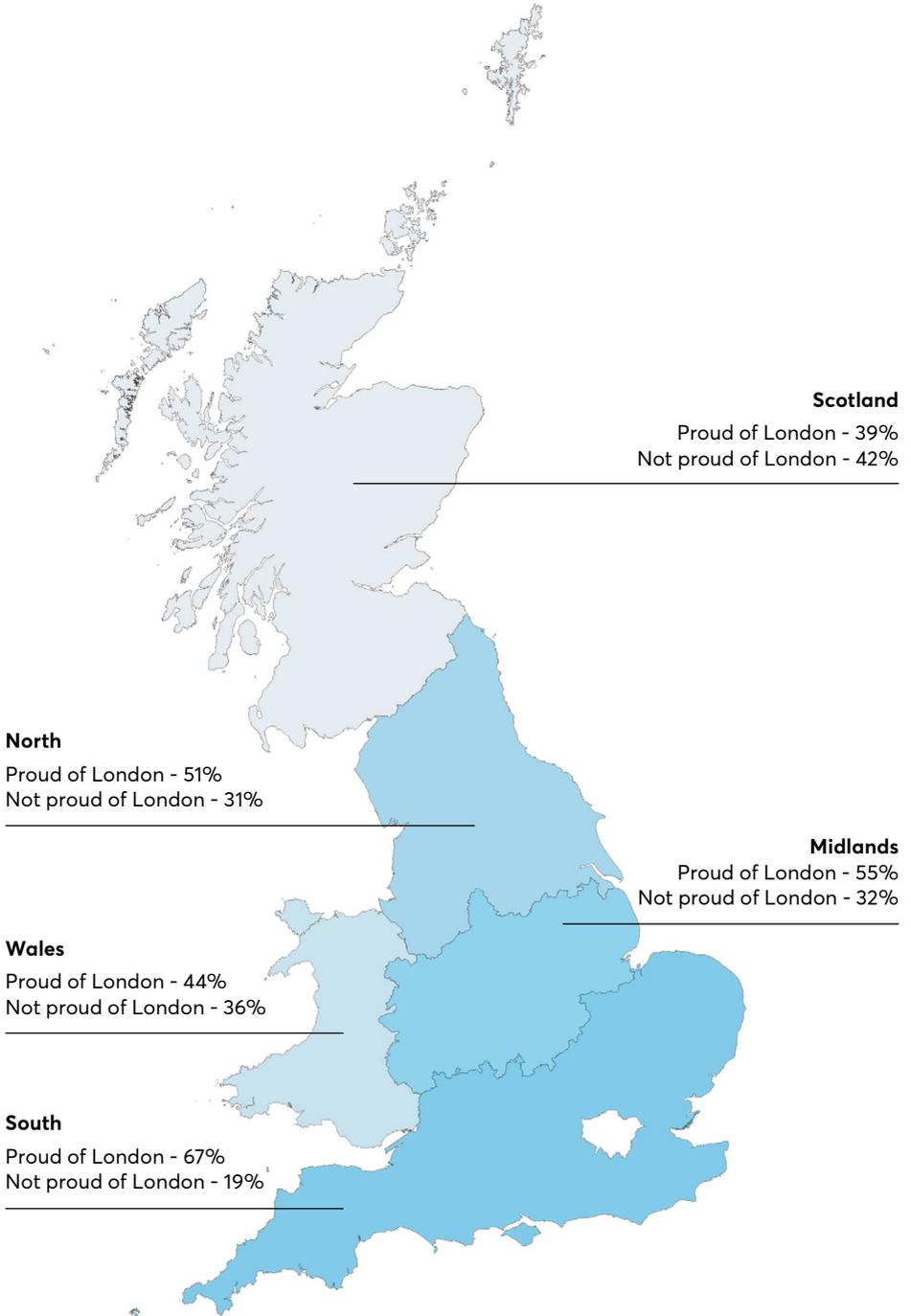
As well as polling Londoners on their views, the Mile End Institute also asked Londoners what they thought non-Londoners would say about them. This has proved revealing of how Londoners feel that the rest of the country views them, with some notable perception gaps.

As Figure 7 demonstrates, Londoners expected the rest of the country to pick words like 'arrogant', 'different', and 'rich' much more frequently than they actually did. Londoners also underestimated how many non-Londoners would view them as 'normal' or 'diverse'. Overall, Londoners could be said to be suffering from a small dose of liberal paranoia: not only are they aware of the negative perceptions that non-Londoners have of them, but they also think that these are more strongly felt than they really are.

4. Pride in the capital

Pride in London as the capital city of the UK is significantly lower amongst non-Londoners than Londoners, with 56 per cent of non-Londoners, and 80 per cent of Londoners, saying they were 'very' or 'fairly' proud of London. Nonetheless, twice as many non-Londoners say they are proud of London (56 per cent) than those who are not (28 per cent). Pride in London was highest in the South of England, and lowest in Scotland and Wales, which have their own capitals. Scotland was the only region where more people said they were not proud of London as UK capital (42 per cent) than said they were (39 per cent). A majority of respondents in the

Figure 8: Pride in London as capital city of the UK, by region



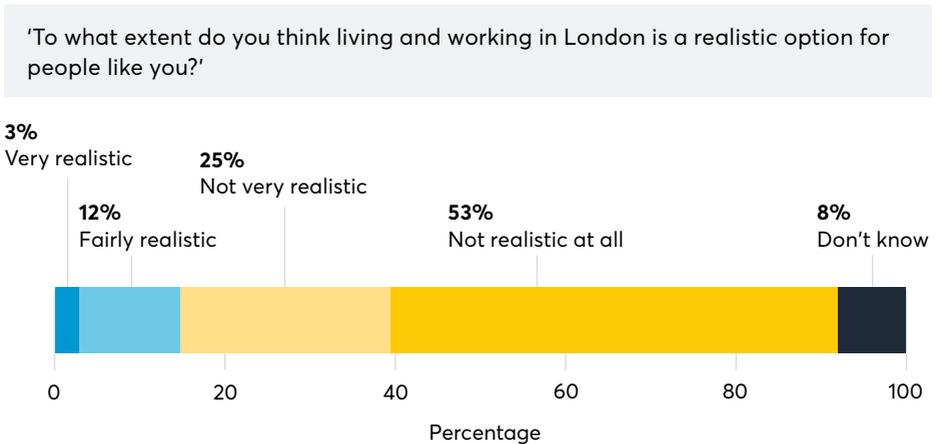
North, the least proud part of England, still said they were proud of London as the capital city (51 per cent), compared to those who were not (31 per cent).

A 2012 poll by British Future, which asked ‘to what extent does London make you proud to be English’, found that 90 per cent of Londoners and 73 per cent of English adults outside the capital said that they were ‘fairly’ or ‘very’ proud of London.⁷⁷ Centre for London’s 2018 polling found that 80 per cent of Londoners and 59 per cent of non-Londoners living elsewhere in England said that they were proud of the capital, a decline of 10 and 14 percentage points respectively. 2012 was the year of the Jubilee and the Olympic Games, with pride in the capital likely to have been at a high, but there has still been a notable decline.

5. Inaccessible, remote, expensive

London is seen as inaccessible by non-Londoners, with a large majority (78 per cent) feeling that living and working in the capital is not an option for them. Of this, 53 per cent said that they thought it was not a realistic option at all (Figure 9).

Figure 9: London - a realistic option? (Non-Londoners)



*Totals may not sum to 100 due to rounding

With living in London seen as an impossibility for the majority of non-Londoners, it is imperative that people at least feel that London is making a contribution to their lives where they live. Unfortunately, as Figures 10 and 11 demonstrate, whilst a large majority agree that London makes a positive contribution to the UK economy, only a very small percentage of people think that it contributes to the economy where they live specifically.

Figure 10: London's economic contribution to the UK (Non-Londoners)

'How much do you think London contributes to the UK economy as a whole?'

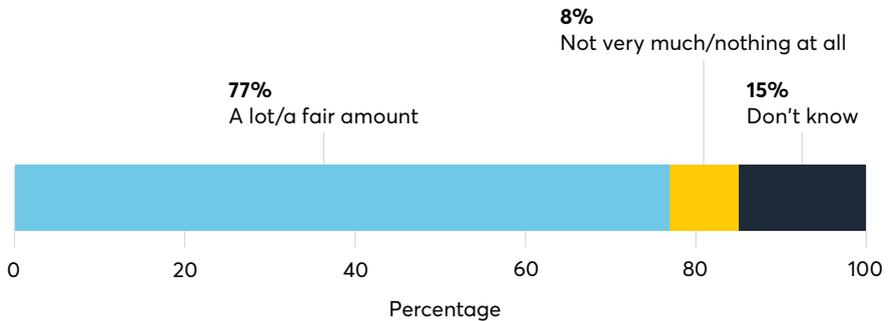
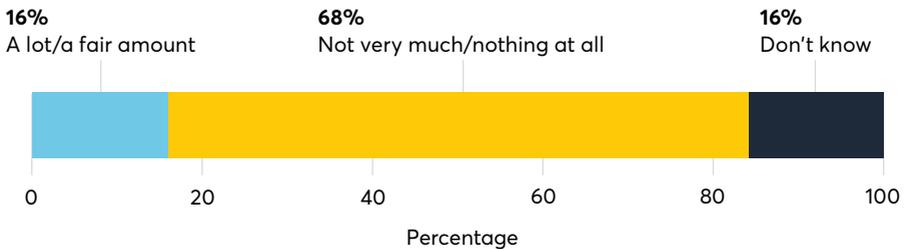


Figure 11: London's economic contribution to where you live (Non-Londoners)

'How much do you think London contributes to the economy of the city/town/area where you live?'



Comparison with 2014's *City Views* report by the Centre for Cities and Centre for London reveals that these results have become more polarised. Whilst 66 per cent agreed that London contributed to the UK economy overall in 2014, the corresponding figure is now 77 per cent. But only 16 per cent feel that London contributes to their local economy – *City Views* reported 24 per cent.⁷⁸ As *City Views* only polled residents of other UK cities, this may represent a city centric view, meaning that those outside of the UK's other big cities are even less likely to feel the benefit of London's economic contribution where they live. Alternatively, it may also represent a worsening over time. Either conclusion gives cause for concern.

