



**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Registered Office: 9 Holyrood Street, London SE1 2EL

www.centreforcities.org

A Charitable Company Limited by Guarantee Registered in England and Wales
Company No. 06215397
Registered Charity No. 1119841

CENTRE FOR CITIES
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CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2023

Foreword by Nigel Hugill, Chair of Centre for Cities

In 2023, the Centre published 15 research reports and briefings, more than 70 blogs, released 28 podcasts and organised 49 public events.

In January 2023, we launched our flagship annual report on urban Britain, Cities Outlook 2023. It provided an in-depth analysis of how the problem of economic inactivity across Britain's cities and large towns has increased since the covid 19 pandemic. It also set out the long-term consequences and implications this problem will have for the Government's levelling up agenda. The research was covered by many national and local media outlets and has influenced government policy on levelling-up.

Levelling up has always been a focus for the Centre and our programme during the year has addressed many of the core components of the levelling-up agenda. Including setting out a new approach to identifying and analysing innovation clusters, tracking the performance of Britain's high streets, and setting out the contribution that cities make to the country's net zero ambitions. We also undertook detailed work looking at the performance of the transport systems in Glasgow and Cardiff and how they could be improved.

We published two landmarks reports during the year which have been widely cited by the media, and have changed the nature of their respective policy debates.

One looked at London's sluggish productivity performance since the great recession which showed that more than 40% of the national productivity slowdown since 2008 was due to London's poor performance. And the second report highlighted the size of the UK's housing problem. Based on comparative European analysis it showed that the shortfall of homes not built in the UK since the second world war now stands at 4.3 million.

It's highly likely that there will be a general election in 2024. In preparation the Centre will continue to:

- emphasise the role that cities currently play and should be playing in the national economy, and how the gap between the two can be reduced.
- set out what the future of devolution should look like, both in terms of deepening devolution in places that already have some, and spreading devolution to places that need it.
- help city leaders to understand their economies and to develop evidence-based policies that will improve the economic performance of their places.

In doing this, the Centre will seek to inform the policy debate by providing sound, evidence-based analysis and advice, and working with an ever-growing network of local and national decision-makers.

Nigel Hugill

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The Board of Trustees are pleased to present their Trustees' Annual Report and Accounts for the year ending 31 December 2023. The Trustees' Annual Report contains a Directors' Report as required by company law. The accounts comply with the requirements of the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS102, effective 1 January 2019.

Our Objectives and Activities

Centre for Cities is an independent charity. We work closely with urban leaders, Whitehall and businesses to ensure our work is relevant, accessible and of practical use to local and national policymakers.

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

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

The vision shaping our activities each year is of a UK economy that makes the most of different cities' potential to increase economic prosperity across the country.

We work to understand how and why economic growth and change take place in cities in the UK and disseminate these findings widely in order to help British cities improve their economic performance.

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

- 1) Producing high-quality research and policy:** We publish a range of original research reports and briefings, blogs and papers on the economic performance of UK cities and large towns – and how to improve opportunities for their residents.

Our research is produced by an in-house team of analysts, with input from external experts. The research is of high quality, drawing on a robust evidence base. It aims to inform public debate, policy and practice and includes the development of clear, evidence-based policy proposals. We do this independently but in consultation with Whitehall departments, political parties, local authorities and business organisations.

We carry out research in association with UK cities and bring together networks of local and national decision-makers from both the public and the private sector to share knowledge. This enables us to inform policy and practice directly and to publicise lessons from this work, which are relevant to other cities.

- 2) Engaging with stakeholders:** To ensure the public benefits of the work we do, all our reports and papers are available to the public free of charge on our website and we disseminate these findings to varied audiences through national, local and specialist broadcast and print media, social media and presentations at our own and others' events. Our events programme includes public events (free to attend) as well as events at the major party conferences each year. We publish a regular newsletter and work in partnership with others, including journalists, universities and cities, to publicise the findings of our work.

