



centreforcities 
Cities Outlook 2010





Foreword:

Cities leading Britain back to growth

In the year since the Local Government Association supported the previous Cities Outlook, the challenges for our urban economies have been mounting up. This year's report surveys the very demanding ground on which the cities are going to have to build a recovery. If we have lived an urban renaissance over the last decade, the years to come will be a more puritan era.

But, as this report shows, city leadership now has a stronger sense of purpose and a more powerful understanding of its economic agenda than for generations. Local authorities, together with their partners in business and the public sector, have worked to manage their assets and recognise that building on their strengths demands real teamwork between agencies and close liaison with employers.

The Centre for Cities has played a valuable role in helping urban leaders develop their vision and position their places for a return to economic growth. This report reminds readers of the work they have done to demonstrate, for example, that economic diversification is not just about broadening our base beyond the sectors that have been vulnerable so far, but also, in many places, reducing an excessive dependence on the public sector as the provider of employment growth. The evidence here also highlights beyond a doubt the crucial importance of the country's skills base – not just through efforts to raise skill levels across

the board, but also understanding that varying skills bases in each city will mean that different places demand different policies and priorities.

This is where I feel the closest affinity between the aims of the LGA and of the Centre for Cities. We both, in our different ways, exist to celebrate local difference and variety – and to argue for the devolution of decision-making and fiscal responsibility which those local differences demand. Even when the economy was enjoying the boom that preceded the current bust, Britain's cities demonstrated that centralised policy-making has a centralised pattern of economic growth as its inevitable consequence.

We now stand at a point where – if national politicians show the will – genuine devolution of economic decision-making may be about to gather pace and become real. The economy and the political system have suffered simultaneous shocks since the last Cities Outlook. I hope that, by the time of the next edition, we will have seen the beginning of a simultaneous restructuring of both the economy and its governance. And I look forward to the Centre for Cities acting as a force for common sense in both.

Cllr Margaret Eaton
Chair, Local Government Association

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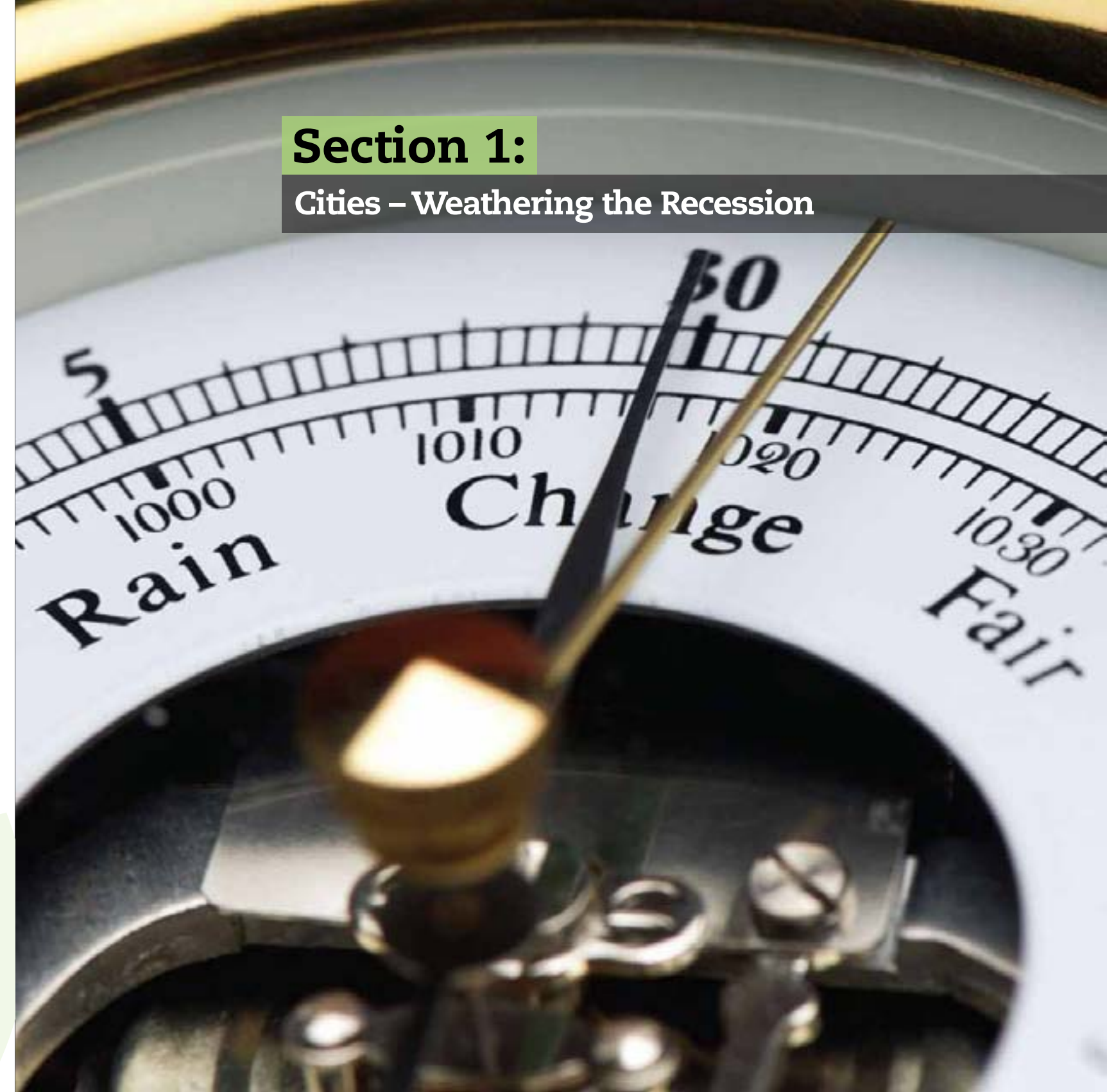
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Acknowledgements:

The Centre for Cities would like to thank the Local Government Association for its support of Cities Outlook 2010

Section 1:

Cities – Weathering the Recession



Cities – Weathering the Recession

Over the last year the recession has hit cities hard, and put a decade of urban renaissance on hold. Unemployment has risen sharply, particularly among young people. The cities hit hardest have been those with lowest skills, and employment in exposed sectors.

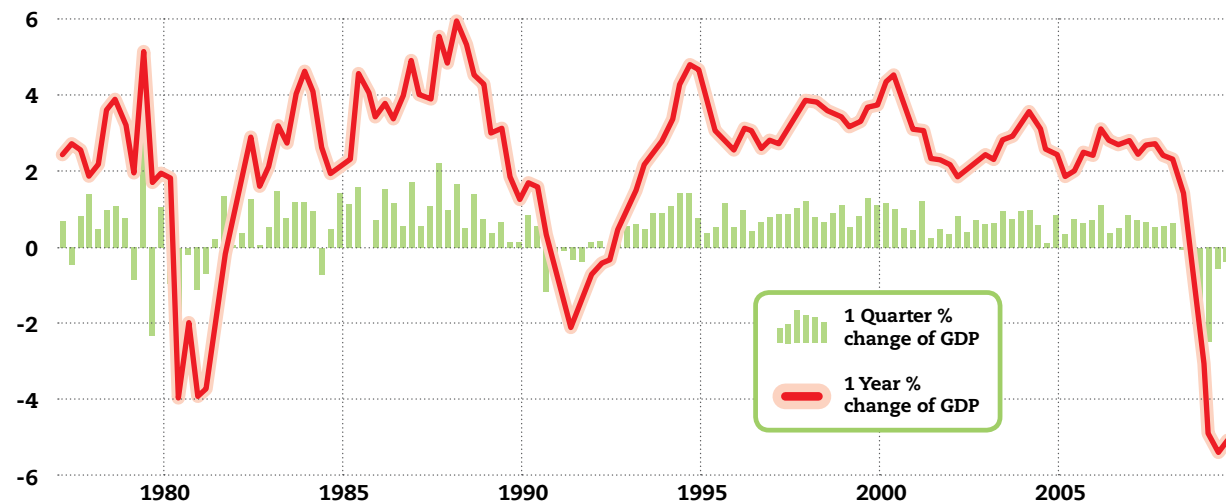
The Centre for Cities has tracked the progress of the recession in UK cities. Over the course of the downturn we have highlighted threats to cities'

recovery and long-term economic performance. Our research has identified the cities, like Barnsley and Rochdale, where future economic growth could be held back by large increases on top of already high levels of youth unemployment¹.