6. Decentralise to make a 'fairer' country?

Given the above results, it is surprising how uninterested both Londoners and non-Londoners are in the idea of moving institutions out of London to make the UK 'a fairer place'. 'Decentralisation' (as distinct from 'devolution', which means devolving powers more locally, rather than moving institutions out of the capital) is current government policy, with the relocation of Channel 4 and a pledge to move civil servants out of London in the current government's 2017 manifesto.

Yet it is surprisingly unpopular. When given a list of ten institutions that they could move out of London to make the UK a 'fairer' place, including central government, the civil service, London's financial centre and national galleries and museums, 40 per cent of non-Londoners said 'None of these - I don't think moving anything out of London would make the UK fairer.' The next most popular option – moving government departments such as the Treasury or the Home Office – was chosen by just 19 per cent. This was despite respondents being allowed to pick up to three institutions. The same was true for Londoners - twice as many Londoners also picked 'none' than chose any institution.

Whereas what limited interest did exist amongst non-Londoners was focused on moving national government

and the civil service out of the capital, Londoners themselves were most interested in moving themselves out, into new towns (which could tie into the idea that the capital is seen as crowded and expensive). Only one in ten people (Londoners and non-Londoners) picked ‘national news media – print or television’ as something that should be moved out of London to make the UK fairer.

7. Transport

Given recent debates on regional transport infrastructure investment, Centre for London asked non-Londoners if they felt London had better or worse public transport than where they lived. A decisive majority of those outside of the capital (69 per cent) said that they felt London had better public transport provision than where they lived, with just seven per cent saying the opposite.

When asked if they felt that people living in London had ‘harder’ or ‘easier’ commutes to other Brits, Londoners perhaps unsurprisingly felt that they had the harder time of it. 45 per cent of Londoners said that they have ‘harder’ commutes than other Brits, with 24 per cent saying the opposite. More interestingly, however, non-Londoners agreed: 36 per cent of those living outside of the capital said that Londoners had harder commutes, compared to 32 per cent who said the opposite. So, whilst London may have the most impressive (and expensive) transport infrastructure, non-Londoners don’t necessarily envy their commutes – and both Londoners and non-Londoners would surely welcome investment in improving public transport where they live.

8. Misconceptions?

Half of non-Londoners polled said that they visited the capital less than once a year or had never visited. But having personal experience of visiting London, whether for work or for leisure, makes a notable difference to how non-Londoners view the capital, as mentioned above. A particularly large gap can be noted in pride in the capital: nearly three quarters of those who visit London once a year or more said that they were proud

of the capital, whereas this figure was 45 per cent for those who do not visit. There is, of course, a cause and effect issue here – perhaps those that visit the capital regularly do so because they have more positive views of London, rather than vice versa. However, when taken alongside other results, this correlation does seem to suggest that those who know the capital well have more positive views of it.

What decision-makers think – Centre for London's deep dives and other interviews

To assess opinion amongst decision-makers, a series of semi-structured interviews were undertaken across the UK. These interviews were designed to find out what leaders in a range of cities, towns and rural areas across the country felt about London, but also to gather opinions on what London was doing well, and what could be done better, to improve relations with the rest of the UK. The results of these interviews are divided into two categories below: the 'good news' and the 'bad news', each subdivided into five key points. These interviews also inform the following chapters.

The good news:

1. London is the UK's engine

London's economic contribution is widely recognised and appreciated. One senior official in the Greater Manchester Combined Authority (GMCA) described London as 'an essential driver of the UK economy', with another stating that: 'A strong London is good for Manchester, there's no doubt about that.' As a Lincolnshire council leader described, London is 'the UK's engine. And if London isn't doing well, then we're all screwed.' A senior official in Lincolnshire drew a clear distinction between London's global city role and that played by other UK cities:



London is a global city, making global money (...) Lincolnshire would be a poorer place if London wasn't doing what it's doing.

A rhetorical question from within the Glasgow Chamber of Commerce sums up the consensus view:

“ What would life be like if London didn't exist? Would we all be ten times bigger? Or would the UK just be a lot smaller?

2. London is a global magnet

As a business leader on the Greater Manchester LEP described, London is an international barometer of the UK's economic health: 'If London starts failing, then international business will view Manchester as less appealing too.' An official in Glasgow City Council claimed that London's global city status meant that they saw it as an asset, not a rival:

“ London's not really a competitor to us. London is a global city, it's like a country within a country. [...] Actually, we need a better London, because it competes against Paris, Tokyo, New York – it doesn't compete against Glasgow.

London's role as a global magnet also means that businesses in Cornwall can meet potential international investors there to 'make the Cornwall sales pitch', as a figure from the Cornwall Development Company observed.

London's role as an international hub for business also produces spin-off business for other cities. A senior figure in Manchester's Inward Investment Agency noted that having 'a thriving global city just two hours down the road' had helped in generating 'near-shoring projects, companies looking to balance their operations between London and a near-shore centre with different advantages'. This is even true as far afield as Glasgow, where a business leader acknowledged that the city's financial service sector is 'almost entirely based on the relationship that Glasgow has with London'. London's international reputation also has an impact on tourism, as a figure from Lincoln's Business Improvement Group

acknowledges: ‘London’s the arrival point, and we’re part of the circuit.’

3. London sets the standard

As a prominent world city, London is also seen as a centre of innovation, and a place to find best practice. As one senior figure in higher education in Cornwall noted, London ‘is where we go to learn, to do business, to meet, and a source of investment and opportunity.’ London’s success can also ‘set the benchmark’ for other parts of the UK. A senior figure within Transport for the North observed that the ‘perception in the media, and amongst politicians, that London gets much more money than anywhere else’ can help to raise ambitions for other parts of the country: ‘If London is going to get £15 billion for something, we want £15 billion in the North. (...) London sets the benchmark, and then there is a sense of, “Why can’t we do that in the North?”’ In a similar fashion, London can also lead the way for successful devolved government, with others then empowered to argue for their own powers. For one GMCA figure,



London provided the template, the platform, that made it possible for us to have the conversations that we’ve had towards having a more mature, devolved authority.

4. London buys our products

London and Londoners are also an important market for goods produced across the UK. This was particularly reflected in Cornwall, where a member of the Cornwall and Isles of Scilly LEP told Centre for London that: ‘London is the main place that can actually afford our products.’ An official dealing with economic growth and development in Cornwall Council observed that London ‘is becoming an increasingly important market for high quality, high value produce from Cornwall, from food and drink to jewellery, generated by artisans here. The London market loves it.’ Ultimately, as a senior official in the

council summarised: ‘London is a place that we do a lot of business.’

5. London is a national hub

As one Mancunian interviewee described, ‘all roads lead to London’. With the country’s infrastructure providing access to the capital for most parts of the UK, it is often easiest for people from different parts of the country to meet in London, as a senior official in Cornwall Council also noted:



It’s a hub – not just a global hub, but also a national hub, for somewhere like Cornwall. If you’re going to meet someone from Sheffield, it’s easiest for us both to coalesce into London.

London’s role as a global transport hub is also helpful – even to distant Glasgow and Cornwall. Glasgow’s internal connectivity with Heathrow airport gives it connectivity to the world, as this business leader noted: ‘Most of our smoked salmon, for example, goes out in a hold from Heathrow to the Middle East and elsewhere.’ The Cornish MP interviewed for this research highlighted improved connectivity to Heathrow as an asset which they expected to boost Cornish inward investment, business and tourism.

...and the bad news:

1. London will eat itself

There is a widespread perception that London’s domination of the UK economy is neither good for the capital or for the rest of the country. In the words of one Manchester City councillor: ‘London has to start investing in the rest of the country, because it can’t do it by itself – it will kill itself if it tries to do it by itself.’ A Glasgow MP told Centre for London that the capital’s dominance of the UK ‘isn’t particularly a very good thing for London necessarily either, if London becomes overheated.’

Ultimately, a widely held view is that London is overheating because of its own insatiable appetite for growth and investment. As a third sector Chief Executive in Boston put it:

“ You have to feed it all the time. And the more you feed it, the hungrier it gets – the more you need the Crossrails, the third runways, all of that – because you’re encouraging it to grow more.

2. London gets more than its fair share

Many involved in local government felt that London gets an unfair amount of public funding, and not just in transport, but in public services in general. A senior figure in the Local Government Association described what they felt was the consensus view in local government outside of the capital:

“ I pick it up at the LGA all the time – the idea that the shires are being mugged over, because all the government money goes to London. (...) It’s London where the most noticeable numbers crop up. I think Kensington and Chelsea had more property value than Scotland, Wales and Northern Ireland all put together. So, while you’ve got those anomalies, it is going to be quite polarised, in terms of people’s perceptions. I don’t think most people are bitter and twisted about it, but when you talk about local government, it always comes up – ‘If we only got the average of what people get in London, it would be a lot better around here.’

Decisions over funding can also draw criticism, and accusations of a pro-London bias. Badly timed or seemingly imbalanced funding announcements can reinforce this notion, and not just in the area of transport investment, but in arts and heritage too: ‘Each time, London always seems to get more.’

3. London is too powerful a magnet

Whilst London is appreciated as a powerful international hub for investment and tourism, it is widely felt that its spokes are too weak. Those tasked with luring inward investment into other UK cities say that London's dominance of foreign direct investment projects can feel insurmountable: 'That's tough to have in your backyard. It's a tough magnet to manoeuvre around (...) I think the rest of the UK struggles for airtime sometimes'. Once investment (or investors) arrive in London, it then proves difficult to draw them out, as this business figure from Cornwall's Chamber of Commerce observed:



Cornwall is a long way from London, and therefore if the money is hubbed in London, it tends to run into the sand as it travels outwards, and so the money has often run out by the time it gets to Cornwall (...) It does suck in a lot of money, it gets a very unfair proportion of private investment, but we've got to see that as an attraction for the UK as a whole, use that as a hub, and make sure that the spokes from that are stronger and better organised.