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- 3) **Promoting an evidence-based approach to policy-making:** We are a partner in the What Works Centre for Local Economic Growth (WWG), part of the What Works Network, with the London School of Economics. It is funded by the ESRC and government departments. WWG analyses which policies are most effective in supporting and increasing local economic growth. It works to provide solutions for local and national policymakers through:
- a) Systematically reviewing the evidence base on policies for local economic growth using a robust methodology;
 - b) Working with and convening events and workshops for local authorities, LEPs, central government and businesses to help them understand and make better use of evidence in designing and delivering policy;
 - c) Improving the quality of the UK evidence base by helping to develop 'demonstration' projects, or local policy experiments.

In 2023 we undertook work in the following areas:

- **Cities Outlook** – The flagship annual Cities Outlook report in 2023 looked at the scale of economic inactivity across places in the UK, highlighting spatial divides in 'hidden unemployment'. National, regional and trade media reported widely on the key findings, the launch webinar attracted over 600 attendees, hearing from the Government's Levelling Up minister and other high-profile commentators. A supporting podcast series, blog content and infographic reached a total of over 5,000 people, playing a key role in positioning Centre for Cities as a leading voice in economic policy.
- **Cost of living** – Centre for Cities continued to run its Cost of Living tracker for the first half of the year until inflation passed its peak, providing local leaders and officials and media with information about the impact of inflation in their area.
- **Unemployment** – Centre for Cities concluded its monitoring of the labour market's recovery following the shocks over the previous two years as employment rates stabilised at or above their pre-pandemic levels in August 2023.
- **High streets** – Centre for Cities undertook analysis of retail spending to assess whether an increase in online business during the pandemic had affected high street spending in urban areas across the UK. Further analysis across several briefings explored the relationship between cities and smaller places nearby, providing evidence of the close economic relationship between the two, challenging prevailing views.
- **Hybrid working** – A major project examined up-to-date figures on weekday travel into the City of London, making recommendations on planning for a hybrid working world and managing its long-term economic impact to the Mayor of London's office. The resulting report, *Office politics* supported ongoing engagement with the Mayor's office and secured national media coverage.
- **Productivity** – Two projects looked at ways to unlock productivity growth in specific city-regions. *All cylinders: The role of the Midlands Engine in the British economy* looked at the impact of underperformance in Midlands cities on the national economy and how to address it. *Capital losses: The role of London in the UK's productivity puzzle* explored how London's productivity could be improved having failed to fully recover since 2008.
- **Housebuilding and planning** – A report titled *The housebuilding crisis: The UK's 4 million missing homes*, one of Centre for Cities' most impactful yet, set new terms for

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the debate over housebuilding and planning reform. Months after publication it continues to be quoted in national media and policy debates as a reliable estimate of the UK's supply shortfall and a valuable analysis of the housebuilding challenges.

- **Local government funding** – Centre for Cities made several proposals for streamlining local government funding, a commitment made in the Government's Levelling Up White Paper in 2022. It will continue building on this work in 2024 as Government's funding simplification plan is rolled out.
- **Centralisation** – Centre for Cities made significant contributions to two pieces of Resolution Foundation's Economy 2030 Inquiry, most prominently the reports *A Tale of Two Cities* and *In place of centralisation: A devolution deal for London, Greater Manchester, and the West Midlands*. The concluding *Ending stagnation* report by Resolution Foundation extracted key findings about the UK's mostly-urban economy and crucial policy recommendations from this work which has measurably increased focus on the role of big cities' underperformance in national economic shortfalls.
- **Innovation** – Centre for Cities, using evidence on the locations of innovative firms from Data City, presenting its analysis of the geography of innovation hotspots to Department for Science, Innovation and Technology and produced a final report that highlighted the importance of urban infrastructure to cutting edge business.
- **Urban transport** – Over several reports, Centre for Cities surveyed public transport in UK cities, focusing on three cities in Wales and Glasgow in Scotland. Resulting reports led to coverage at devolved national level – as well as in transport trade and specialist media – and contributed to high-level debates over national active travel, public transport ridership and net zero goals. Centre for Cities continued providing media commentary on key national and devolved transport issues, including bus franchising as the launch of the Bee Network in Manchester provided a crucial milestone.
- **City leadership** – In a series of six podcast episodes downloaded over 2,000 times in total, Centre for Cities spoke to leaders across the country and of all political sides about their approach to leading a city, the nature of leading a place, and the policy issues they have faced.
- **What Works Centre for Local Economic Growth** – The Centre has continued to deliver against its objectives. Highlights include the publication of four evidence briefings and five rapid evidence reviews on topics relevant to levelling up (public procurement, public sector relocation, public spaces, and fair employment), publication of guidance on using logic models, a blog series on core economic concepts (aimed at local policymakers who may not come from an economic background), providing advice and support to central government policymakers on evaluating key local growth policies, and hosting events and training (with officers from over 100 local government organisations attending training or events in this period).

