



**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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
CONTENTS
YEAR ENDED 31 DECEMBER 2022

	Pages
Trustees' Annual Report	3 - 11
Independent Auditor's Report	12 - 15
Statement of Financial Activities	16
Balance Sheet	17
Statement of Cash Flows	18
Notes to the Accounts	19 - 26

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2022

Foreword by Nigel Hugill, Chair of Centre for Cities

Over the past year, Centre for Cities has produced rigorous, data-driven research outputs, informed policy and practice with evidence-based recommendations, and engaged with a wide range of stakeholders at the national and local level.

In 2022, the Centre published 20 research reports and briefings, more than 100 blogs, released 16 podcasts and organised 32 public events.

In January 2022, we launched our flagship annual report on the state of urban Britain, *Cities Outlook 2022*. It provided an in-depth review of the state of UK high streets to get a sense of the impact of the pandemic on Britain's town and city centres and to set out the long-term consequences and implications this 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. In February, the *Levelling Up White Paper* was published by the Government and contained more than 25 direct references to our work. Following the release of the White Paper, Centre for Cities published a *Levelling Up tracker* which provides detail on every policy announcement intended to deliver on the agenda.

Throughout the year, we updated our publicly accessible data trackers covering footfall and spend in city centres, unemployment and job postings. We also developed a new data tool to track how the growing cost of living crisis was affecting cities and towns across the country.

Our trackers continue to be widely used by local and national policymakers as well the media. City leaders and government officials have told us that these have been extremely valuable in helping them understand what was happening in their places and to craft appropriate responses.

Looking ahead, as cities continue to recover from the impacts of COVID-19, as well as dealing with a cost-of-living crisis, and long-term productivity challenges, the Centre will:

- 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 spreading devolution to places that need it and deepening devolution in places that already have some.
- 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 advice and working with an ever-growing network of local and national decision-makers.

Nigel Hugill

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2022

The Board of Trustees are pleased to present their Trustees' Annual Report and Accounts for the year ending 31 December 2022. 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 cities and 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 publicise 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 and cities. 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 present these findings to varied audiences through national, local and specialist broadcast and print media, social media and presentations at our own and others' events. Our events programme includes public events (free to attend) to discuss and debate city economies as well as events at the major party conferences each year.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2022

We publish a regular newsletter and work in partnership with others, including journalists, universities and cities, to publicise the findings of our work.

- 3) **Promoting an evidence-based approach to policy-making:** 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 2022 we undertook work in the following areas:

- **Cities Outlook** – The flagship annual Cities Outlook report in 2022 shone a spotlight on the UK's high streets and their recovery following the impact of COVID-19 restrictions. National and regional media reported widely on the key findings and the launch of the publication was supported with an event and new podcast and blog content, raising Centre for Cities' profile and positioning it as one of the leading voices in the discussion around post-pandemic recovery strategies.
- **Cost of living tracker** – Centre for Cities' report, *Out of Pocket: The places at the sharp end of the cost-of-living crisis*, highlighted the worsening effect of the cost of living crisis on the North-South divide. Centre for Cities launched a regularly updated cost living tracker in 2022 to monitor the impact of inflation on cities and large towns in the UK, highlighting that the North of England continues to be considerably harder hit than the Southeast. The tracker is updated following every official statistical release to keep stakeholders and local and regional authorities and elected officials up to date with the impact of rising prices in their area.
- **Unemployment tracker** – Centre for Cities continued monitoring the labour market's recovery following the shocks over the previous two years caused by COVID-19.
- **High streets recovery tracker** – Centre for Cities concluded its two-year programme monitoring the recovery of UK high streets in the wake of lockdown measures and COVID-19. The project continues to inform the Centre's ongoing research into the impact of the pandemic on urban economies and the resources and characteristics that urban economies need in order to thrive.
- **Levelling Up** – Centre for Cities continues shaping high-level discussion around key issues driving urban economic growth, including the Levelling Up White Paper. Centre for Cities hosted a policy roundtable featuring several key speakers from business and academia to discuss the White Paper, followed by a podcast interview with Andy Haldane in the Centre's 'City Talks' series on the best means to deliver on its ambitions. The Centre later published an open letter during the Conservative leadership contests to succeed Prime Minister Boris Johnson which called on leadership candidates to set Levelling Up as a key priority of their premiership and appoint an experienced and committed Secretary of State to lead on the issue. It