A Cornish MP echoes these sentiments: 'A lot of investment in London doesn't really spread outside the relatively tight circle of the M25 (...) We need to get better at spilling that economic activity around the country'.

Then there is the 'dark star' theory, that London actively sucks in talent and investment, and that its gravitational pull is too great to resist, from Glasgow down to Cornwall. One Glasgow business leader claimed that London's 'dark star' role is a particularly English problem: 'As soon as you cross the border, you can feel the magnet, hear the sucking sound...' The draw of London can mean that even Glasgow can struggle to attract senior talent: 'You know you can't compete with the depth and richness of London, as an alpha city, so

your offer has to be much more about quality of life. But that is a bit of a battle.’

This sentiment was echoed in Lincolnshire and in Cornwall. And this official at Cornwall Council claimed that London’s appeal made it harder for Cornwall itself to grow:



I think that during the 20th century, having one place that’s been doing so well has led to younger people of working age not feeling that they have a future in Cornwall, which has had an impact in terms of us having higher dependency ratios (...) we’ve got this great big magnet, this honey pot, to compete with.

4. Guilty by association?

When asked open-ended questions about ‘London’, interviewees repeatedly brought up issues with central government. One Manchester councillor described ‘London centrism’ as ‘a mindset, not held by all MPs, but once they get into the Houses of Parliament, something gets into their minds, that in order for this country to stand on the world stage, we have to invest everything in our capital.’ Specific national government policies, seen as ‘London-centric’, are often cited as reinforcing this idea. Examples include:

- The ‘Green Book’ appraisal methods used by HM Treasury for infrastructure projects being skewed towards already prosperous areas like London.
- Ignorance of how large scale migration could affect and be perceived in rural areas, as opposed to already diverse and comparatively densely populated London boroughs.
- National resources for the provision of affordable housing being concentrated in London and the South East.

- A new national ‘traineeship’ scheme for 16-18 year olds being designed with GCSE entry requirements that are more often achieved in London than in the North of England.
- Post-study work visas being based on earning a minimum salary that may be around the average graduate salary in London, but is above it elsewhere in the UK.
- The tightening up of mortgage rules following the financial crash, perceived to be caused by property speculation in London, but now applied universally across the country.
- A general sense that governments would rather invest in London to address the capital’s overheating, rather than trying to address this by investing in other cities.

Expanding on the ‘Green Book’ point above, multiple interviewees mentioned that they felt that the Treasury’s current methodology for appraising infrastructure projects was inherently skewed towards London, where a better rate of economic return is already all but guaranteed. Whilst the ‘Green Book’ was updated in March 2018, and does provides tools for taking social and other factors into consideration, these are underused by ministers and officials. But the social and strategic benefits of infrastructure investment elsewhere in the country can be just as important, as this Northern MP observed:



Government needs to start, instead of always just talking about the net benefits, which quite often are the benefits realised by London and cities like that, they need to start looking a little deeper at what it means for parts of our country that aren’t feeling that. It’s not good enough to just go on about the net benefits, it’s: what problems is that

infrastructure solving? Three miles of road in my constituency, which took a hell of a long time, has had an almost immediate impact, not just in terms of investment, but also in terms of people's lives.

It was also suggested that the current approach to selecting infrastructure projects would not only fail to address regional imbalances in the UK, but actively fuel them. As academics Diane Coyle and Marianne Sensier, put it, 'The logical conclusion of the pure agglomeration economies approach is that all activity should be in London'.⁷⁹ This leads to a kind of catch-22 scenario, whereby an area needs investment to stimulate growth, but government can only justify investment if the conditions already exist for growth.

Whitehall civil servants were also criticised for bringing a London-centric perspective to national decisions, whether intentionally or not, by virtue of being London-based. Even business organisations such as the CBI and the Institute of Directors were thought to have a London bias, due to their location and membership, leading to policies that reflect the interests of London-based organisations rather than their regional counterparts. Ultimately, London is seen as a 'bubble', and 'a lot of people that live in London do not have an understanding of the issues that exist outside of that context.'

Within this context, there is a feeling that whilst relations with London's own devolved government and other institutions may be improving in some areas, relations with 'London' as the centre of national government are getting worse. Brexit was repeatedly cited as a concern, from a fear that the negotiations are being driven by and in the interests of London alone, to concerns about how the new Shared Prosperity Fund will apportion money across the UK to replace EU regional funding. The devolution agenda, which was almost universally desired and advocated for, was widely felt to have stalled.

In addition, interviewees in England were asked about whether they felt that Westminster and Whitehall were too dominant in making decisions locally. In Boston, resentment of London was explained by one senior Boston Borough Council official as ‘not a distrust or disdain for London, but a feeling that London perhaps wasn’t switched on to the issues that matter in this part of the country, and so perhaps local decision-making would be better’. An equivalent figure in Cornwall Council noted the ‘piecemeal’ nature of central government funding for Cornwall, which made it difficult to set a local strategy for growth:

“ You inevitably become reactive (...) it has a bad effect on Cornwall, but it’s bad for the whole country, because we’re not as able to stand on our own two feet as we should be (...) There should be some methodology at Westminster and Whitehall to acknowledge that Cornwall and other rural areas have specific issues that are not necessarily being addressed by one all-embracing government policy. (...) People here do know what the issues are, and could spend money better and more appropriately.

One Manchester-based cultural figure claimed that the city region’s devolved government was ‘refreshing’ as it boosted pride and confidence in the region: ‘you can’t just be victims’. But enthusiasm for further devolution across England came with an important caveat, in this case articulated in Manchester:

“ When London calls for the complete ringfencing of its entire tax base to London, that tends to cause palpitations up here in the North, because we’re dependent on that to support the economy.

5. London isn't up to scratch

Another line of criticism relates to London itself, as a place and a capital city. Whilst there is widespread appreciation for the wealth it generates and redistributes, as well as its role as a global hub for people, business and innovation, there is some sense that London itself is not working. When asked if they would consider living and working in London in the future, the majority of interviewees said that they wouldn't, citing affordability and quality of life factors. Several interviewees mentioned the Grenfell Tower fire as highlighting London's own issues with inequality: in Manchester, 'It seems quite a cruel place.' From Lincoln: 'It seems like a very difficult place to be if you don't have money. I have no idea why people want to come from abroad to London. (...) It doesn't seem very safe. It doesn't seem very caring.'

Conclusions

Overall, the disconnect between London and the rest of the UK is nothing new – nor is it unique to the UK. Both opinion polling and interviews have suggested that, whilst there is much that could and should be done to improve relations between the capital and the rest of the UK, there is also plenty to be optimistic about.

There is a broad consensus between the political, business and cultural leaders interviewed and the wider public polled for this project that London is, on balance, a positive thing for the nation. There is widespread understanding that London contributes significantly to the UK's economy, and there is also plenty of evidence to suggest that negative views of the capital reduce amongst those have direct experience of to it. The majority of the country remains proud of London as a capital city, and Londoners appear to believe that the rest of the country dislikes them more than it actually does.

However, there is significant room for improvement in how London demonstrates that its economic success tangibly helps growth and development in other regions. There is a widespread perception that London gets

more than its fair share, both in terms of public and private investment. That this perception persists despite widespread acceptance of London's significant overall contribution to the UK economy, presents difficulties for future policy making. A remedy also seems out of reach: leaders outside of the capital do not feel that they have access to the tools they require to succeed, and the public neither feels that living in London is an option for them, nor feels the benefit of London's economic contribution in the places where they live.

Relations with London's devolved government, as well as its various business and cultural institutions, are generally thought by leaders across England to be improving, even if relations with national government are not. Decisions taken in Westminster and Whitehall can be seen as favouring the capital, and so London both needs to be granted the ability to take more of its own decisions for itself, and to work extra hard to ensure that it is reaching out and working with the rest of the UK.

3.

Reasons to be cheerful

The changing language of London and the UK

London's leaders have begun to change how they talk about the capital's relationship with the rest of the UK. In 2014, the Mayor of London stated that 'a pound invested in London can drive jobs and growth around the country', citing the jobs created across the UK by demand for new homes and tube trains in the capital.⁸⁰ As earlier chapters have shown, there is plenty of evidence to back up these claims. However, four years on, the current Mayor has called explicitly for national government to invest in infrastructure outside of, as well as within, the capital: 'The government should invest in infrastructure around the country in order to stimulate new jobs, new homes and prosperity (...) It is vital that we see increased investment across the country and not just here in London.'⁸¹

This change in tone is notable. London First's 2018 *Growing Together* report highlighted the benefits of inter-regional collaboration, asserting that 'Addressing serious imbalances in regional economic performance in the UK will significantly improve national prospects.'⁸² In an interview for this report, a senior figure in the Greater Manchester Combined Authority described it as 'a refreshing and really positive move.' But there are plenty of other reasons to be cheerful about London's potential for building more productive relationships and helping the rest of the UK to grow alongside the capital.

London's political, business and cultural institutions are already working together with other parts of the UK, to mutual benefit. Much of this activity is relatively new, and not necessarily widely recognised. This chapter outlines some highlights, in order to show where there are existing opportunities and foundations that can be built upon, and to offer ideas for other measures that could help address the concerns outlined in the previous chapter. Rebalancing is too important to be left to Westminster and Whitehall alone.

