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Understanding medium-sized cities

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understanding medium-sized cities

Paul Hildreth applies a typology of key characteristics to examine how differences in the economic role and performance of English medium-sized cities might be explained and how these differences contribute to disparities in economic performance between the English regions

This article addresses two questions.¹ How can differences in the economic role and performance of English medium-sized cities be explained? And does understanding these differences offer insight into the reasons for disparities in economic performance between the English regions?²

Why medium-sized cities are important

In England, medium-sized cities have received far less urban policy attention than London and the eight 'core cities'.³ This has been a product of the recognition that large cities, as centres for advanced information and producer services, offer developed countries their best opportunity to keep ahead in an increasingly competitive global economy.

However, medium-sized cities are important to both regional and national economies. They are where a significant proportion of England's population live and work. They also offer a distinctive insight into the state of regional economies in ways that the larger cities do not.

Unlike the treatment of capital and high-profile large cities,⁴ medium-sized cities cannot be approached as stand-alone places. They do not operate like islands surrounded by open sea. They sit within a wider regional and national urban hierarchy. Their success in attracting and retaining firms and workers, and generating jobs, relates to the inter-dependencies that exist between them and the economies of other cities and areas around them.

This is why the *functional city* – defined by the ways people live their lives and how the economy operates between a city and the towns and area surrounding it – is the best way of understanding

medium-sized cities. It is a dynamic concept expressed in terms of connections and flows between cities and the towns and areas that surround them – from home to work, from home to shop and (in housing moves) from home to home – and also concerning the way businesses relate to their customers and suppliers.⁵

Medium-sized cities do not perform as a single type. Unlike large cities they do not usually offer urbanisation economies (i.e. economic advantages from larger market size and labour markets and knowledge exchange across the whole urban area). Medium-sized cities offer more localised economies within the industries in which they specialise. Consequently, while large cities will tend to develop sectoral strengths in advanced producer services, medium-sized cities tend to be more diverse in their specialist sectoral composition.

As a result, medium-sized cities perform different roles within the urban hierarchy, and these roles may change over time. They do not operate on a level playing field in their access to labour, firms and other key assets of the modern knowledge economy. They also vary significantly in their economic roles and performance.

The questions with which this article opened are therefore highly pertinent to the debate around the significance of 'cities' within the current HM Treasury driven sub-national economic development policy review. A growing interest in 'functional cities' is reflected in recent Government publications. For example, the HM Treasury led *Devolved Decision Making 3*⁶ acknowledges cities as drivers of regional economies; and the Local Government White Paper

emphasised 'place-shaping' across, as well as within, local authority boundaries.

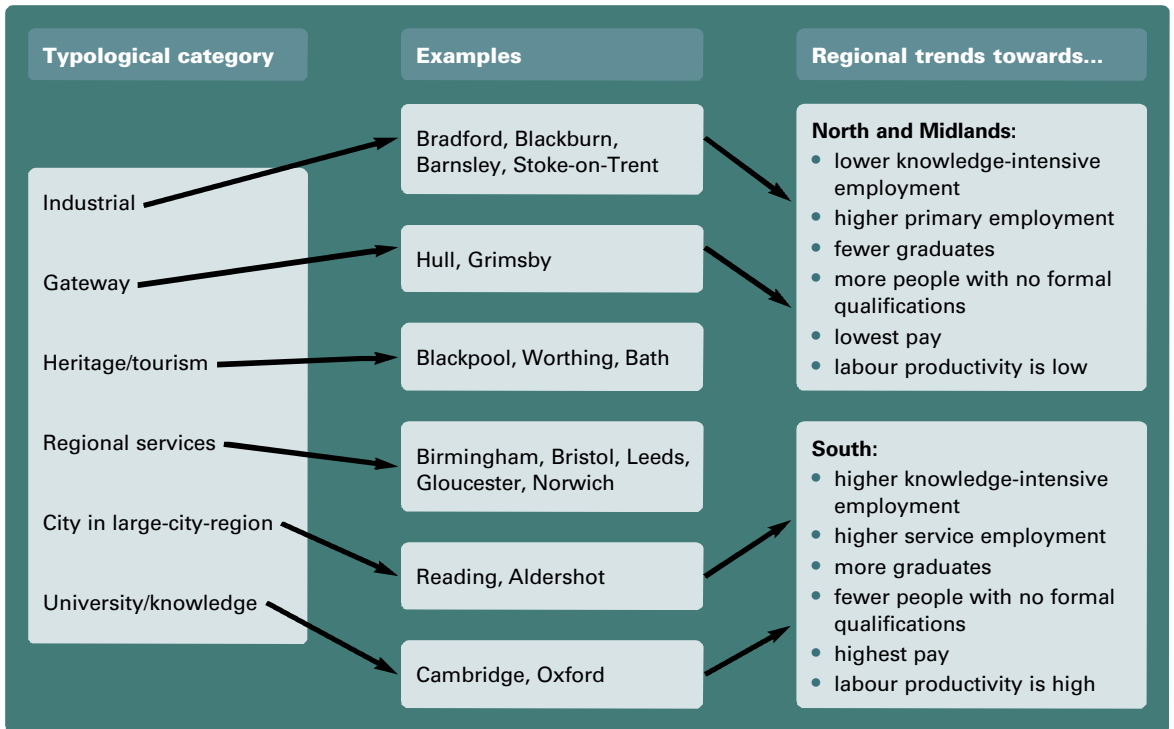
Developing a typology for medium-sized cities