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2022

- continues to offer media commentary on the policy implications of Levelling Up and how best to define the platform's ambitions.
- Realising Regional Growth – Centre for Cities continued driving discussion around the opportunities for regional economies to grow, launching the 'Realising Regional Growth' series of live in-person events inviting key regional business representatives, academics and local and regional political leaders and authorities to discuss routes to regional growth and barriers in their way. The events staged in Birmingham and Cambridge highlight the role of adopting regional perspectives when delivering central Government's priorities.
 - Transport in Northern Cities – Centre for Cities shared vital international comparisons of Northern English cities' performance on key measures of the strength of transport connections. An event staged to launch of the report featured key figures from Transport for Greater Manchester and the National Infrastructure Commission.
 - Centralisation – A joint report with the Resolution Foundation, *Centralisation Nation*, highlighted the economic costs to the UK of an extremely centralised political economy. The report is part of an ongoing enquiry, *Economy 2030*, in which Centre for Cities' research plays an integral part.
 - New economy – Centre for Cities highlighted the importance of promoting jobs in knowledge-intensive industries in cities throughout the UK in a new report, *At the Frontier: Geography of the New Economy*. Greater Manchester Mayor Andy Burnham and HSBC UK's Head of Corporate Banking Frances Howell joined Centre for Cities for the online launch of the report.
 - Events, engagement and content – Research reports, briefings and blog posts covering a variety of topics – including Homeworking and the High Street, Investment Zones, Seaside Towns, Net Zero, Health Inequalities, and Skills and Innovation – have continued playing a key role in fulfilling the Centre's objectives. Centre for Cities continues to promote its events to a wide audience of policymakers, industry practitioners, academics and political leaders at local and national level, staging high-impact events at national party conferences and attracting significant policy influencers to engage with the Centre's digital content and research.

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 2022.

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.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2022

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 2022, we released over 100 briefings, blogs and research reports covering topics including cities' use of technology to tackle the pandemic, the impact of lockdowns on labour markets and analysis of the furlough scheme, policy priorities for the new metro-mayors, and making transport work in Britain's big cities.

Financial review

The year ended with a deficit of £216,106 (2021: a surplus of £64,091). Funds carried forward were £818,005 (2021: £1,034,111).

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

Income

Total incoming resources were 1,751,747 (2021: £1,728,753). Our main source of income was a core grant from the Gatsby Charitable Foundation. In 2022, we received £1,100,000, which was approximately 63 per cent of all our revenues.

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

In 2022, the What Works Centre for Local Economic Growth project in cooperation with the London School of Economics generated £462,730 (2021: £417,231) for the Centre.

Resources expended

The Centre's expenditure was £1,967,853 (2021: £1,664,662). The increase in expenditure was mainly due to the much higher than in the previous year staff and projects costs.

Reserves Policy

The Trustees' reserves policy is reviewed annually. The Centre for Cities' reserves are defined as unrestricted net current assets.

In 2022, the Trustees decided that the Centre should set a reserves policy which was equivalent to at least six months of the operating expenditure. 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.

The surplus of the free reserves was expended on research projects such as 'Realising Regional Growth', 'Innovation', and on the website upgrade. Also, the Centre's employees were given a one-off payment to help them with the rising cost of living.

Free reserves held on 31 December 2022 were £804,710 (2021: £1,012,899), down by £208,183. The carried forward reserves are within six months of operating expenditure in 2023.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2022

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 2023, we will focus on those areas of national and local policy of most importance to the economic performance of cities:

- The flagship Cities Outlook report in 2023 focuses on the issue of 'hidden unemployment' and will continue to be a significant peak in external engagement activity.
- Several projects will highlight causes of the economic underperformance of the UK's core cities, including a new project exploring the role of the Housebuilding Crisis in the UK's economic productivity shortfall, and a project highlighting the untapped potential of cities in the Midlands Engine.
- Centre for Cities' involvement in the Resolution Foundation's Economy 2030 enquiry will continue, highlighting the untapped economic growth potential in the UK's major urban economic centres.
- A new project focuses on agglomeration economies in London and the impact hybrid working may be having on agglomeration in cities in the wake of the pandemic.
- The 'Realising Regional Growth' events series continues, driving the discussion around regional growth opportunities with events planned for the North East and the West of England.
- Centre for Cities will continue to place the emphasis on the economic performance of the UK's cities and large towns with regular media commentary on key economic milestones including the Chancellor's Budget and major developments around devolution of powers to regions and cities in the UK.

To support our research programme, we will run a busy schedule of public events and roundtables, as well as our programme of receptions and panel debates at the 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.