Foundations for a better relationship

1. UK Mayors

The establishment of a network of mayors, representing combined authorities across the UK as well as London, offers a huge opportunity for collaborative working. This has the potential to create a powerful, cross-party alternative political voice for devolved government in the country. In November 2017, the regional mayors collaborated to issue a cross-party call for further devolution.⁸³ A wider group of city leaders and mayors united for a cross-party ‘National Clean Air Summit’ at Mansion House in the City of London in June 2018, alongside MPs and the Secretary of State for the Environment, urging measures to improve air quality.⁸⁴ That same month, the full complement of eight UK combined authority/metro mayors, (the ‘M-8’, which includes the Mayor of London), issued a joint call for control over unspent apprenticeship levy funds, to better address regional skills issues in order to boost productivity and economic growth.⁸⁵

Combined authority mayors are still relatively new in the UK, with the first six introduced in May 2017. However, the potential for the entire ‘M-8’ to work together in a cross-party fashion to advocate for stronger local governance and lobby on common issues brings great optimism. With London’s mayor currently enjoying the most prominent national profile, his or his successors’ involvement can help bring attention to regional issues. As one senior GMCA official put it: ‘I think having Sadiq Khan and the GLA behind us will greatly assist us and Liverpool in making the point that we’ve been trying to make over the last 12 months – and in fact, that Manchester has been making for years – that devolution is the way to go.’

2. Regional strategy

London’s role as a hub for international business need not come at the expense of other UK cities. In fact, their offers are often complementary. Since 2017,

the City of London Corporation has adopted (and subsequently expanded) a regional strategy for building and strengthening relations with other UK financial centres. This programme began with a focus on Belfast, Manchester and Edinburgh, with Birmingham, Cardiff and Leeds added in April 2017.

A collaborative programme has included an inter-regional presentation, with the Department for International Trade, at MIPIM, the international real estate conference, ‘to promote the complementarity of the regional hub offers’ and ‘develop a joint narrative on UK Financial and Professional Services proposition’.⁸⁶ The Lord Mayor of London has been involved in public and private efforts to increase inward investment to the regions targeted by the strategy, and representatives of Northern Irish and Scottish development agencies have accompanied overseas trade delegations led by the Lord Mayor.

The current government’s Industrial Strategy has provided for the creation of ‘Local Industrial Strategies’. It is suggested that these strategies will allow local areas to build on their specific strengths, provide the skills and training, develop infrastructure and stimulate economic growth in the sectors that suit them. However, how much influence these local strategies can have remains to be seen – central government has explicitly stated that they ‘must not contain any proposals that require new funding’.⁸⁷ In the meantime, regional engagement on the part of both public and private sector, of the kind developing under the City of London’s Regional Strategy, is essential.

3. Transport collaboration

Transport for London is a prominent member of the Urban Transport Group (UTG), an organisation that brings together transport bodies from cities across the UK, serving over 24 million people combined. The UTG provides a forum for sharing best practice and innovative new ideas across the UK, holding workshops and advocating for urban transport friendly policies from national government. A series of bilateral projects have

also been developed. Tower Hill and Newcastle Central stations have been ‘twinned’, as part of a relationship between TfL and Nexus, with knowledge sharing workshops organised between staff. Joint working between TfL and Transport for the West Midlands on Travel Demand Management is underway, and TfL is providing advice for the 2022 Commonwealth Games in Birmingham based on its experience of the 2012 Olympics.

TfL is also ‘being incredibly generous’ in working behind the scenes alongside Transport for the North (TfN) to help them build ‘Oyster Card for the North’, sharing expertise, providing peer review and demonstrating their own technology, according to a senior TfN figure, who describes this ‘as a fraternal gesture’. This collaborative working is becoming more prevalent, and operates both ways, with London playing a role in sharing its expertise, and benefitting from learning from other urban transport bodies.

4. Joint tourism initiatives

London’s ability to draw in huge numbers of international tourists has already been highlighted. The capital’s promotional agency, London & Partners, is now working alongside other UK cities, in an attempt to strengthen the spokes that extend out across the country from the hub of the capital.

In February 2018 the Mayors of London, Greater Manchester and the West Midlands launched a joint international tourism project, led by London & Partners and branded ‘Experience England’. This Visit England-funded initiative focuses on tourism from China, India and the Gulf Cooperation Council countries, and markets a package tourist experience that involves visiting London, Manchester and Birmingham alongside parts of the English countryside, rather than just the capital. The project is based on research that shows that while less than one in three visitors to London stay elsewhere in the UK as part of their trip, visitor satisfaction for those that do so increases ‘significantly’.⁸⁸

This research demonstrates the mutual benefit that can arise from collaborative working between regions. A similar initiative combining historic cities such as Lincoln, York and Durham with the capital, also involving London & Partners, has also been funded by Visit Britain. Collaborative initiatives focusing on inwards investment, rather than tourism, are less prevalent, but could provide exciting opportunities if pursued.

5. Knowledge sharing: Violence Reduction Unit

A more recent example of knowledge sharing between different cities demonstrates how London can also benefit from taking a more collaborative approach. Knife crime is currently a huge issue for London, with over 100 murders reported in the capital in 2018 by August. Whilst this is an issue across England and Wales, the Metropolitan Police Commissioner, Cressida Dick, acknowledged that ‘we clearly, as a city, have a big problem now’.⁸⁹

But other cities have had similar experiences. As a Glasgow MP described in an interview for this report:



It’s one of those things where you watch MPs from London jumping up and down, going, ‘Who’s going to do something about knife crime?’, and you think, ‘Well, we know stuff about this! Speak to us about this, we know stuff!’ But I think in Westminster, MPs are often very keen to go around the world to see what lessons they can learn from other places, but they won’t just go up the road to Glasgow, to Scotland, to see what we’re doing here. It’s a strange kind of attitude.

In February 2018, Cressida Dick visited the founders of Glasgow’s Violence Reduction Unit (VRU) to discuss how Glasgow has dealt with knife crime. One of these figures, John Carnochan, has since been advising the London Borough of Lambeth on how best to respond to the problem of growing knife crime in the capital, using

the Glasgow experience of treating the problem as a public health issue to inform the borough's approach.⁹⁰

The Mayor of London set up a VRU for London in September 2018, following 'several months researching the experience of agencies in Glasgow' with the aim of making the lessons learned there work in a London context.⁹¹ Whilst it remains to be seen whether London's VRU will prove successful, this is a clear example that sharing expertise, best practice and the latest innovations in policy need can clearly operate both ways. Hopefully this new strategy will prove to be to the mutual benefit of both London and the rest of the UK.

6. Rebalancing the cultural sector

Arts and culture provide a useful example of positive steps towards addressing regional disparities, with potential lessons for other sectors. A gradual shift away from a perceived London-centric approach on the part of central government has taken place in the last few years, including the Culture White Paper of 2016, the 2017 Mendoza Review of museums in England, and the current government's manifesto commitment to ensure that more of central government's support for the arts is allocated outside of the capital. Some of this is akin to more traditional regional policy: Arts Council England is committed to ensuring that 75 per cent of Lottery funding is allocated outside of London, for example.

However, some of this approach is more nuanced, and builds on the Mendoza Review's call for 'national responsibilities for national museums'.⁹² In the North West, a partnership between the British Museum and Manchester Museum is seeing the former's collection used in the latter's upcoming South Asia exhibition. Curatorial exchange programmes are enabling knowledge sharing between the staff of both museums, with lessons regarding community engagement in the curation of exhibitions providing one example of how London can learn from the rest of the UK. Similar programmes exist between the British Museum and numerous partner museums across the country.⁹³

National museum collections are increasingly travelling the country, with the Natural History Museum's 'Dippy' the Diplodocus skeleton currently on tour around UK museums. Whilst the cost in time and money of hosting travelling exhibits can be prohibitive, this is a positive move. Equally, using gallery space in London to exhibit artwork from around the UK can serve as a promotional tool for UK regions, helping to encourage tourism and offering an opportunity to sell local produce, as demonstrated by the Bulldog Trust's 'Amongst Heroes' Cornish art exhibition, which took place at Two Temple Place in London.⁹⁴

7. A Cornish embassy?

The Cornwall Development Company is establishing a 'Cornish Embassy' in London, on behalf of the Cornwall and Isles of Scilly LEP. This 'embassy' aims to showcase Cornish business and produce, as well as providing a space for Cornish organisations to do business in the capital. The embassy is based on the model of 'Liverpool in London's' London Hub in Finsbury Square. It is hoped that having a physical presence in London will help to strengthen the spokes that draw investment out to Cornwall, as a senior Cornwall Development Company official describes:



We want to have a presence in what is the UK and Europe's biggest market place, where all that business and all that capital is attracted. (...) A lot of the businesses that we talk to will either have their HQs in London, or it will be their first port of call into the UK, which is why we want to be there and engaging in that market.

Alongside a crowdfunding campaign from Cornish businesses, it is hoped that match funding can be secured from the European Regional Development Fund. Heathrow Airport has also contributed.⁹⁵ Like several other UK regions and cities, Cornwall also has a London-based diaspora organisation: the London

Cornish Association, a ‘non-political, non-sectarian, cultural and social organisation which promotes and fosters fellowship and goodwill among Cornish people in London and elsewhere’.⁹⁶

8. Connectivity through transport

Heathrow is the busiest airport in Europe, in terms of passenger numbers, and one of the busiest in the world. It is the UK’s main ‘hub’ airport, and flies to over 180 destinations in 90 countries around the world, with internal flights to several UK cities. The airport also handles over 30 per cent of non-EU UK exports.⁹⁷ Heathrow connects the UK to the world, via London. Its role in the UK economy was repeatedly mentioned in interviews for this report – as were the measures that the airport has taken to engage with the rest of the country.

Roundtables with business and political leaders were held in all 12 regions or countries in the UK in early 2017, to find out how Heathrow could assist with local priorities.⁹⁸ The airport has made it one of its ‘flagship goals’ to connect the largest 100 towns and cities in the UK to Heathrow by 2030, whether by air or rail, ‘to create opportunities all over the country and deliver a stronger UK’.⁹⁹ Heathrow (alongside the Department for International Trade), also awards 20 grants to UK SMEs a year through its ‘World of Opportunity’ programme, to fund trade missions, research global markets, and help grow UK exports.¹⁰⁰ Business summits across the UK help Small and Medium-sized Enterprises (SMEs) to access Heathrow’s supply chain and other SME networks. Heathrow is also considering its role in promoting non-London tourism, pledging advertising space within its terminals to other UK regions and countries.¹⁰¹ Works for the proposed expansion of the airport are planned to take place off-site as much as possible, with four ‘logistics hubs’ to be located outside of London.¹⁰²

The impact of these measures remains to be seen. But Heathrow’s regional engagement programmes demonstrate the important interconnectivity of London and the UK, and the hub and spoke role that London plays in the national economy, in a tangible way.