The cities chosen to explore the research questions were those studied in the *State of the English Cities* report (from which the data on these cities were also taken).⁷ This report covered 56 'Primary Urban Areas'⁸ with populations over 125,000. Having excluded London and the eight core cities (as large cities), the typology was tested on the remaining 47 Primary Urban Areas in two ways. First, the 47 cities were allocated to a typological category and tested in relation to key economic variables. The outcomes are illustrated in Fig. 1. Second, this analysis was followed up with interviews with city local authorities to further test the findings. The results of the interviews and data analysis are brought together in Table 1.

A typology invariably involves simplification. The allocation of cities to categories was based on their perceived dominant characteristics. However, this approach has limitations in that many medium-sized cities have characteristics of two or more categories, so some of the allocations might be subject to debate. And while a typology can improve the understanding of a city's current position and possible future strategy, it cannot explain all the unique variations among cities.

The typological categories were:

- an *industrial city* – a city that historically developed around one or more dominant industrial sectors as a consequence of physical geographic advantages or proximity to raw materials;
- a *gateway city* – a city that provides connections for goods and/or people to the international economy (for example the location of a port or airport);
- a *heritage/tourism city* – a city that attracts national and/or international visitors owing to its advantageous position (a coastal location, for example), its natural assets or its historical, cultural and architectural heritage;
- a *university knowledge city* – a city that contains a leading university with expertise in science and technology and the capacity to promote innovation and clusters of spin-off companies in the local economy;
- a *city in a capital- or large-city-region* – a city that benefits from its physical connection to a capital- or large-city-region, by specialising in complementary knowledge-intensive industries that give the larger city its comparative advantage in the national or global economy; and
- a *regional services city* – a city that historically has grown through supplying employment opportunities and retail and other services to its wider region.



Above

Fig. 1 Economic performance characteristics of medium-sized cities

Examples of key economic challenges and opportunities identified within each of these typologies is summarised in Table 1. Overall, these reveal marked structural differences in the economic role and performance of English medium-sized cities, as shown in Fig. 1. These in turn reflect regional economic differences.

'While medium-sized cities in the South East and London operate as an inter-dependent network, no such mechanism operates in the North. As a result, many of the northern industrial cities are not deriving as much direct benefit from the revival of the northern core cities as they might'

For example, industrial and gateway cities were heavily concentrated in the North and the Midlands and consistently had characteristics of weaker economies. These included higher secondary employment, more people with no formal qualifications and lower skills, lower proportions of graduates, lower knowledge-intensive employment and lower labour productivity. By comparison, university knowledge cities and cities in large-city-regions had mirror-opposite characteristics of stronger economies: higher service employment, fewer people with no formal qualifications, more graduates, higher knowledge-intensive employment and higher labour productivity.

