

City Growth Commission: Open Call for Evidence Groupe Intellex response

Groupe Intellex welcomes this opportunity to respond to the RSA City Growth Commission's Call for Evidence. Groupe Intellex is an independent and non-aligned source of commentary and insight into matters of innovation and economic revitalization across all sectors of society and works through online publications and Social Media to disseminate that knowledge.

Nothing in this response is confidential and this response will be published in the Groupe Intellex publications – indeed that wider dissemination provides a far greater motivation than simply responding to the Commission. The Commission has asked seven questions and in this response we give answers to eight – an additional question has been posed to highlight aspirational needs.

The issues raised are significant in the context of a national economy that in 2013 is still suffering from the corporate calamities exposed since 2008 and the continuing exposure of market abuses over the past two decades. The emergence of a stronger understanding of local economies and how they function adds greater granularity to generalised national statistics and in so doing diminishes the relevance of national policies in favour of local leadership.

Question 1.

What are the key benefits – for the economy, investment, innovation, productivity and public finances – of shifting to a multi-polar growth model, in which our major cities are key players in the nation's economy?

It is reported (citation unverified) that 70% of USA GDP derives from local economies. Comparative analysis for the UK is not known but if the Commission were to work with researchers to define and determine such a measure it would provide a useful reference for policy discussions.

It is our contention that UK Cities are *already* 'key players in the national economy' and that central policymakers and national media suffer from a London-focused perception gap. To some extent this was recognized by the 2012 Heseltine report, the creation of Local Enterprise Partnerships, the recent BIS Strategy for Smart Cities and the BIS-funded RCUK Digital Economy research theme.

In all of these initiatives the key benefits have been well rehearsed. Impacts of our increasingly digitalised economy are however evident across all sectors and affect policy development in *all* government departments, *all* public services agencies and *all* Local/Regional Authorities in much the same way that *all* business sectors are being 'creatively disrupted' ('transformed').

Whilst we may recognise Cities as convenient administrative and manageable clusters of economic activity, it may be preferable to see greater use of the term 'Communities'.

There may be some merit in examining the primary interfaces and policy coordination between BIS, DCLG and HM Treasury to check that they fully understand that the national economy is nothing more than the aggregate of the UK's local economies.

Question 2

What does the international evidence show about the role of cities in driving growth and catalysing innovation? What are the key success factors that we can learn from?

Worldwide there are many organisations (some with academic credibility but many others motivated to promote specific technologies) that purport to show the benefits and the mechanics of growth initiatives. The challenge for city and community leaders is to find reliable sources of knowledge in a field where local economies demand locally adapted solutions.

One approach is to examine the programmes and performance of communities that have responded to an impending or acknowledged crisis and understand how their leaders and eco-systems achieved a successful revival of local fortunes.

This is, in brief, the approach taken by the Intelligent Community Forum in association with its research partners at Ohio University and the Polytechnic Institute of New York University. From their studies over the last decade, the key findings (a group of essential programmes that can be enabled by an adequate digital infrastructure) are examined in detail in their 2012 publication [‘Seizing Our Destiny’](#) and summarised for UK application in the paper [‘Economic Revitalisation’](#) – a guidance note for the 2013 round of conferences and events developed under the NextGen banner. This adaptable framework provides a map for city leaders intent on developing their local economies.

A second approach is for city leaders to go and find out – a more personal educational journey to inform their role within their own cities. This is the approach taken by the Groupe Intellex Study Tours. Their most recent exploration of Chattanooga (Eastern Tennessee) revealed a remarkable degree of collaboration across and within the public and private economic spheres in a city that had transformed itself from rusting industrial wasteland into a thriving community attracting massive inward investment (including a new VW automotive manufacturing plant), impressive research facilities and fresh approaches to environmental sustainability.

This ‘pathfinder’ tour identified some of the key determinants for success largely rooted in the ease of establishing new ventures in an environment where failures are not stigmatised. The ‘role of the city’ – that of local administrative governance – was clearly understood to be a municipal enabler and the integration of public and private initiatives recognized common goals. This culture was evident in all aspects of life – from the activities for youngsters on the 4th Floor of the public library through to the flexibly dimmable street lighting and energy meter readings (for all properties) at 15-minute intervals.

Question 3

What is the relationship between public service reform and economic growth at city level? How can more effective demand management – through public service reconfiguration and integration for instance – help to drive social and economic productivity? Can this enable our cities to become more financially sustainable?

From the Chattanooga and other Study Tours it is evident that municipal revenue sources that are fully independent of central government play a key role in enabling cities to develop healthy local economies. In Chattanooga the municipal part-ownership of the local electricity energy distributor (the instigator of the USA’s first gigabit network) has much the same impact as Linköping’s (Sweden) reduction of local business and household taxes or the use in Norbotten (Sweden’s northernmost region) of their Public Services Network to provide ‘dark fibre’ to enterprises. It would be grossly mistaken to see an emphasis on public sector efficiency/reform as a panacea without understanding the need for the entire community (across all business sectors) to work together to resolve common issues.

Question 4

How can decision-making and responsibility for public policy and public services be better aligned with the reality of local labour markets? How can policies around employment support, childcare, skills policy, welfare strategy and economic development better reflect the needs of local people and businesses?

If these policies, as the question presumes, are evidently out of kilter with local needs, leaders should ask, ‘Why?’ The most likely answer is that some central authority or agency or the dominant enterprise brands hand down their policies and priorities without regard to local ownership and adaptation. Far too much credence is given to precedent. Oscar Wilde observed that ‘consistency is the last refuge of the unimaginative’.