Attempts to strengthen the spokes that draw investment, tourism and prosperity out from the capital and across the country should be welcomed.

9. Private sector collaboration

London's private sector can also play a role in engaging with regional partners and working to better connect the capital with the rest of the UK. The Sheffield Property Association (SPA) is a property-focused business membership group, established in 2017. It brings together over 50 Sheffield-based businesses and individuals, including developers, lawyers and investors. It exists to provide a 'critical friend' to government, helping to shape policy at a local level and promoting Sheffield and its investment opportunities around the world. It claims to be the only property association outside of London in the UK.

The SPA was formed after consultation with the London Property Alliance, which consists of the City and Westminster Property Associations (London Property Alliance). London Property Alliance provided advice and practical help in the early stages of its establishment, including in designing a constitution and structure. The SPA and the London Property Alliance continue to work closely together to mutual benefit, with the London-based organisation benefitting from its younger partner's fresh thinking as the SPA benefits from the London Property Alliance's experience. Both organisations also find mutual advantage in being able to present a national message and advocate for areas of shared interest. The organisations have presented jointly at conferences and exhibitions such as MIPIM, both nationally and internationally, and continue regular knowledge sharing meetings and exchanges.

10. Grassroots inter-regional initiatives

'Boston More in Common' (BMiC) is a grassroots voluntary organisation working on improving integration within Boston. However, BMiC was first established in the wake of a BBC Radio Four programme that featured a small group of Leave voters from Boston, the highest

Leave voting constituency in the country, and a group of Remain voters from Lambeth, the Remain equivalent. Working alongside Lambeth More in Common, BMiC organised a small scale ‘twinning’ initiative, akin to a cultural exchange programme, bringing people together to discover how much more they shared than divided them.

‘Cornwall Hugs Grenfell’ is another inter-regional grassroots initiative, albeit one that arose from tragedy. Following the Grenfell Tower fire, a Facebook post expressing sympathy with the victims soon expanded into a charitable project, providing Grenfell survivors, neighbours and firefighters with free travel and accommodation for a restorative stay in Cornwall. Local businesses, travel providers and holiday homes have all donated their services, in a bid to show solidarity and help those affected, and over 20 per cent of Grenfell survivors have now visited Cornwall as part of the initiative.¹⁰³

During the memorial service that followed the Manchester Arena bombing of May 2017, cranes across both Manchester and London were turned to face in the direction of the arena in a poignant show of solidarity.¹⁰⁴ With the attack coming shortly after the Westminster Bridge attack in London, the two cities then made a joint bid to central government for ‘recovery funding’, to help restore and protect their reputations as tourist destinations. International bloggers were invited to visit both cities as part of one trip, as part of an effort to promote their tourist appeal. Manchester’s tourist sector has proven surprisingly resilient since the Arena bombing.¹⁰⁵ It should not take a tragedy – and it does not need to – but these examples demonstrate the potential for more regional cooperation at all times, not just in times of hardship.

4.

Recommendations

Problems – a summary

London's economic contribution to its nation is huge, and without it, the UK would be significantly poorer. The capital plays a global role that no other part of the UK can match. However, negative perceptions of London persist, and its arguably oversized national role can bring genuine challenges for the rest of the UK. The previous chapters demonstrate that there are significant grounds for optimism, and that efforts are already being made to improve collaborative working between London and the rest of the country. However, in an increasingly polarised and volatile climate, there is a risk that the capital could become a victim of its own success if it does not act to strengthen ties with the rest of the UK.

The results of the polling and the interviews conducted for this report differ in several areas, but there are three common complaints. These three distinct but related problems can be summarised as follows:

1. London, Westminster and Whitehall

Whilst relations between London institutions and their equivalents across the UK are in some respects improving, relations with central government appear to be travelling in the opposite direction. There is a widespread perception that central government, overwhelmingly based in Westminster and Whitehall, has a 'London-centric' view, leading to national policy that disproportionately benefits the capital. The UK (and particularly England) is an extremely over-centralised nation.

Brexit currently dominates national discourse, and there is a sense that the devolution agenda has consequentially slipped down the agenda. The impact of leaving the European Union also seems likely to exacerbate inter-regional tensions: HM Treasury's own forecasts predict that Brexit will affect London's economy the least, with the local economies of Leave-voting regions expected to be left the worst off. There is a further risk that powers that come back to the UK as a consequence of 'taking back control' from Brussels will be hoarded in Westminster and Whitehall.

2. London is too strong

London's role as a global and national magnet for talent is an asset to the UK. The capital's dynamic economy and its tendency to attract innovative new ideas from around the world are powerful factors in driving the whole nation forward. Yet efforts to share the benefits across the UK are limited, or under-discussed. London's role as an international hub is appreciated, but the spokes that spread benefits across the UK need strengthening.

3. London doesn't care

Whilst London is far from universally unpopular across the UK, it is seen as an unaffordable and self-interested place, and national pride in the capital is not as high as it should be. Londoners are seen as 'arrogant' and 'insular', and the capital's economic contribution to the UK economy is seen as an abstract idea, with little tangible impact in other parts of the country. When asked what London's government and institutions could do to help other parts of the UK grow, one long serving local government official responded with surprise: 'Of all the places I've worked in the last 35 years, this is not a conversation that I've ever had. It's a conversation that we've always had internally, with London as the enemy'.

Proposed solutions

The recommendations seek to address these issues, by suggesting ways in which central government; London's own government; and London's business and cultural institutions could work together to enhance the perceptions and realities of how London related to the rest of the UK. In summary, we call for all involved to **change the narrative** around London and the UK; reduce Whitehall's dominance by **devolving now** to towns, cities and regions; launch a campaign to **show London cares** about the rest of the UK; and **strengthen the spokes** that spread the benefits of London's role as global 'hub' for business and tourism across the country.

Recommendations for the Mayor of London, Greater London Authority and London's boroughs

Recommendation 1: 'London is Yours'

The Mayor of London and mayoral agencies should launch a domestically-targeted 'London is Open'-style campaign, entitled 'London is Yours', to restate London's commitment to its role as England and the UK's capital. This should begin with a published 'mission statement', explicitly stating that it is in London's interests for the UK's other cities and regions to succeed, and that the capital does not seek growth at the expense of any other region. The campaign should also highlight the ways in which the capital's institutions are already working behind the scenes to strengthen inter-regional ties, and commit to developing and improving these measures.

London needs to be given more control of its own destiny through devolution, to make London a fairer and more prosperous place in itself, alongside generating more wealth for the whole country. But there are understandable concerns about the capital seeking to 'go it alone', reducing the amount it redistributes around the country. The Mayor of London must continue to make the national – not just London-specific – case for a more devolved UK.

The Mayor, the GLA and boroughs must work alongside the capital's businesses and anchor institutions to ensure that London's cultural offering and business expertise is shared more widely with the rest of the country. London and central government must also work together to explore ways to make London's culture and tourism offer, and particularly that relating to its 'national' institutions, more accessible and advantageous for those visiting from elsewhere in the UK.

Recommendation 2: Mayoral networks

The Mayor of London should play a prominent role in further developing the emerging mayoral network and establish a more formalised UK Alliance of Mayors, to advocate for solutions to shared problems, and further devolution in the UK. There is also potential for this network to be extended beyond the existing 'M8',

working alongside groups that represent other cities, towns, regions and rural areas across the country.

Joint mayoral delegations can and should also play a prominent role in pitching for 'multi-region' overseas investment to the UK, demonstrating that the UK's various cities, towns and regions have complementary, not competing, offers.

Recommendation 3: Make the case for further devolution and comprehensive infrastructure investment

London's leaders should continue to make the case that neither regional growth nor infrastructure investment across the country need be a 'zero-sum game'. Growth in London does not need to come at the expense of other parts of the country.

London's infrastructure needs are huge, and real. The capital is also home to some of the most deprived communities in the country. But it is also in London's interests, as capital of the UK, that productivity is improved, dependency rates reduced, and inequality addressed across the country. London's government, businesses and other institutions must continue to publicly state that this is the case.

Recommendations for central government

Recommendation 1: Devolution

The UK must see more power devolved to a local level, with decisions taken as close to those who they affect as possible, in London and across the country. This would not only enable the UK's distinct localities to better shape policy to suit their own particular needs and specialisms, but will also help to reduce the sense that regions are competing for one 'pot' of funding, and lessen the impact of the perception that national government has a 'London-centric' mindset.

The results of the EU Referendum demonstrated a spatially divided nation, and the government's own forecasts predict that Brexit would exacerbate existing regional economic divides. Central government must commit to a major review of where power lies in the UK, and appoint a Cabinet Minister for Devolution to oversee the process.

Recommendation 2: Invest in infrastructure

Infrastructure is key to addressing spatial imbalances, but the regional allocation of national investment has become a contentious topic. Government must act to reset the debate over regional transport funding in the UK. It is widely felt that transport needs outside of the capital come second. Announcements over funding decisions have been handled poorly, and there is now a lack of clarity in the public debate. The government should take up the National Infrastructure Commission's recommendation to enable 'city-led plans for transport to connect housing and jobs' by providing for 'devolved, long term funding to give certainty to all cities'.¹⁰⁶

Central government must commit to increasing both its own (public) investment, and better enabling private investment where possible, in both physical and digital infrastructure across the UK. The 'lock-step' arrangement for Crossrail 2 and Northern Powerhouse Rail must mean 'do both', not 'do neither'.