We have also set out the risks facing many cities with high levels of public sector employment, like Newcastle and Ipswich, when the Government begins to address the fiscal deficit².

Chart 1:

The deepest recession in decades. **GDP Growth – Quarterly and Annual**



Source: ONS
2009, GDP
Preliminary
Estimate

The deepest recession in decades seems to be coming to an end. But with GDP having fallen by six percent, the severity of the downturn over the last six quarters means that the after-effects will be long-lasting.

Not only has unemployment risen sharply to nearly eight percent, many of the sectors worst affected are those that have been the cornerstone of many cities' economies – retail, financial services, and construction.

¹ Shaheen, F (2009): *Sticking plaster or stepping-stone? Tackling urban youth unemployment*. Centre for Cities

² Larkin, K (2009): *Public sector cities: Trouble ahead*. Centre for Cities

When the recession is over, the profile of the recovery will be gradual, as the UK – and the world – adjusts to the excesses of the past decade. Consumer spending is likely to be muted as balance sheets adjust and credit flows remain subdued. Companies, cautious in the face of continued uncertainty, are likely to be slow to begin to invest and expand employment. Cities have seen rising unemployment – but it has not risen as sharply as expected given the size of the fall in GDP. While in the short-term this is a positive sign, in the longer-term jobs growth is likely to be more sluggish. Many places face the prospect of a 'jobless recovery' as employers who have hoarded labour during the recession can increase capacity without extra hiring. It may take around five years for employment to return to pre-recession levels.

Cities remain the core of the UK economy

Despite the recession, cities remain the backbone of the UK's economy. Major cities in particular have the potential to reinforce their position, and generate jobs and growth as the global economy recovers.

● London and the four largest City Regions – Birmingham, Leeds, Liverpool and Manchester – accounted for 36 percent of the population in 2008, but 39 percent of 2008 jobs in England³.

● 37 percent of GB knowledge-intensive businesses were clustered in London and just three major cities, Manchester, Birmingham and Bristol in 2008⁴.

All cities have been hit hard

The recession has put an end to years of jobs growth in cities. Claimant count in cities hit five percent in November 2009, up nearly two percentage points since the employment peak in February 2008⁵. The credit crunch began with a shock to the financial services sector, but the impact has spread to hit all parts of the economy.

All cities have seen rising unemployment in the recession, but the impact has varied, with some cities hit harder than others. While the financial heart of the City of London was in some ways the epicentre of the recession, London has seemed relatively resilient to the recession's worst effects – the claimant count has risen less than the average for Great Britain. London's position as a global business city, and the disproportionate effect of the global downturn on manufacturing and traded sectors, has sheltered the capital to some extent. But the long-term economic effects are uncertain – the rate of increase in JSA claimants in London continued to rise once it had begun to fall in other regions. Table 1 shows which cities have seen the highest rise in the claimant count over the course of the recession.

³ NOMIS 2009, Mid-Year Population estimate (2008), Annual Business Inquiry (2008), VAT registrations / deregistrations (2007)

⁴ NOMIS, 2009, Annual Business Inquiry (2008), Workplace Analysis, KIBS wide definition

⁵ NOMIS 2009, Claimant Count (Feb 2008 and Nov 2009 data). Own calculations for cities average

Table 1:

Cities with the lowest and highest increases in JSA claimant count since February 2008

Rank	Cities	Change in number of claimants, Feb 2008 - Nov 2009	Claimant count rate, Nov 2009	Change in JSA claimant count rate, Feb 2008 - Nov 2009
10 cities that have seen the lowest rise in JSA claimant count				
1	Cambridge	705	2.1	0.8
2	Aberdeen	1,338	2.2	1.0
3	Blackpool	2,360	3.6	1.2
4	Oxford	1,333	2.5	1.2
5	Preston	2,882	3.3	1.3
6	Norwich	2,275	3.5	1.4
7	Edinburgh	4,807	3.2	1.5
8	York	1,996	3.0	1.6
9	Portsmouth	5,412	3.5	1.7
10	Dundee	1,513	5.4	1.7
10 cities that have seen the highest rise in JSA claimant count				
55	Milton Keynes	3,962	4.7	2.6
56	Northampton	3,456	5.0	2.6
57	Hastings	1,326	6.2	2.6
58	Wigan	4,849	5.1	2.6
59	Rochdale	3,442	5.9	2.7
60	Doncaster	4,799	5.7	2.7
61	Birmingham	41,301	7.3	2.9
62	Swindon	3,813	4.7	3.1
63	Grimsby	2,929	6.8	3.1
64	Hull	6,164	8.4	3.7
	England	601,954	4.1	1.9
	Great Britain	692,609	4.1	1.9