Why there are differences in economic performance and roles

There are a number of factors that work in an inter-related way to underline differences in the economic role and performance of English medium-sized cities:

- *History matters:* A city's economic purpose and industrial structure was shaped by the interaction of locational advantages and economic and social forces. Its future development is 'path dependent' in that its current assets will influence future possibilities. For some cities, such as Blackpool, this leaves little option but to re-invent their present specialism. For others, such as most industrial cities, it limits their range of future options. The risk for industrial and gateway cities is that the performance gap may widen compared with cities that are better positioned to adapt within the knowledge economy. University knowledge cities and cities within a large dynamic city-region (such as the London mega-city-region) are best placed, given their stronger knowledge assets and strong
- inter-dependent supportive relationships with other cities.
- *Industrial sectors and specialisation:* Different cities have different industrial specialisations. In the current economic context the UK has competitive knowledge advantages in three broad areas: advanced producer services, advanced manufacturing, and consumer services. Advanced producer services are the main drivers of post-industrial Western economies,⁹ but, as already indicated, they are most likely to be found in large cities and in the smaller cities with which they have strong inter-dependent relationships (i.e. university knowledge, regional services cities and cities in a large dynamic city-region). Other cities (industrial, gateway and specialist heritage/tourism cities) will need to take a different path, building specialisms more appropriately suited to their historical and locational strengths in advanced manufacturing or consumer services.
- *Connectivity:* Being well-connected regionally, nationally and internationally matters in the modern global economy. Being well-placed for connections between people is more important than being centrally located for the transport of physical goods. Improvements in technology have made face-to-face contact more, not less important.¹⁰ Internationally, improved capacity to communicate electronically (for example by e-mail, conference calls or video conferencing) has actually created increased demand for business meetings and travel. And while technology has revolutionised the speed of travel, cost reductions have been more than offset by increases in opportunity costs (through rising real wages) of time spent travelling.
- *Knowledge assets:* Cities that are a key location for knowledge-based industries and services are at a considerable advantage in the modern economy. The most successful cities combine being a centre for innovation, a highly-educated workforce, advantageous locations for face-to-face contact and networks for imparting 'tacit knowledge', as well as excellent connectivity into the global economy.
- *Functionality of place:* A high-quality built environment is a significant asset for medium-sized cities. Various forces influence the physical layout of cities, including the decision of firms, individuals and civic authorities. Ideas and fashions in architecture also play a major role in transforming city layout. However, historical decisions (medieval street patterns, for example) continue to shape the physical layout of cities hundreds of years later. While architectural fashions change over time, the vast number of tourists who visit the historical streets, squares and buildings of cities such as York and Bath demonstrate the universal attraction of a high-quality built environment. By contrast, the poor physical form of Stoke-on-Trent and the absence of a significant city centre is an important

Table 1
A typology of medium-sized cities

Typological category	Examples	Challenges	Opportunities
An industrial city	Stoke-on-Trent, Burnley	<p>Historic industries in decline or obsolete (for example raw materials exploited, production methods obsolete, global competition)</p> <p>Strict division of labour in old industries may leave workers (and succeeding generations) with low education, skills and entrepreneurial aspirations</p> <p>Market connections may better serve the transport of goods rather than people to the wider economy</p> <p>Housing stock and other place assets may be in poor condition</p>	<p>Establish industrial specialisms relevant to the modern economy that build on the established skill and knowledge base (for example advanced manufacturing) and develop local consumer services</p> <p>Invest in long-term cultural changes in attitudes towards educational attainment, skills development and self-employment</p> <p>Enhance local connectivity to other employment centres</p> <p>Improve housing stock and realise quality of place assets</p>
A gateway city	Hull, Grimsby	<p>Being a transit point rather than a place to stay</p> <p>Reliance on routine manufacturing, service and logistics functions, related to gateway functions and a low skill base</p> <p>Housing stock and other quality of place assets may be in poor condition</p>	<p>Good national and international connectivity</p> <p>Exploit opportunities provided by gateway functions to diversify the economy</p> <p>Develop quality of place assets and develop other attractions to retain visitors</p>
A heritage/ tourism city	Blackpool, Worthing	<p>Vulnerability to changing fashions and the seasonal nature of tourism markets</p> <p>Lower-skilled, part-time and seasonal nature of tourism employment opportunities</p> <p>Expensive re-investment in tourism infrastructure</p> <p>Connectivity to regional, national and international markets</p>	<p>Heritage, architectural, cultural and locational assets</p> <p>Reinvent and update heritage/ tourism offer</p> <p>Build on existing tourism industries to diversify into other service industries</p> <p>Access wider national and international markets</p>

continued

factor in explaining the city's weaker economic performance.