Recommendation 3: Better data, better debate

London is the only continuous urban area treated as a region, and millions who regularly commute into the capital, particularly from within the Wider South East, are not included in per capita calculations. Treating London as a region has also fuelled the sense of London's difference from the rest of the country: the capital is frequently described as 'the only English region that voted to Remain in the EU', despite most English cities doing the same. The Office for National Statistics should endeavour to provide more and better city-level data, and consider using the Wider South East region more frequently, to enable better like-for-like comparisons.

There would also be merit in developing a better measure than 'GVA per capita' to measure regional economic performance: nations are compared using 'purchasing power parity' which allows GDP to be adjusted to reflect different costs of living. Ultimately, like-for-like, Londoners have lower disposable incomes than the rest of the UK after housing costs, and current measures of regional economic activity do not reflect this. The rest of the UK may

feel differently about the capital if they were better and more accurately informed about the reality faced by its residents and why London's government needs more tools to help make it a better place.

Recommendation 4: Civil service secondments

Civil servants in Whitehall should be expected to undertake temporary 'job swaps' with local government officials, including London boroughs, to provide greater experience and insight into the challenges and opportunities faced by elected authorities beyond Westminster.

Recommendations for London's businesses and anchor institutions

Recommendation 1: Cultural connections

London's appeal to international tourists is impressive, and to be celebrated. London's cultural offering is world class, and our polling demonstrates that it is the aspect of the capital that those Brits living outside of London who visit the capital regularly associate most strongly with the city. As part of the 'London is Yours' campaign, London's businesses and anchor institutions can play a part in ensuring that this offering is made more readily available to the whole of the UK.

The practice of London's 'national' cultural attractions going 'on tour' should be built upon and expanded – and apply to people and performance, as well as artworks and exhibits. London's business organisations and cultural institutions should promote and sponsor cultural exchange programmes to ensure that young people across the country get to visit and benefit from the capital's arts and culture offer. For example, London's national cultural institutions should work with government to find a way to provide bursaries to schools, of the kind made available to visit Parliament, to enable young people to experience London's world-class cultural offering – and for programmes to enable London assets to come

to them. Additionally, government and schools themselves could work together to coordinate a three month nationwide inter-city schools exchange programme, as proposed by Centre for London's Mario Washington-Ihime, to help 'foster a sense of pan-UK identity amongst the younger generation.'¹⁰⁷

Recommendation 2: Knowledge sharing

London is a world leading global city. London's public, private and third sector institutions, following the lead of the Mayor's Office, Transport for London and London & Partners, as well as the tone set by 'London is Yours', must reach out to partner institutions across the country even more than they do so today, to share ideas, experience and knowledge as widely as possible.

Recommendation 3: Strengthen the spokes

Excellent joint initiatives between cities and towns across the UK are emerging, geared towards attracting and spreading the benefits of international tourism beyond London's boundaries. However, similar coordination and cooperation in the area of foreign direct investment and other private sector activity has generally been less frequent and less successful to date. The City of London's Regional Engagement Strategy provides a template for inter-regional engagement, but even more should and must be done to broaden and develop engagement between regions, across a broader range of sectors.

Recommendation 4: Regions in the city

London's governance and business institutions must work together with the Department for International Trade to investigate how to provide spaces in the capital where regional businesses can take advantage of its connections to the rest of the world, and help develop stronger spokes from London's international hub, drawing investment out across the country.

Annex 1: A history of London and the UK

The 'Great Wen'

London's sheer size, its seemingly unstoppable growth, and its magnetic attraction to people from inside and outside of the UK, has led to a long history of derogatory nicknames. Perhaps the most famous originated in the 1820s, when the Liberal MP William Cobbett described the capital as the 'Great Wen', a cyst that grew exponentially, draining the life from the rest of the nation. Towards the end of that century, the Liberal Chairman of the London County Council would wonder at the 'awfulness' of the ever-expanding city: 'If it was a wen then what is it now? A tumour, an elephantiasis – sucking into its gorged system half the life and blood and the bone of the rural districts'.¹⁰⁸

London has been the most populous city in the UK since the late Middle Ages, and generally the most economically powerful. As far back as the early 1600s, King James I lamented the capital's growth, gloomily observing that 'soon, London will be all England'.¹⁰⁹ The city's population truly exploded during the 1800s, growing at a rate of around 20 per cent per decade. In 1801, London passed one million residents and became the largest city in Western Europe since Rome; by 1840 it was the largest city in the history of the world, with over two million Londoners. By 1901, 6.5 million people lived in London.¹¹⁰

The capital wasn't alone in growing suddenly fat on the proceeds of the industrial revolution and the British Empire. By 1901, nearly 80 per cent of the UK's population lived in cities.¹¹¹ Manchester, Liverpool and Birmingham also prospered mightily. But the capital became ever more dominant. In 1801, Greater London made up around 12 per cent of the population of England and Wales. By the end of the 19th century, it accounted for over 20 per cent.¹¹² By 1939, London's population was at 8.6 million, the largest it had ever been. Meanwhile, much of the rest of the UK, and particularly the North of England and Wales, was in decline, and many blamed the capital. London, for its part, had plenty of problems of its own: its rapid expansion had also seen slums, pollution, overcrowding and poverty become prevalent, and town

planners began to refer to London as ‘a national menace’, or even ‘a Daemon’.¹¹³ But, if this really was the case, what should be done about it?

Rebalancing the economy, part 1

Evacuation and conscription gutted London during World War Two, but its end saw a mass return to the capital, with 8.2 million Londoners by 1951.¹¹⁴ However, while Londoners had been away, planners had begun to envisage a new future. A series of wartime plans and reports, from the Barlow Commission on ‘the Distribution of the Industrial Population’, to Patrick Abercrombie’s Greater London and County of London plans, all saw London’s growth as a problem that could, and must, be remedied. Barlow focused on the decentralisation of industry and warned against its overconcentration in London and the South East.¹¹⁵ Abercrombie envisaged the ‘decentralisation’ of Londoners themselves, to the New Towns, Garden Cities and suburbs, to tackle overcrowding and improve quality of life.¹¹⁶

The postwar decades were therefore dominated by what historian, Jerry White, calls the ‘London-as-problem paradigm’.¹¹⁷ Successive governments placed restrictions on economic activity in prosperous London, by constraining construction of factories and, later, offices in the capital. The legislation that established the Greater London Council and the London boroughs even made it illegal to advertise industrial opportunities in London.¹¹⁸ New office development in central London was effectively banned in 1964.¹¹⁹

Government also intervened to incentivise, subsidise and sometimes construct factories itself in the depressed areas outside of the capital. This had some limited success, but that success proved short-lived, as de-industrialisation hit the UK.¹²⁰ Equally, as Figure 12 below shows, regional inequalities were reduced in the first decades of the postwar years primarily by a decline in London’s economic output, rather than by increased output elsewhere. Meanwhile, London’s decline was accompanied by the ‘relative decline’ of the UK economy

as a whole, compared to its European competitors. When London began to boom again, the UK followed – but regional inequalities began to re open as well.

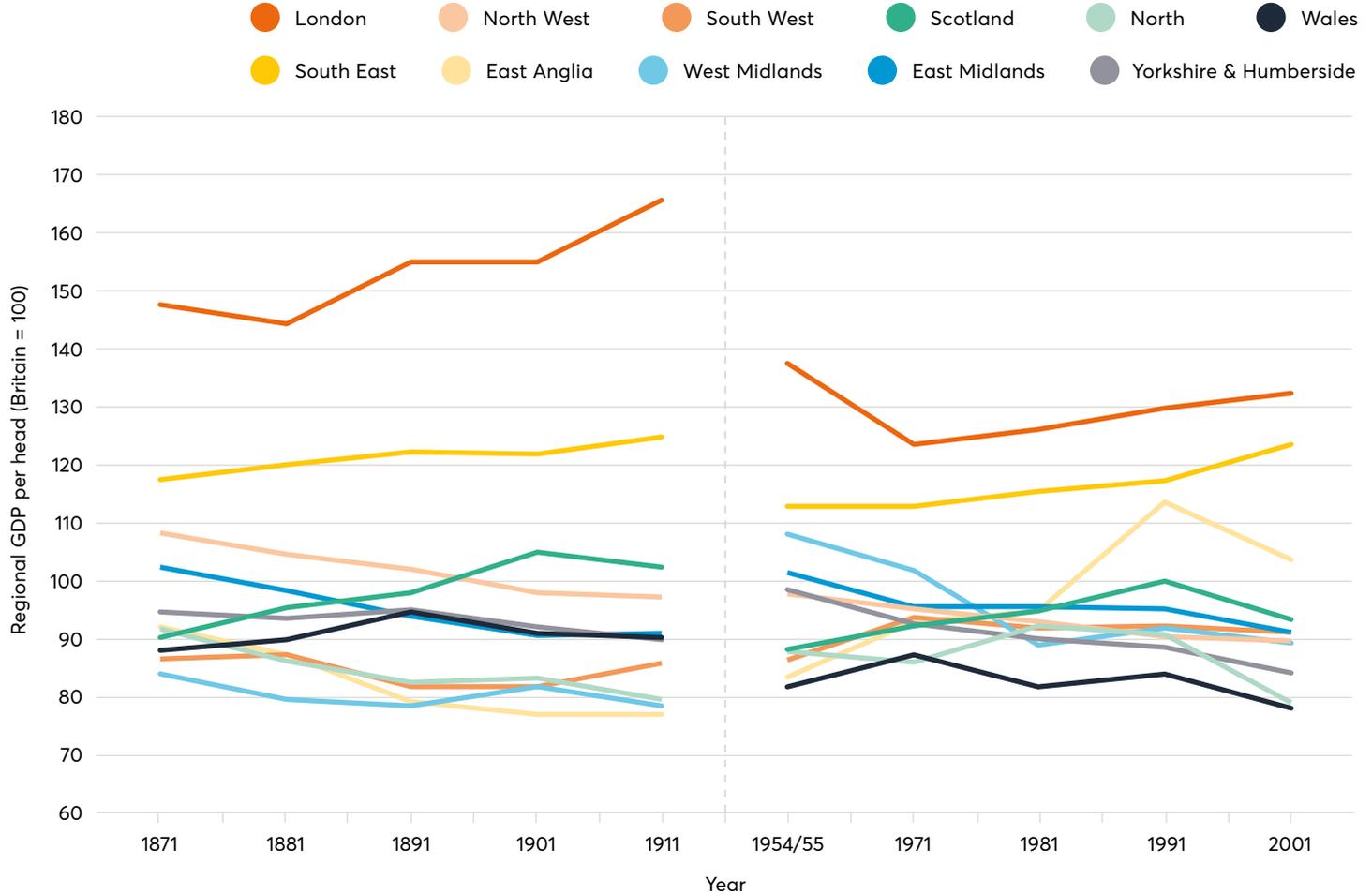
The reduction of spatial inequalities in the UK economy was ultimately very short lived, and the nation soon returned to a familiar pattern of London out performing its peers. As Figure 12 indicates, by the start of the 21st century, regional inequality in the UK was heading back to where it had been at the start of the 20th, as the national economy began to pick up once more. However, in between, the economies of both London and the UK as a whole had both experienced a period of relative decline.