Source: NOMIS, 2009, claimant count (Feb 2008 and Nov 2009 data)

Recession has reinforced disparities between places

Many of the cities that have been hit hardest are places still suffering from the legacy of industrial restructuring and previous recessions. This is widening the gap between cities. The difference between the highest and lowest ten cities in terms of their claimant count has widened by 70 percent since the start of the recession. Cities like Hull, Birmingham and Rochdale, held back for many years by low skills, economic restructuring and isolation, have seen large increases in the claimant count on top of already high unemployment and inactivity rates. In Hull, the city with the largest increase, there are now around 16 jobseekers for every vacancy in the city. Some job losses came from the high profile business closures that hit the headlines:

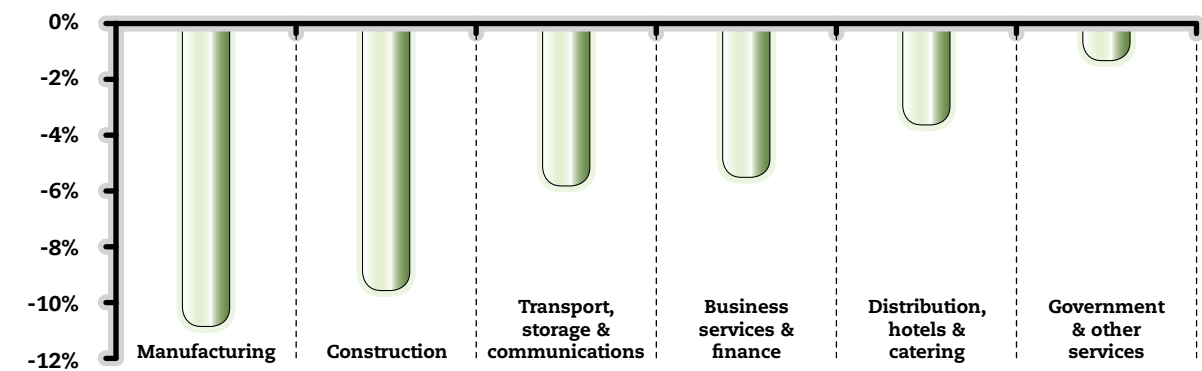
- 1,150 jobs were lost when a Littlewoods call centre closed in Merseyside in January;
- LDV went into administration in May, with about 800 staff at their Washwood Heath plant near Birmingham losing their jobs

But as well as these high-profile redundancies, thousands of other jobs have been lost in supply chains and the wider economy.

Cities' exposure to the recession has varied according to the type of businesses that form the bedrock of their economy (see chart 2 and table 2). Some of the sectors that have driven employment growth in cities over the last decade have been hit hard in the crisis.

Chart 2:

GVA Loss in Selected Sectors Q3 2008 – Q3 2009



Source: ONS 2009, GVA (Q3 2008 and Q3 2009 data)

Table 2 below shows the cities with the highest concentrations of employment in the three sectors that have been most exposed to the recession. Rochdale, for instance, has been highly exposed in two of the top three sectors, and it is therefore not surprising that it has suffered the sixth highest rise in claimant count of all cities (see table 1). Mansfield, Warrington and Barnsley also appear very exposed.

But some cities that had strong pre-recession economies have also suffered.

- Swindon and Milton Keynes had some of the lowest levels of benefit claimants in 2008, but have been exposed to the downturn in key transport and distribution sectors. In addition to the temporary closure of its Honda plant, Swindon was hit hard by the Woolworths closure, losing a combined 390 jobs between the store and the distribution centre at Dorcan.