Public Benefit

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

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

The Trustees also confirm that, in carrying out its Principal Activities, the Centre provided public benefit during 2023.

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

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

In 2023, we released over 100 briefings, blogs and research reports covering topics including cities' recovery from pandemic restrictions, efforts to increase public transport ridership and active travel, the potential for fiscal devolution to England's largest cities, and the role of big cities in driving prosperity in their regions.

Financial review

The year ended with a surplus of £141,316 (2022: -£216,106). Funds carried forward were £959,321 (2022: £818,005).

During the year, our main activities were Research, External Affairs and the What Works Centre for Local Economic Growth. The income and expenditure linked to these activities were unrestricted.

Income

Total incoming resources were £1,878,873 (2022: £1,751,747). Our main source of income was a core grant from the Gatsby Charitable Foundation. In 2023, we received £1,100,000, which was approximately 59 per cent of all our revenues.

Other funding was generated through sponsorship agreements for research projects and events.

In 2023, the What Works Centre for Local Economic Growth project run in partnership with the London School of Economics generated £488,532 (2022: £462,730) for the Centre.

Resources expended

The Centre's expenditure was £1,737,557 (2022: £1,967,853). The decrease in expenditure was mainly due to the lower than in the previous year staff and projects costs.

Reserves Policy

The Centre for Cities' reserves are defined as unrestricted net current assets, and they are set to the equivalent of at least six months of the operating costs.

The reserves are required to protect the continuity of the organisation against drops in income, to carry out research projects not funded by sponsorship, for capital items replacement and to cover unplanned emergencies and potential risks.

Free reserves held on 31 December 2023 were £950,190 (2022: £804,710), up by £145,480. The surplus on the free reserves will be expended in 2024 on new advocacy and research projects.

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FUTURE PLANS

To have the impact we desire, we need to continue to produce excellent research and communicate it effectively across our government and city networks, and to the public. In 2024, we will focus on those areas of national and local policy of most importance to the economic performance of cities:

- The flagship Cities Outlook 2024 report focuses on the shortfall in cumulative average disposable incomes across cities and large towns in the UK since 2010 and aims to set the agenda in an election year. It focuses on how places are faring and what progress has been made towards levelling up.
- Centre for Cities will continue to place the emphasis on highlighting the economic performance of the UK's cities and large towns with regular media commentary on key economic milestones including the Chancellor's Budget. The local, mayoral and general elections taking place in 2024 will present opportunities to inform national and local debates.
- Centre for Cities working in partnership with What Works Growth will progress its research into streamlining local government financing, resulting in recommendations that aim to inform Government thinking in its approach to grant schemes.
- With the support of a grant from Charities Aid Foundation, Centre for Cities will compare the geographies of charitable giving and local economic need. The resulting publication will be launched with an online event and will be the subject of policy roundtables taking place following the publication.
- Centre for Cities is undertaking a project comparing the contribution of big cities to economic growth in the UK and in other G7 countries. This will compare large urban areas' share of economic activity in different countries and identify how to make the UK's economic growth compete with the G7.
- Centre for Cities will continue to examine data on the return to the office and passenger traffic on public transport to offer recommendations on managing the economic impact of hybrid working.
- The 'Realising Regional Growth' events series continues, driving the discussion around regional growth opportunities with the next event planned for South Yorkshire.

To boost the impact of our research programme, we will run a busy schedule of public events including a four-part series of online panel events in partnership with LSE Cities, a programme of receptions and report launch events, online briefing events ahead of mayoral elections for audiences across the country and public panel discussions at party conferences.

Engaging with senior figures from business, academia, policymaking, local and national government and Westminster to present research and ideas, inform the public debate and discuss policy and practice will continue to be an important part of Centre for Cities' strategy to influence policy outcomes in recent years.