Rebalancing the economy, part 2

From 1979, the Thatcher governments had begun to change tack, reducing spending on regional subsidies and narrowing the parts of the country that subsidies were provided to. De-industrialisation continued to hit much of the country hard, with London the first to be hit and (in parts) the first to recover. The Wider South East as a whole subsequently benefitted massively as the UK's service sector boomed, and both the capital's population and its economy began to recover from the end of the 1980s. The Labour government elected in 1997, did not interfere with this process, but adopted an 'investment for all' approach, which saw Regional Development Agencies (RDAs) invest in growth across the UK, including in London. The Greater London Authority and the London mayoralty were also established in the year 2000, following a referendum in 1998. RDAs have since been replaced by Local Enterprise Partnerships, with new region-specific initiatives such as the 'Northern Powerhouse', 'Midlands Engine', Combined Authority Mayors and a range of other limited devolutionary measures.

What effect, if any, have the various measures outlined in this chapter had? Ultimately, as Ron Martin et al. described in 2016, 'Past efforts to achieve a more spatially balanced distribution of economic activity and economic growth have failed to have any substantial

Figure 12: Regional GDP per head, 1871 - 2001



Source: N. Crafts, 'Regional GDP in Britain, 1871-1911: Some Estimates', *Scottish Journal of Political Economy*, 52:1, (February 2005), pp.59&61

or lasting impact.¹²¹ Postwar regional policy failed to address the widening gap between London, (now more inextricably connected with the Wider South East than ever before), and the rest of the UK. But it could also be said that, in many senses, the UK has returned to its ‘natural state’ in periods of economic growth. Whilst the economic context had changed, ‘the striking conclusion is that both episodes of globalisation have been associated with major changes in regional income differentials in Britain with big losers and big winners.’¹²²

A return to the postwar approach of disincentivising growth in London and subsidising it elsewhere in the country has not since been seriously considered, largely because the old ‘command-and-control’ economy has gone. Companies and taxation are now increasingly internationally footloose and cannot be moved within a single country by act of policy. London competes for financial and business services with New York, Hong Kong and Frankfurt - not Stoke-on-Trent, Gateshead and Hull.

However, discussion of the need to address the UK’s regional imbalances has re-emerged and slowly increased in prominence over the last decade. In 2010, recently elected Conservative Prime Minister, David Cameron, critiqued the UK economy’s over-reliance on ‘just a few industries and a few regions – particularly London and the South East. This really matters. (...) We are determined that should change.’¹²³ The Northern Powerhouse, Midlands Engine, the establishment of Combined Authority Mayors (or ‘Metro Mayors’), City Deals and other devolutionary and regionally-minded measures all followed. But what accounts for this change in tone?

Things fall apart

The 2008 financial crash provided the first of a series of shocks to what was an already difficult relationship. The crisis appeared to arrive on UK shores through London, where the majority of the main financial services companies were headquartered, and as historian, Peter Mandler, has noted, ‘Bankers and

politicians were blamed for that crash, but the rest of the country paid the price'.¹²⁴ London, as the national home of both groups, was guilty by association. Yet London's 'guilty' did not appear to suffer the consequences: it has been argued that central government policy effectively 'bailed out' the financial services through monetary policy, and those who caused the crash therefore appeared to escape relatively unharmed.¹²⁵ In 2017, Ipsos MORI found politicians in general, government ministers, journalists and bankers to be amongst the least trusted professions in the country. Curiously, all of these professions were notably more trusted by Londoners than they were in any other region of the UK.¹²⁶

Following the crash, substantial cuts were made to public services and wages stagnated. London didn't escape; in fact urban areas across the country saw the sharpest cuts. However, academics have explicitly linked the effects of the financial crash to the new prominence of political rhetoric and policies around 'rebalancing the economy'.¹²⁷ In September 2014, amidst the political rise of the populist, anti-immigration UK Independence Party, *The Guardian* reported that, outside of the capital:



The symbol of most ills is seen to be London (...) Westminster represents the infection at its most extreme, but the animosity transcends politics. It focuses on London as a city state, with a different way of life, a different culture.¹²⁸

The same month also saw Scotland vote to remain part of the United Kingdom by a closer margin than widely anticipated, following a divisive campaign which saw London branded the 'dark star' of the UK economy by the pro-independence SNP.

In 2016, the UK voted to leave the European Union. London was the only English 'region' (but not the only part of the UK, nor by any means the only English city) to vote to remain; by 59.9 per cent to 40.1. London's apparent difference from the rest of the country in

this area subsequently became a widespread topic for discussion amongst politicians and the national media, even though some areas of east and south London recorded some of the highest votes for Leave. An apparently tongue-in-cheek petition calling for the Mayor of London to declare the capital independent from the rest of the UK and apply to join the EU subsequently garnered over 180,000 signatures.¹²⁹

At the end of the year, former Chancellor of the Exchequer Gordon Brown cited the growing economic divide between the north and south of the country as a primary driver behind the Brexit vote, and called for the UK's centralised constitution to be re thought, in order to create 'a more federal union'. While the extent of regional inequality in the UK is intensely debated, addressing this has become an increasingly prominent issue in recent years.

There is also a wider international context to London's deteriorating relations with the rest of the UK. Around the globe, 'world cities' like London are facing increasing resentment from their nation states, accused of getting more than their 'fair share' of investment, causing domestic 'brain drain', and commanding disproportionate influence over national government policy.¹³⁰ The urbanist, Richard Florida, has claimed that increasing divides between global 'superstar' cities and their nations 'are exactly what resulted in the voting swings towards Brexit and Trump'.¹³¹ London is not alone in finding itself in an increasingly difficult position.

Rebalancing the economy, part 3?

Central government has also intervened to 'decentralise' in recent years, relocating parts of the BBC to Salford's 'Media City', completed in 2012, or the Office for National Statistics to Newport in 2006, for example.¹³² The 2017 Conservative Party Manifesto pledged to move Channel 4 and some parts of the Civil Service out of the capital, in an attempt to share London's prosperity around the country. The Conservative Party also committed to targeting

more arts spending outside of the capital and proposed an Industrial Strategy to ensure that ‘wealth and opportunity are spread across every community in the United Kingdom, not just the most prosperous places in London and the South East.’¹³³

The Labour Party, for its part, asserted that ‘We have relied too heavily on the financial sector, centred on London and the South East’, and pledged that, ‘We will put in place tight rules to ensure that investment is fairly shared around every region and nation of the UK.’¹³⁴ Of course, government focuses primarily on the regional allocation of public sector employment and investment. But the private sector is responsible for over 80 per cent of jobs in the UK. London’s real success is in generating new private sector companies and, thus, higher productivity. Very little government policy considers the real challenge: how to make the economy in places with less growth and lower value jobs more successful in generating start ups and entrepreneurship.

Relatively, few concrete policy measures to address regional inequalities in the UK have been implemented. Leeds won its bid for Channel 4’s national headquarters in October 2018, with 200 staff set to move by the end of 2019,¹³⁵ and more Arts Council funding has been allocated outside London.¹³⁶ The current government’s Industrial Strategy recognises that ‘different policies will be needed for different places’, and commits to creating Local Industrial Strategies to help boost regional growth across the country.¹³⁷

None of these policies amount to anything like a full return to the anti-city and anti-London national policies of the postwar years. But recent debates on transport investment in the UK have led to increasingly polarised arguments over regional ‘fairness’, with accusations that the capital is over-dominant. It is also increasingly said that national politicians are ignorant and indifferent to the world outside of Westminster, a feeling that has also influenced the debate on the relative merits of towns and cities in the UK.

Brexit currently dominates national discourse,

but its impact may exacerbate inter-regional tensions. HM Treasury's own forecasts predict that leaving the European Union will increase economic disparities between regions.¹³⁸ It is likely that, by the time the government returns to the question of London's position within the UK, it will be within the context of an even more divided country. London's place within the United Kingdom therefore remains very much a live issue.

Annex 2: International comparisons

The UK is a highly centralised nation, with the amount of tax revenue collected and spent by central government notably above the OECD average for a unitary state (and the amount controlled by local government significantly below).¹³⁹ Compared to other centralised nations, London's dominance of the national economy and population, whilst notable, is far from exceptional. With 13 per cent of the UK population, Greater London is responsible for 22 per cent of UK GDP. Cities like Tokyo and Seoul are home to a much larger share of their nation states' population; whereas cities like Moscow, Mumbai and São Paulo are responsible for much more disproportionate shares of their national economy. GVA per capita in Paris is twice that of the French national average, a larger gap than that between London and the UK average.¹⁴⁰

Other British cities lag notably behind London in terms of economic performance. In 2016, only three of the 12 UK cities of over 500,000 inhabitants – London, Bristol and Portsmouth – were more productive than the national average. In Germany, often cited as a more successful 'multi-nodal' state, the comparable figure is nine cities out of 14. This is a common feature of federal nations, which often have a planned, deliberate political capital, and multiple cities with more equally sized economies and differing sectoral strengths. Perhaps more alarmingly, however, is that eight of these 14 German cities are more productive than the *European* average, whereas London is the only UK city where this is the case.¹⁴¹ So not only are German cities more even in their growth, but they are performing better overall, with the German economy stronger as a consequence.