REFERENCE AND ADMINISTRATIVE DETAILS

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

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

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

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2022

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:

Nigel Hugill (Chairman)

Alex Plant

Nicola Yates

Tom Riordan

Miranda Sharp

Alan Harding

John Cummins

Joe Burns

KEY MANAGEMENT PERSONNEL:

Andrew Carter

Paul Swinney

Sian Morgan

Anna Bullegas

Chief Executive

Director of Policy and Research

Director of External Affairs

Head of Finance and Operations

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.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2022

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 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.

CENTRE FOR CITIES
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2022

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.

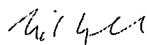
Disclosure of information to auditor

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 HW Fisher LLP be reappointed as auditor of the company will be put to the Annual General Meeting.

On behalf of the Board of Trustees



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Nigel Hugill

27 Jul 2023

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Date

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTRE FOR CITIES
YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the accounts of Centre for Cities (the 'charity') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, 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 accounts, 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 charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTRE FOR CITIES
YEAR ENDED 31 DECEMBER 2022

we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error. In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTRE FOR CITIES
YEAR ENDED 31 DECEMBER 2022

Auditor's responsibilities for the audit of the accounts

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the accounts that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011, Companies Act 2006.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the accounts disclosures and determining whether accounting policies have been appropriately applied.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Reviewing documentation such as the charity board minutes for discussions of irregularities including fraud.
- Obtaining bank confirmation of material bank balances.

CENTRE FOR CITIES
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTRE FOR CITIES
YEAR ENDED 31 DECEMBER 2022

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the accounts even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 our audit work, for this report, or for the opinions we have formed.

Andrew Rich
Andrew Rich (Senior Statutory Auditor)
for and on behalf of HW Fisher LLP

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
United Kingdom
NW1 3ER
27 Jul 2023
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CENTRE FOR CITIES
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Income from:			
Donations	3	1,100,000	1,100,000
Charitable activities:			
Research		118,333	93,000
External Affairs		62,095	92,154
What Works Centre		462,730	417,231
Total from charitable activities		<u>643,158</u>	<u>602,385</u>
Income from investments	4	2,366	537
Other Income	5	6,223	25,831
Total income		<u>1,751,747</u>	<u>1,728,753</u>
Expenditure on:			
Charitable activities:			
Research-Policy	6	772,201	639,234
External Affairs		732,922	608,197
What Works Centre		462,730	417,231
Total		<u>1,967,853</u>	<u>1,664,662</u>
Net income and net movement in funds		(216,106)	64,091
Reconciliation of funds			
Total funds brought forward		1,034,111	970,020
Total funds carried forward		<u>818,005</u>	<u>1,034,111</u>

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 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	11	13,295	21,222
Total fixed assets		13,295	21,222
Current assets			
Debtors	12	388,030	143,450
Cash at bank and in hand		1,683,308	1,000,449
Total current assets		2,071,338	1,143,899
Liabilities			
	13	1,266,628	131,010
		1,266,628	131,010
Net current assets		804,710	1,012,889
Total assets less current liabilities		818,005	1,034,111
Unrestricted funds:	16	818,005	1,034,111
		818,005	1,034,111

27 Jul 2023

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

Nigel Hugill

CENTRE FOR CITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Net cash provided by operating activities		<u>684,528</u>	<u>67,405</u>
Cash flows from investing activities:			
Interest receivable		2,366	537
Purchase of tangible fixed assets		(4,035)	(16,000)
		<u>(1,669)</u>	<u>(15,463)</u>
Change in cash and cash equivalents in the reporting period		<u>682,859</u>	<u>51,942</u>
Cash and cash equivalents at the beginning of the reporting period		1,000,449	948,507
Cash and cash equivalents at the end of the reporting period		<u>1,683,308</u>	<u>1,000,449</u>

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

	2022 £	2021 £
Net income for the reporting period	(216,106)	64,091
Adjustments for:		
Depreciation charges	11,962	10,310
Interest receivable	(2,366)	(537)
Increase in debtors	(244,580)	(7,367)
Increase in creditors	1,135,618	908
Net cash provided by (absorbed by)/ operational activities	<u>684,528</u>	<u>67,405</u>

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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) Recognition of income

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

(c) Interest receivable

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

(d) Funds

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

(e) Debtors

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

(f) Expenditure and recoverable VAT

All expenditures have been recognised on an accruals basis. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(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.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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) 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.

(i) Operating leases

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

(j) 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.

(k) 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).

(l) 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.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(m) 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.

2 Company status

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

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

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

3 Donations

	2022	2021
	£	£
Core Grant	1,100,000	1,100,000

In 2022, 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 £2,366 (2021: £537) arises from money held in deposit accounts.

5 Income - Other Activities

Income received for seconded employee.