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REFERENCE AND ADMINISTRATIVE DETAILS

Charity number 1119841
Company number 06215397
Registered office 9 Holyrood Street, London SE1 2EL
Website: www.centreforcities.org

REGISTERED AUDITORS: Chariot House Chartered Accountants
44 Grand Parade
Brighton and Hove
Brighton
BN2 9QA

BANKERS: HSBC Bank PLC
16 King Street
London WC2E 8JF

DIRECTORS AND TRUSTEES

The directors of Centre for Cities are its trustees for the purpose of charity law.

The trustees serving during the year and up to the date of approval of the accounts were as follows:

William Nigel Hugill (Chairman)
Alexander Charles Plant (left on 30/06/2023)
Nicola Jane Yates (left on 29/02/2024)
Tom Messenger Riordan
Miranda Helen Sharp
Alan Paul Harding
John James Cummins
Joseph Christopher Burns
Deborah Cadman (appointed on 14th June 2023)
Jane Elizabeth Robinson (appointed on 13th June 2023)
Marc Elliot Mogul (appointed on 30th April 2024)

KEY MANAGEMENT PERSONNEL:

Andrew Carter	Chief Executive
Paul Swinney	Director of Policy and Research
Sian Morgan	Director of External Affairs
Anna Bullegas	Head of Finance and Operations

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Centre for Cities is a company limited by guarantee, governed by its Articles of Association, last amended on 11 April 2011.

Appointment of trustees

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

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

Trustee induction and training

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

Organisation

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

Related parties

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

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

In the current year, no related party transactions were reported. None of our trustees receives remuneration or other benefits from the charity.

Pay policy for staff including key management personnel

The pay of all staff, including senior staff, is reviewed annually. The current policy is to award all staff an increase in salary provided the Centre reaches a fundraising milestone set by the Finance and Audit Committee. The increase is based on a review of changes in the cost of living during the course of the year and is agreed by the Finance and Audit Committee. All

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the Centre's salaries, including those of senior staff, are benchmarked against pay levels in similar organisations.

Risk management

The established risk assessment system involves identifying the types of threats the Charity faces, prioritising them in terms of impact and recommending controls to mitigate them.

The ongoing risks continue to be around securing sufficient funding to deliver the Centre's ambitions and ensuring our work is of high quality and policy relevance.

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

The Board is satisfied that, for all major risks, appropriate controls have been put in place which are regularly reviewed and adjusted accordingly.

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Statement of trustees' responsibilities

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

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

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

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

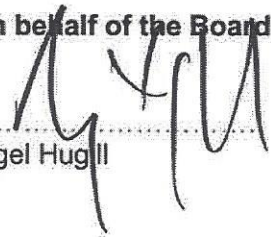
Disclosure of information to auditor

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

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Chariot House Ltd be reappointed as auditor of the company will be put to the Annual General Meeting.

On behalf of the Board of Trustees


Nigel Huggill

27 JUNE 2024
Date

CENTRE FOR CITIES
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2023

Opinion

We have audited the financial statements of Centre for Cities (the 'charitable company') for the year ended 31st December 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st December 2023 and of its incoming resources and application of resources, including its result, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to ongoing concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees, who are also the directors of the charitable company for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the

CENTRE FOR CITIES
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trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and the industry in which it operates, and considered the risk of acts by the charitable company that were contrary to applicable laws and regulations, including fraud.

We considered these risks in the light of various factors including the level of complexity, subjectivity, uncertainty, potential management bias, fraud, materiality and any other relevant factors. We considered the extent to which these would have a material impact on the financial statements and designed our audit work accordingly.

We identified that the following areas were of high risk:

- Completeness of income. We performed various audit tests to ensure that income was not materially understated in the financial statements.
- Management override of controls. We performed various audit tests to ensure there was no material management override of controls

We designed audit procedures to respond to the risks identified, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation, Charities Act 2011 and Charities SORP 2019.

We did not find any instances of non-compliance or breach of the legislation framework applicable to the charitable company.