- Youth unemployment has risen much more sharply than the Great Britain average in both Swindon and Milton Keynes, by 4.3 and 3.4 percentage points respectively⁶.

Table 2:

Vulnerable sectors. 10 cities with the highest concentration of employment in the sectors most exposed to the recession in 2008 (GB=100)

Construction		Manufacturing		Transport, Storage and Communications	
Mansfield	192	Burnley	222	Crawley	317
Wigan	173	Blackburn	200	Luton	231
Doncaster	169	Huddersfield	198	Rochdale	167
Middlesbrough	142	Derby	183	Stoke	167
Warrington	142	Telford	182	Doncaster	160
Preston	133	Hull	168	Milton Keynes	155
Bolton	127	Rochdale	164	Grimsby	141
Barnsley	125	Barnsley	161	Wakefield	141
Cardiff	125	Mansfield	156	Warrington	141
Birkenhead	121	Blackpool	154	Southampton	128

⁵ Source: NOMIS 2009, Annual Business Inquiry, employee analysis (2008 data). Rounded to the nearest number.

⁶ Source: NOMIS 2009, Claimant Count (November 2009 data). NOMIS 2009, Mid-year population estimates (2008 data)

Skills support resilience

In some respects, the recession has reinforced the disparities between high and low-performing cities. By tracking the path of the recession, we can see that the cities that have stood up best against the recession have been those that have performed well in the longer-term. High skill levels have been particularly important - while the claimant count across Great Britain has risen by nearly two percentage points, cities with high levels of people educated to NVQ4 and above, and high-skilled economies, have suffered much less. The claimant count has risen by much smaller proportions in York, by 1.5 percent, by 1.2 percent in Oxford, and by only 0.8 percent in Cambridge.

Table 3:

Youth unemployment 16-24 JSA claimants November 2009

Rank	Cities	16-24 claimants November 2009 (%)	Rank	Cities	16-24 claimants November 2009 (%)
10 cities with lowest youth unemployment			10 cities with highest youth unemployment		
1	Cambridge	1.7	55	Sunderland	8.6
2	Oxford	1.9	56	Wigan	8.6
3	Aberdeen	2.6	57	Barnsley	8.7
4	Reading	3.2	58	Doncaster	8.9
5	York	3.5	59	Rochdale	9.1
6	Bournemouth	3.9	60	Hastings	9.2
7	Southampton	4.0	61	Middlesbrough	9.4
8	Bristol	4.0	62	Birmingham	9.7
9	Aldershot	4.0	63	Grimsby	9.9
10	Edinburgh	4.1	64	Hull	10.6
				Great Britain	5.9
				England	5.9

⁷ Source: NOMIS 2009, claimant count (November 2009 data). NOMIS 2009, Mid-year population estimates (2008 data).

Where youth unemployment is concentrated in urban areas, it can also damage cities' future economic potential, as a generation of the workforce is held back. The UK is one of the last major economies to emerge from recession, and significant jobs growth will be even slower to return – particularly for younger people who are less experienced.

The Government has responded to the crisis with the £1 billion Future Jobs Fund, targeted at creating short-term jobs for young people out of work for nearly a year, and focusing in particular on unemployment hotspots. So far funding has been made available to create almost 98,000 short-term jobs. Local Authorities and other organisations have bid into the fund to create jobs for their communities. For example, the Liverpool City Region won a bid for more than 2,500 jobs across Halton, Knowsley, Sefton, St Helens, Wirral and Liverpool. These include apprenticeships, jobs in the health service, working with children and young people, and working in social enterprises. But it has taken time to get young people into the jobs, and to date, many of them remain unfilled.

In 2009 the Centre for Cities argued that the Future Jobs Fund could only be a 'sticking plaster' against the recession for some groups of young unemployed, and should be focused on cities where recent increases in unemployment have been sharp, like in Swindon⁷. It can only be a short-term fix, not a solution. For many UK cities, youth unemployment isn't just a recession problem. High levels of youth unemployment have been holding back their economies for much longer. In the three months to December 2007, 116,000 16-24

year olds had been unemployed for a year or more. This rose to 192,000 in the three months to October 2009⁸. It's only by looking ahead to when jobs will be created again, and putting in place measures to ensure that young people have the qualifications and 'employability' skills that businesses need, that will provide a long-term solution to youth unemployment.