Real, substantial devolution of meaningful powers, and therefore, of finances, is of course desirable, as the London Finance Commission has argued.¹⁴² For the meantime, however, it is currently more appropriate to compare the London experience to that of capital cities in other centralised nations, such as Paris, Tokyo and Seoul.

Paris and France:

Paris, (or its region, Île de France), is home to 18 per cent of France's population, accounts for 30 per cent of the nation's GDP, and has twice the national average per capita GVA.¹⁴³ Clark and Moonen describe France as an 'archetypal centralised nation-state dominated by a primate city', with the Prime Minister, President and central government all historically playing a strong role in planning, developing and funding major infrastructure and other projects in the Paris region.¹⁴⁴

France's central government also has a long history of intervening through national economic plans to combat territorial inequality. The *Commissariat général à l'égalité des territoires* (General Commission for Territorial Equality), or CGET, coordinates state aid from the French government and the EU to assist in the economic and social development of the French regions. IPPR North have argued that regional government in France is stronger in the area of transport than is the case in the UK today, with policy and planning set at a regional level, and regional councils tasked with agreeing rail services with the national, state-owned company (SNCF).¹⁴⁵

France has a history of strong local mayors, with five of eight Presidents, and 17 of 23 Prime Ministers having also served as the mayors of French cities or regions since the establishment of the Fifth Republic in 1958. This is not dominated by Paris either – only one of these leaders (Jacques Chirac) was a former Mayor of Paris.¹⁴⁶ The establishment of the *Metropole du Grand Paris* in January 2016, now responsible for a similar sized population and economy to the Greater London Authority, is an attempt to strengthen the city's devolved governance. Further powers are to be phased in by 2020.¹⁴⁷

Despite all this, France is still experiencing a version of the 'major cities versus the rest' tension experienced in the UK. According to CGET's 2018 'Report on Territorial Cohesion', the economic crisis of 2007/8 has acted as an 'accelerator' of existing trends, increasing territorial disparities, with Île de

France becoming increasingly different to the rest of the country.¹⁴⁸ The leaders of French devolved administrations recently issued a joint call for much more radical devolution in France, proclaiming that *'Notre pays meurt à petit feu de son ultra centralisation'*, ('our country is slowly dying of its over centralisation').¹⁴⁹ The French general election of May 2017 saw nine out of ten Parisians back the winner, President Emmanuel Macron, in an election that divided along similar geographical and demographic lines to the Brexit vote in 2016.¹⁵⁰

Summary:

France's second cities are much more productive than their UK equivalents, despite being equally separate from the capital. France has a more active regional policy and a longer, stronger history of powerful local politics and prominent local politicians. However, the French are also struggling with over-centralisation, as well as a dangerous urban-rural divide, and are beginning to examine ways to better devolve power.

Tokyo and Japan

Tokyo-Yokohama, a vast city-region, is home to 29 per cent of Japan's population, and produces 31 per cent of its total economic output. Unlike London and Paris, however, Tokyo's GVA per head is only a little above the national average.¹⁵¹ Japan has a long history of changing its capital city, traditionally the home of the Emperor, whenever its Emperor changed, but Tokyo—Yokohama has since become the largest city-region, in terms of population, in the world.¹⁵²

Tokyo is the only Japanese city to have metropolitan prefecture status in its own right. Tokyo's special status means that the entire metropolitan area is regarded as one unit, including 23 special wards that are each treated as individual cities. It has its own governor, an assembly of 127 elected members, and its own powers. The Tokyo Metropolitan Government has control over 16 taxes, which raise around 70 per cent of

the city's revenue spending.¹⁵³ Other large cities, such as Osaka, (a commercial centre widely considered Japan's second city, and described by the *Financial Times* as 'a New York to Tokyo's Washington'), have long pushed for equal status to Tokyo, arguing that the city is advantaged by its special status.¹⁵⁴ However, plans to change Osaka's status were narrowly defeated in a 2015 referendum.¹⁵⁵

Tokyo is home to the National Diet (the Japanese parliament) and Japanese government departments. Unlike in London and Paris, the relocation of the Diet has been frequently discussed since the 1970s, with disaster resilience a factor, alongside a desire to 'build a new relationship between legislators, bureaucrats and ordinary citizens. [...] People will be able to free themselves from the obsessive belief that Tokyo is at the top of the hierarchy'.¹⁵⁶ Polling suggests that the idea is popular across Japan, with the notable exception of within Tokyo.¹⁵⁷ Despite this interest and frequent discussion, as well as a resolution committing to relocation being passed in 1990 by the House of Representatives and House of Councillors, subsequently becoming an Act promulgated and enforced by the central government in 1992, the relocation Act has been inactive for the past decade.

To date, the only tangible progress appears to be the upcoming move of the Cultural Affairs Agency to Kyoto, itself tied to the Regional Revitalisation Policy of 2015 and not directly to the Act of Relocation. Furthermore, the move will only involve the relocation of less than 230 staff, and is set to take place 'in several years'.¹⁵⁸ The estimated cost of full relocation, estimated at JPY 2.4–4.4 trillion, cannot be helping progress.¹⁵⁹ Meanwhile, net domestic population flow to Tokyo continues in the hundreds of thousands, despite central government commitments to balance net in/out migration by 2020 and tax incentives for businesses moving HQ functions out of central Tokyo have seen little take up.¹⁶⁰ Like the UK, Japan has tried various elements of traditional regional policy to disincentivise the economic and demographic dominance of its capital, including building industrial New Towns in

the 1960s, the introduction of the Shinkansen ‘bullet train’ network, and providing subsidies and other tax incentives to encourage industrial growth outside of Tokyo.¹⁶¹ Yet the capital’s growth continues.

Summary:

Tokyo’s success is aided by its relatively strong metropolitan government. However, despite the Japanese government’s commitment to decentralisation over multiple decades, and the potential for large scale disasters in the form of earthquakes, very little progress has been made. The shift of population and business to Tokyo has continued despite measures attempting to stem the flow.

Seoul and South Korea

Seoul is the most dominant capital city of all our three case studies. It is home to just under half of South Korea’s entire population and produces a similar proportion of its national wealth. GVA per head in Seoul is 1.15 times the South Korean average.¹⁶² Seoul has a mayor, but limited fiscal autonomy, and most taxes raised in the capital are collected and spent by the national government. However, like London and Paris, the city is advocating for greater devolution and autonomy, and some limited progress has been made in recent years.¹⁶³

Regional policy in South Korea has also attempted and failed to address regional and spatial disparities.¹⁶⁴ Incentivising growth outside of the capital, and increasingly restricting and disincentivising it in the capital, did achieve some reduction in Seoul’s population in the 1990s, but an economic crisis soon saw regional inequalities begin to increase again.¹⁶⁵ Land use regulation, green belt policy, height restrictions on new buildings, and limits on numbers of students in Seoul universities have all attempted to address the capital’s dominance.

In 2005, following three years of debate, the South Korean National Assembly passed a bill to construct Sejong, a new ‘administrative city’ around 120 kilometres south of Seoul, for relocating government ministries

and public/semi-public bodies in order to decongest the capital. Originally proposed as a new capital in 2002, subsequent administrations have attempted to stall or alter the purpose of Sejong, but have ultimately managed only to redesignate the city an administrative, rather than capital, city.¹⁶⁶

The relocation of public bodies to Sejong began in 2012. The city had a slow start, with organisations reportedly losing staff as they moved.¹⁶⁷ However, with a target population of 500,000 by 2030, Sejong has already reached nearly 300,000 residents in 2018, and has the highest birthrate of any region in South Korea.¹⁶⁸ The South Korean government also committed to create ten new ‘innovation cities’ outside of the capital, generally based around the sectoral specialism of a public sector body being relocated there from Seoul. Whilst some of these ‘innovation cities’ have grown rapidly, others are struggling with a lack of social infrastructure, and are in some cases seeing public officials move there without their families, suggesting that they are not intending to stay long term.¹⁶⁹ Like Sejong, it is too early to say whether or not they will prove successful in helping to address regional inequalities in South Korea.

Summary:

It is perhaps too early still to assess whether South Korea’s ambitious decentralisation plans will prove successful. However, there are clear challenges in building brand new cities from scratch, and convincing enough people to move there to create critical mass. South Korea’s ambition for cities outside of Seoul is impressive. Whilst Seoul’s dominance makes direct comparisons with London difficult, the success or failure of ‘innovation cities’ and the nation’s relatively new ‘administrative city’, Sejong, could provide useful lessons for London and the UK in the future. Most importantly, London is not unique. Even New York, which is not a capital, is resented and seen as insular and aloof.

Around the world in 2000 words

This brief investigation of international examples may raise more questions than it answers, but it does provide some lessons for London and the UK.

- London's difficult relations with its nation state are common to many other global cities.
- London's domination of the UK's economic and national life is also common to other capital cities in centralised states around the world.
- London is actually less dominant, in terms of both economic contribution and population size, than some other comparable capitals.
- Comparable nations have also tried, and failed, to intervene to stop their capital cities becoming increasingly well-populated and economically dominant.
- For as long as the UK remains a centralised, unitary state, it will prove difficult to truly rectify spatial imbalances.

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London has long been perceived as a place apart. As the political, financial and cultural centre of the United Kingdom, the capital has often been seen to be too dominant. But recent years have seen a growing gap - in economic performance and civic connection - between London and the rest of the country. This has been accompanied by a series of seismic events in the United Kingdom's political history: from the 2008 crash and the austerity that followed it, to the EU Referendum of 2016. This report looks at how London is perceived across the UK today, and what more could be done to better connect the capital city with its nation state.

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