We also;

- Agreed the financial statement disclosures to underlying supporting documentation,
- Made enquiries with management and of legal counsel when considered necessary, performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud, and reviewing significant or unusual transactions to identify their underlying supporting rationale

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- Discussed and reviewed the charity's business model and forward planning to assess going concern
- Carried out substantive testing on income and expenditure
- Re-performed reconciliations of control accounts, and recalculated items such as depreciation
- Inspected the minutes of meetings of those charged with governance, and made direct enquiries of management and the board of trustees concerning the charity's policies

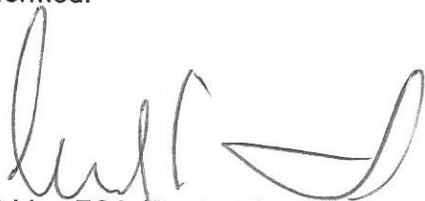
There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of management bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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



Mark Partridge FCA (Senior Statutory Auditor)
for and on behalf of Chariot House Limited
Chartered Accountants and Statutory Auditor
44 Grand Parade
Brighton
BN2 9QA

Date: 5th July 2024

CENTRE FOR CITIES
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Income from:			
Donations and Grants	3	1,100,000	1,100,000
Charitable activities:			
Research		137,166	118,333
External Affairs		83,500	62,095
What Works Centre		488,532	462,730
Total from charitable activities		709,198	643,158
Income from investments	4	28,787	2,366
Other Income	5	40,888	6,223
Total income		1,878,873	1,751,747
Expenditure on:			
Charitable activities:	6		
Research-Policy		642,441	772,201
External Affairs		606,584	732,922
What Works Centre		488,532	462,730
Total		1,737,557	1,967,853
Net income and net movement in funds		141,316	(216,106)
Reconciliation of funds			
Total funds brought forward		818,005	1,034,111
Total funds carried forward		959,321	818,005

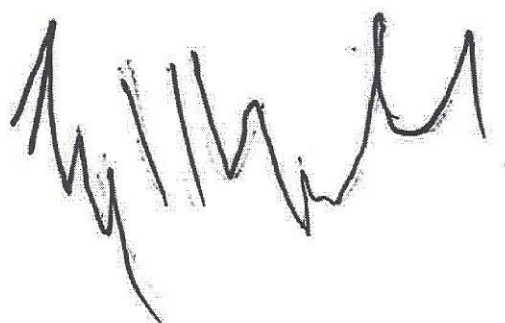
All funds in the current and comparative year were unrestricted.
All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CENTRE FOR CITIES
BALANCE SHEET
AS AT 31 DECEMBER 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	11	9,131	13,295
Total fixed assets		9,131	13,295
Current assets			
Debtors	12	289,251	388,030
Cash at bank and in hand		824,034	1,683,308
Total current assets		1,113,285	2,071,338
Liabilities	13	163,095	1,266,628
		163,095	1,266,628
Net current assets		950,190	804,710
Total assets less current liabilities		959,321	818,005
Unrestricted funds:	16	959,321	818,005
		959,321	818,005

Approved and authorised for issue by the Board of Trustees on 27 June 2024 and signed on their behalf by Nigel Hugill.



CENTRE FOR CITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
Note		£
Net cash provided by operating activities	(883,534)	684,528
Cash flows from investing activities:		
Interest receivable	28,787	2,366
Purchase of tangible fixed assets	(4,527)	(4,035)
	24,260	(1,669)
Change in cash and cash equivalents in the reporting period	(859,274)	682,859
Cash and cash equivalents at the beginning of the reporting period	1,683,308	1,000,449
Cash and cash equivalents at the end of the reporting period	824,034	1,683,308

RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023	2022
	£	£
Net income for the reporting period	141,316	(216,106)
Adjustments for:		
Depreciation charges	8,690	11,962
Interest receivable	(28,787)	(2,366)
Decrease in debtors	98,779	(244,580)
Decrease in creditors	(1,103,532)	1,135,618
Net cash provided by (absorbed by)/ operational activities	(883,534)	684,528

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1 ACCOUNTING POLICIES

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

(a) Basis of preparation of accounts

The accounts have been prepared in accordance with the Charity's Memorandum & Articles, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The Charity is a Public Benefit Entity as defined by FRS 102.

Assets and liabilities are initially recognised at historical or transaction value unless otherwise stated in the relevant policy note(s).