A second-wave recession?

In response to the worst recession since WW2, on top of bailing out the banks, the Government has delivered a fiscal stimulus worth £20 billion, around 1.5 percent of GDP, including a temporary VAT cut and the car scrappage scheme. This has undoubtedly softened the blow in many cities. But the recession and lost tax revenue has left a big hole in the public finances. The Government estimates a deficit of £178 billion in 2009/10, and with the economy contracting by 4.75 percent in 2009, there has been a permanent hit of £90 billion a year to revenue⁹. Addressing the fiscal deficit will have to be top of the to-do list for the next Government, whoever wins the election.

None of the main parties has yet set out a clear plan for reducing the deficit. Alistair Darling has promised to halve the deficit over the next four years, and with the Fiscal Responsibility Bill announced in the Queen's Speech the Government wants to make a legally binding commitment to reducing deficit. George Osborne has promised to reduce the deficit faster than Labour's plans, but has so far only identified £7 billion of cuts, including cutting the cost of Government and Whitehall. Vince Cable and the Liberal Democrats have talked about reducing public sector pay, cutting quangos

⁷ Shaheen, F (2009): *Sticking plaster or stepping-stone? Tackling urban youth unemployment*. Centre for Cities

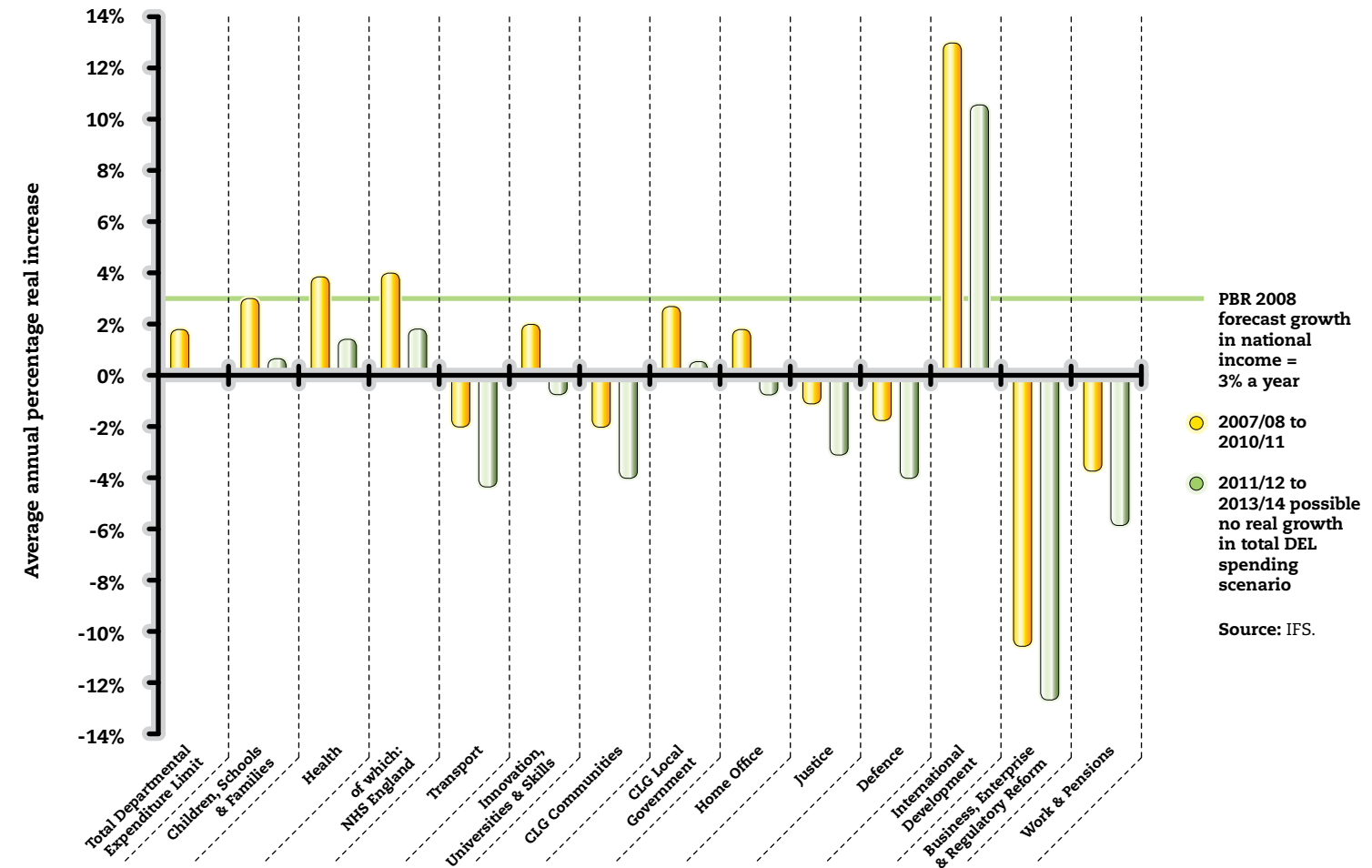
⁸ NOMIS 2009, Labour Force Survey (2009 data)