- *City networks and inter-dependence:* City economies are inter-dependent. As a result, most medium-sized cities are not viable as independent economic development units. It makes sense for them to seek to collaborate with other places within their functional economy, rather than narrowly focus within restrictive administrative boundaries.

Key conclusions

The application of a city typology has illustrated a considerable diversity in role and economic performance among English medium-sized cities. It has highlighted significant structural differences between many cities in the Midlands and the North (particularly industrial and gateway cities)

and medium-sized cities in the Greater South East.

Given the increasing importance of the knowledge-based economy, it is likely that markets will reinforce differences in performance rather than narrow them over time. While medium-sized cities in the South East and London operate as an inter-dependent network, helping to spread economic benefits across the region, no such mechanism operates in the North. As a result, many of the northern industrial cities are not deriving as much direct benefit from the revival of the northern core cities as they might. Co-operation between cities in the North needs to foster stronger positive inter-dependencies between places, a factor being recognised in city-region plans.

Thus a 'one-size-fits-all' approach in either regeneration or regional economic policy is inappropriate. In particular, national policy needs to

Table 1 continued
A typology of medium-sized cities

Typological category	Examples	Challenges	Opportunities
An university knowledge city	Cambridge, Oxford	Developing effective mechanisms to disseminate knowledge from university to industry Managing growth pressures (for example housing and congestion) Ensuring effective connections and relationships with the regional and national economy	Highly-educated and skilled workforce Strong clusters of high-technology industry and services Opportunities for new spin-off companies and employment growth Strong reciprocal relationship with regional and national economy
A city in a capital- or large-city-region	Reading, Aldershot	Managing growth pressures (for example housing and congestion) Retaining a distinctive identity and market niche in relation to the large city Developing service sectors which are complementary to the large city	Cheaper business and residential location than the large city Proximity to a large dynamic economy Opportunity to exploit inter-dependencies with the large city Strong local, national and international connectivity
A regional services city	Bristol, Norwich, Exeter	Successful transition from an industrial past into a modern services economy Spreading the benefits of city centre renaissance and wealthy suburbs to more deprived and divided parts of the city Improving national and international connectivity	Relatively diverse economy with a developing producer services economy Rich asset base (for example university, city centre, architectural heritage, retail centre, cultural assets) Destination rather than a transit point 'Cultural buzz' attractive to new and existing highly-skilled workforce

take into account more fully than it does at present the significant structural differences that exist among cities and regions in the English economy.

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Notes

- 1 This article is based on a longer paper by the author which is available at www.surf.salford.ac.uk
- 2 The idea of answering these questions arose from a research project commissioned by the OECD and the Regional School of Public Administration of Galicia, Spain
- 3 Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle upon Tyne, Nottingham and Sheffield

- 4 For example, see M. Parkinson *et al.*: *Competitive European Cities: Where Do the Core Cities Stand?* ODPM, 2004
- 5 A. Harding, S. Marvin and B. Robson: *A Framework for City-Regions*. ODPM, 2006. Available at www.communities.gov.uk
- 6 *Devolving Decision Making: 3 – Meeting the Regional Economic Challenge: The Importance of Cities to Regional Growth*. HM Treasury, DTI, ODPM, 2006
- 7 M. Parkinson *et al.*: *State of the English Cities*. ODPM, 2006
- 8 'Primary Urban Areas' were the primary unit of analysis of the *State of the English Cities* report. PUA boundaries seldom align with political or administrative boundaries. They are normally bigger than local authority areas and frequently contain several of them. PUAs are closest to the metropolitan city definition described in this article (i.e. the 'functional city')
- 9 P. Hall: 'A new geography of Britain?'. *Town & Country Planning*, 2006, Vol. 75, Nov., pp.304-8
- 10 P. Hall and K. Pain (Eds): *The Polycentric Metropolis: Learning from Mega-City Regions in Europe*. Earthscan Publications, 2006