The financial statements are prepared in pounds sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

(b) Going concern

The Charity has confirmed core funding of £1,100,000 per annum from the Gatsby Foundation for the period 2023 to 2025. As set out in 'Reserves Policy' in the Trustees' Annual Report, the Charity holds reserves in the minimum required, which are available to support research and advocacy in coming years.

The Trustees have a reasonable expectation that the Charity has adequate resources to remain in operation for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the accounts.

(c) Critical accounting estimates and judgements

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

(d) Recognition of income

Donations are accounted for as received. In the event that a donation is subject to fulfilling performance conditions before the charity is entitled to the funds, the income is deferred until either those conditions are met in full, or their fulfilment is wholly within the control of the charity, and it is probable that those conditions will be fulfilled by the reporting period.

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(e) Interest receivable

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

(f) Funds

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

(g) Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments and Section 12 'Other Financial Instruments Issues' of FRS102 to its financial instruments.

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. These financial instruments are recognised at the amount payable or receivable when the instrument is first recognised and subsequently measured at their settlement value.

(h) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(i) Cash and cash equivalents

Cash and equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

(j) Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

(k) Expenditure and recoverable VAT

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category.

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

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(l) Allocation of support costs

Support costs are the costs of those functions that assist the work of the charity but are not directly charitable activities. Support costs include HR, finance, payroll, governance and general office costs which support Centre for Cities' activities. The basis on which support costs have been allocated is set out in note 7.

(m) Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

(n) Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental expenses of acquisition and unrecoverable VAT where appropriate. All assets costing more than £500 are capitalised.

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

Computer equipment and software - 3 years
Fixtures and Fittings - 5 years
Leasehold Improvements - Over the life of the lease

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

(o) Pension costs

The Charity has a money purchase scheme for qualifying employees. Pension costs charged to the statement of Financial Activities represent the contributions payable by the Charity in the period (see Note 9).

2 Company status

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

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

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3 Donations and Grants

	2023	2022
	£	£
Core Grant	1,100,000	1,100,000

In 2023, Centre for Cities received a donation of £1,100,000. The donation was an annual core grant from Gatsby Foundation, Lord Sainsbury's family charitable trust.

4 Investment Income

Centre for Cities' investment income of £28,787 (2022: £2,366) arises from money held in deposit accounts.

5 Income - Other Activities

Income received from consultancy.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 Analysis of expenditure on charitable activities

2023	Research- Policy £	External Affairs £	What Works Centre £	Total £
Staff Costs	410,227	347,691	398,533	1,156,451
Projects Direct Costs	36,868	116,545	5,354	158,767
Premises	70,878	49,450	44,505	164,833
Depreciation	3,737	2,607	2,346	8,690
IT & Communication	8,153	5,688	5,119	18,960
Printing & Stationery	1,040	726	653	2,419
Miscellaneous Office Costs	37,293	25,372	19,892	82,557
Legal, Professional and Insurance	3,338	2,329	2,096	7,763
<i>Subtotal</i>	571,534	550,408	478,498	1,600,440
Support Costs (note 7)	57,458	38,339	7,167	102,964
Governance Costs (note 7)	13,449	17,837	2,867	34,153
<i>Subtotal</i>	70,907	56,176	10,034	137,117
Total	642,441	606,584	488,532	1,737,557

Analysis of expenditure on charitable activities

2022	Research- Policy £	External Affairs £	What Works Centre £	Total £
Staff Costs	478,527	396,014	363,326	1,237,867
Projects Direct Costs	78,575	172,759	28,133	279,467
Premises	78,663	42,478	36,186	157,327
Depreciation	5,981	3,230	2,751	11,962
IT & Communication	7,819	4,222	3,597	15,638
Printing & Stationery	1,714	925	788	3,427
Miscellaneous Office Costs	48,893	57,114	15,464	121,471
Legal, Professional and Insurance	2,897	1,566	1,334	5,797
<i>Subtotal</i>	703,069	678,308	451,579	1,832,956
Support Costs (note 7)	54,855	36,424	8,621	99,900
Governance Costs (note 7)	14,277	18,190	2,530	34,997
<i>Subtotal</i>	69,132	54,614	11,151	134,897
Total	772,201	732,922	462,730	1,967,853

Expenditure on charitable activities was £1,737,557 (2022: £1,967,853). All expenditures were unrestricted. Most of the costs in the above table (note 6) relate to staff, project direct costs and premises costs.