National policy-makers might be affronted at the notion that they do not know best but why should any local authority not call in and demand better of, say, cellular phone providers than that dictated by the generalized national average targets imagined by Ofcom?

Question 5

How can growth in other English cities complement London's economic success? What should be the interrelationship between devolution, growth and reform strategies in London and in our other major cities?

Apart from issues of scale, where London may have advantages in creating local niche markets, there is little reason why any UK city should have the slightest regard for the economic successes (and corporate calamities) of London or make efforts to explain its own success as 'complementary'.

Similarly, the reform strategies that are presumed to be effective in London may be entirely irrelevant for other cities and communities. There is no single UK-wide formula that can be handed down from above – sustainable economic health is locally grown and locally nurtured. City and enterprise leaders that procure goods and services from outwith their own economies are responsible for diminishing their local prospects in terms of jobs, education and local prosperity.

Question 6

What needs to change between Whitehall and our cities to [make] multi-polar growth a reality? What does the Centre need to do to enable this and what economic and revenue levers do cities require?

Very little can be done by Whitehall. Less is most probably more. Making 'multi-polar growth a reality' is a challenge that faces the UK's cities – taking every opportunity to take control of their own destinies and wrest power and authority away from the centre. It will never be voluntarily relinquished.

Without a clear determination to find their own direction it is not possible for anyone to complain of economic failure or blame it on the actions or inactions of others. MP's need to be reminded of their primary duty to represent the citizens of their constituencies. Central party machines need to be motivated to care more about real citizen needs and think less about ideological comfort rags. One need look no further than the recent [Chatham House research on home ownership](#) to understand just how these strongly-held beliefs need to be seriously questioned.

As noted earlier the availability of municipal revenues independent of State control, plays a key part in enabling local identity and initiatives – something that Victorian municipalities understood well particularly in respect of the essential utility infrastructures.

Question 7

What other practical, organisational, cultural and systemic barriers stand in the way of a fundamental shift in economic power to our cities and how can these be overcome?

The strength of cities – their community identity and the economic power they wield – is in the gift of the people. Identifying local unifying needs and building local coalitions to work determinedly towards their satisfaction – in enterprise, policing, health, education and all manner of other economic activities – is a huge challenge that can only be achieved by a sense of common purpose. That requires informed leadership. It does not require ideologically driven party politicians decorating nice theories, but practical women (and men) to work together.

The most frequent trigger for the communities now deemed to be intelligent is that they have been both '[shaken and stirred](#)' – faced with an impending crisis they have found the unity and strength to move forward. It will, for example, be interesting to see if the citizens, business and city leaders of Portsmouth are able to leverage the sense of community shock felt by the loss of dockyard jobs to engender a fresh determination to move forward. There is no shortage of similar triggers in other major cities.

Question 8

(This is not one of the questions you asked)

Which of the UK's cities can honestly describe themselves as Gigabit Cities?

This question is not here to promote some specific technological panacea. It is about aspiration. It's about room to grow. It is about a long-term dedication to future-proofing the infrastructure so that the themes espoused in the response to Question 2 can flourish.

Few can imagine the need for such a high-capacity network but three very interesting things happen when such infrastructures are deployed.

Firstly demand for lower orders of the service (e.g. a mere 100Mb/s bothway) rises simply because users are reassured that their future unknown needs will be met – buying futures means buying stability an ability to plan ahead.

Secondly, and this is a recurrent process, operators can raise service levels without raising prices any time they feel the need. This may seem to provide a monopolistic hold on customers but in practice it focuses the need for Open networks that are divorced from the content and application services that run over them – leading to greater choice and competition for the things that users really want – the *use* of the connection rather than the connection itself.

Thirdly, Service Providers (including those in the public sector) have a stable environment without performance constraints to encourage development. This makes such cities the focus for much of their R&D work pilot/trial locations and inward investment.

We live in a competitive world. Our most talented communities must compete against those better equipped to find a way through the dynamics of the increasingly digitalised economies. It is not possible to ever catch up with those communities who took control of their destiny in matters of digital infrastructure some time ago. In general UK cities are 10 years behind Stockholm, 5 years behind Chattanooga and light years behind many cities in Asia.

The ICF framework (see Question 2) describes some essential programmes that sit above and are enabled by a future-proofed digital infrastructure. In ecological studies, the sustainability of any environment is understood to be measurable by two dominant factors. One is the adequacy of the underlying water table – the equivalent in the broadband world of future-proofed digital connectivity – and the other is the diversity of the species. Given an adequate digital infrastructure, economic sustainability depends on the digital diversity that rises from it.

With its short-term addictions, the UK's has been badly served by the dominant communications incumbents, by the regulators, by the governments but above all, by failures in local leadership and excessive deference to the purveyors of outmoded technologies. A few bright sparks can be found (Birmingham is an example – although nearly extinguished by reactive incumbent stamping) but the general prognosis is not encouraging.

The answer, alas, to Question 8 is that there are none that are anywhere near complete and that the UK will continue to fall further behind until business and community leaders, motivated to repair the fabric of their local economies, recognise the woeful inadequacy of their local digital utility provisions.

Groupe Intellex

www.groupe-intellex.com

Blog: www.groupeintellex.com

Twitter: @groupeintellex

Mobile: +44 (0) 7714 325 657

Portchester, Hampshire, UK