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6 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
Subtotal	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
Subtotal	69,132	54,614	11,151	134,897
Total	772,201	732,922	462,730	1,967,853

2021	Research- Policy £	External Affairs £	What Works Centre £	Total £
Staff Costs	375,597	354,654	344,972	1,075,223
Projects Direct Costs	66,923	115,833	2,609	185,365
Premises	63,357	42,697	31,678	137,732
Depreciation	4,742	3,197	2,371	10,310
IT & Communication	8,610	5,801	4,305	18,716
Printing & Stationery	2,765	1,863	1,382	6,010
Miscellaneous Office Costs	42,346	40,197	16,679	99,222
Legal, Professional and Insurance	4,519	3,045	2,259	9,823
Subtotal	568,859	567,287	406,255	1,542,401
Support Costs (note 7)	57,956	25,462	9,136	92,554
Governance Costs (note 7)	12,419	15,448	1,840	29,707
Subtotal	70,375	40,910	10,976	122,261
Total	639,234	608,197	417,231	1,664,662

Expenditure on charitable activities was £1,967,853 (2021: £1,664,662). 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 2022

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.

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	

2021	General Support	Governance Function	Total	Basis of Apportionment
	£	£	£	
Salaries	87,027	21,707	108,734	Time
Information Technology	2,027	-	2,027	Cost
Audit Fees	-	8,000	8,000	Governance
Legal & Other Professional Fees	3,500	-	3,500	Governance
Total	92,554	29,707	122,261	

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8 Net income/(expenditure) for the year

This is stated after charging:	2022	2021
	£	£
Operating leases - photocopier	1,028	1,272
Depreciation	11,962	10,310
<i>Auditor's remuneration:</i>		
Audit fees	<u>11,000</u>	<u>8,000</u>

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

	2022	2021
	£	£
Wages and salaries	1,134,248	987,834
Social security costs	120,207	98,106
Pension costs	<u>105,003</u>	<u>98,017</u>
	<u>1,359,458</u>	<u>1,183,957</u>

Employees earning between £60,001 - £70,000	1	1
Employees earning between £70,001 - £80,000	2	-
Employees earning between £80,001 - £90,000	1	3
Employees earning between £90,001 - £100,000	1	-
Employees earning between £100,001 - £120,000	1	1

Pension contributions in respect of higher-paid employees totalled £57,087 (2021: £46,604).

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

The total employee benefits received by the key management personnel listed on page 9 were £387,623 (2021: £318,385).

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10 Staff numbers

The average monthly headcount was 23 staff (2021: 19 staff) and the average monthly number of the full-time equivalent employees during the year was as follows:

	2022	2021
Research	10.5	9.0
External Affairs	6.0	6.0
WWC	5.0	4.0
Governance	0.5	0.5
	<u>22.0</u>	<u>19.5</u>

11 Tangible fixed assets

	Leasehold Improvements	Fixtures and Fittings	Computer Equipment	Total
	£	£	£	£
Cost or book value				
At 1 January 2022	111,704	36,612	69,997	218,313
Additions	-	1,005	3,030	4,035
At 31 December 2022	<u>111,704</u>	<u>37,617</u>	<u>73,027</u>	<u>222,348</u>
Accumulated depreciation				
At 1 January 2022	111,704	35,863	49,524	197,091
Charge for year	-	394	11,568	11,962
At 31 December 2022	<u>111,704</u>	<u>36,257</u>	<u>61,092</u>	<u>209,053</u>
Net book value				
At 31 December 2022	<u>-</u>	<u>1,360</u>	<u>11,935</u>	<u>13,295</u>
At 31 December 2021	<u>-</u>	<u>749</u>	<u>20,473</u>	<u>21,222</u>

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

12 Debtors

	Total 2022	Total 2021
	£	£
Due within one year:		
Trade Debtors	163,225	6,867
Prepayments	68,825	43,425
Other debtors	155,980	93,158
	<u>388,030</u>	<u>143,450</u>

CENTRE FOR CITIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13 Creditors: amounts falling due within one year

	Total	Total
	2022	2021
	£	£
Trade creditors	4,171	15,353
Taxation and social security	66,283	51,915
Accruals	91,174	63,742
Deferred income	1,105,000	-
	<u>1,266,628</u>	<u>131,010</u>

14 Operating lease commitments

On 31 December 2022, the charity had the following operating lease commitments:

	2022	2021
	£	£
Not later than one year	104,792	104,792
Later than one year and not later than five years	294,000	398,792
Over five years	-	-
	<u>398,792</u>	<u>503,584</u>

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 £818,005 on 31 December 2022 was unrestricted.

17 Analysis of changes in debt

The charity had no debt during the year.