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

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

7 Analysis of support and governance costs

Centre for Cities initially identifies the costs of its support functions. It then identifies those costs, which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the three charitable activities (see note 6) in the year. The table below shows an analysis of support and governance costs and the basis of apportionment.

2023	General Support	Governance Function	Total	Basis of Apportionment
	£	£	£	
Salaries	100,435	23,533	123,968	Time
Information Technology	2,529	-	2,529	Cost
Audit Fees		9,500	9,500	Governance
Legal & Other Professional Fees	-	1,120	1,120	Governance
Total	102,964	34,153	137,117	

2022	General Support	Governance Function	Total	Basis of Apportionment
	£	£	£	
Salaries	97,594	23,997	121,591	Time
Information Technology	2,306	-	2,306	Cost
Audit Fees		11,000	11,000	Governance
Legal & Other Professional Fees	-	-	-	Governance
Total	99,900	34,997	134,897	

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8 Net income/(expenditure) for the year

This is stated after charging:	2023	2022
	£	£
Operating leases - photocopier	-	1,028
Operating leases - property	104,792	104,792
Depreciation	8,690	11,962
<i>Auditor's remuneration:</i>		
Audit fees	9,500	11,000

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

	2023	2022
	£	£
Wages and salaries	1,069,748	1,134,248
Social security costs	106,656	120,207
Pension costs	104,016	105,003
	1,280,419	1,359,458

	2023	2022
Employees earning between £60,001 - £70,000	1	1
Employees earning between £70,001 - £80,000	1	2
Employees earning between £80,001 - £90,000	2	1
Employees earning between £90,001 - £100,000	1	1
Employees earning between £100,001 - £120,000	1	1

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

Pension contributions in respect of higher-paid employees totalled £42,098 (2022: £57,087). The total employee benefits (gross salaries, employer's NI and employer's pension contributions) received by the key management personnel listed on page 9 were £437,200 (2022: £387,623).

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10 Staff numbers

The average monthly headcount was 21 staff (2022: 23 staff) and the average monthly number of the full-time equivalent employees during the year was as follows:

	2023	2022
Research	8.5	10.5
External Affairs	6.0	6.0
WWC	5.0	5.0
Governance	0.5	0.5
	<u>20.0</u>	<u>22.0</u>

11 Tangible fixed assets

	Leasehold Improvements £	Fixtures and Fittings £	Computer Equipment £	Total £
Cost or book value				
At 1 January 2023	111,704	37,617	73,026	222,347
Additions	-	3,897	630	4,527
At 31 December 2023	<u>111,704</u>	<u>41,514</u>	<u>73,656</u>	<u>226,874</u>
Accumulated depreciation				
At 1 January 2023	111,704	36,257	61,092	209,053
Charge for year	-	617	8,073	8,690
At 31 December 2023	<u>111,704</u>	<u>36,874</u>	<u>69,165</u>	<u>217,743</u>
Net book value				
At 31 December 2023	<u>-</u>	<u>4,640</u>	<u>4,491</u>	<u>9,131</u>
At 31 December 2022	<u>-</u>	<u>1,360</u>	<u>11,935</u>	<u>13,295</u>

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

12 Debtors

	Total 2023 £	Total 2022 £
Due within one year:		
Trade Debtors	113,714	163,225
Prepayments	75,203	68,825
Other debtors	<u>100,334</u>	<u>155,980</u>
	<u>289,251</u>	<u>388,030</u>

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13 Creditors: amounts falling due within one year

	Total 2023 £	Total 2022 £
Trade creditors	6,284	4,171
Taxation and social security	67,180	66,283
Accruals	69,631	91,174
Deferred income	20,000	1,105,000
	163,095	1,266,628

14 Operating lease commitments

On 31 December 2023, the charity had the following operating lease commitments:

	2023 £	2022 £
Not later than one year	104,792	104,792
Later than one year and not later than five years	189,208	294,000
Over five years	-	-
	294,000	398,792

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

15 Related party transactions

There were no related party transactions.

16 The funds of the charity

The fund of £959,321 on 31 December 2023 was unrestricted.

17 Analysis of changes in debt

The charity had no debt during the year.

18 Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.