⁹ HM Treasury (2009): Pre-Budget Report

and identifying lower priority spending, but are yet to outline specific areas for significant cuts. But whatever the detail, the fact is that public spending in key areas is going to have to be cut. Without more clarity from national politicians about their plans it is hard to say exactly what the effects will be on local economies. The Government is projecting spending increases of

only 0.8 percent between 2011/12 and 2014/15, and with above-inflation increases protected for health, education and police, other departments face real, deep cuts. Capital investment in key areas like transport is likely to be hit hard, and spending in departments like CLG, BIS and DWP is also vulnerable – as shown in the IFS projections below.

Chart 3:
Where will spending cuts fall? 2011/12 - 2013/14

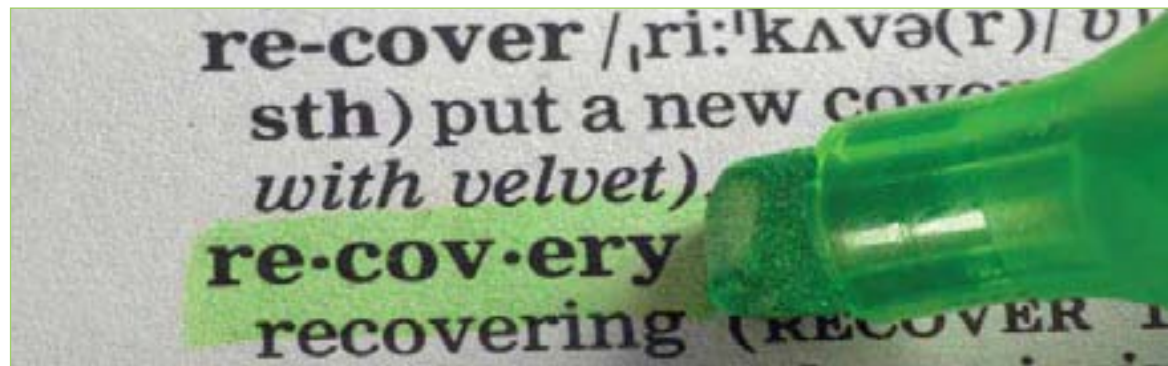


For many UK cities that have benefited from public sector jobs growth over the last decade, this will feel like a second-wave recession. Providing on average more than one in four jobs, the public sector is a big employer in cities – in particular in many Northern cities. Just over 60 percent of the 1.5 million net additional jobs created in UK cities between 1998 and 2008 were in public administration, education and health¹⁰. In many areas it has been viewed as a cushion to the impact of the recession as the private sector has suffered first. But previous levels of public sector employment growth in cities will certainly not return – and in reality, many public sector jobs will be lost.

Where will the axe fall? Some cities, in particular those that have followed a public-sector growth strategy over recent years, will be hit hard. The Government's recent *Smarter Government*¹¹ paper talks about reviewing the scope for further

reallocation of civil service functions outside London and the South East, but has also announced that 120 arms-length bodies will be merged or abolished. Both the major opposition parties talk about cutting back quangos and reviewing the role of Regional Development Agencies. There will be a renewed focus on making Government more efficient, which could put many public sector jobs at risk.

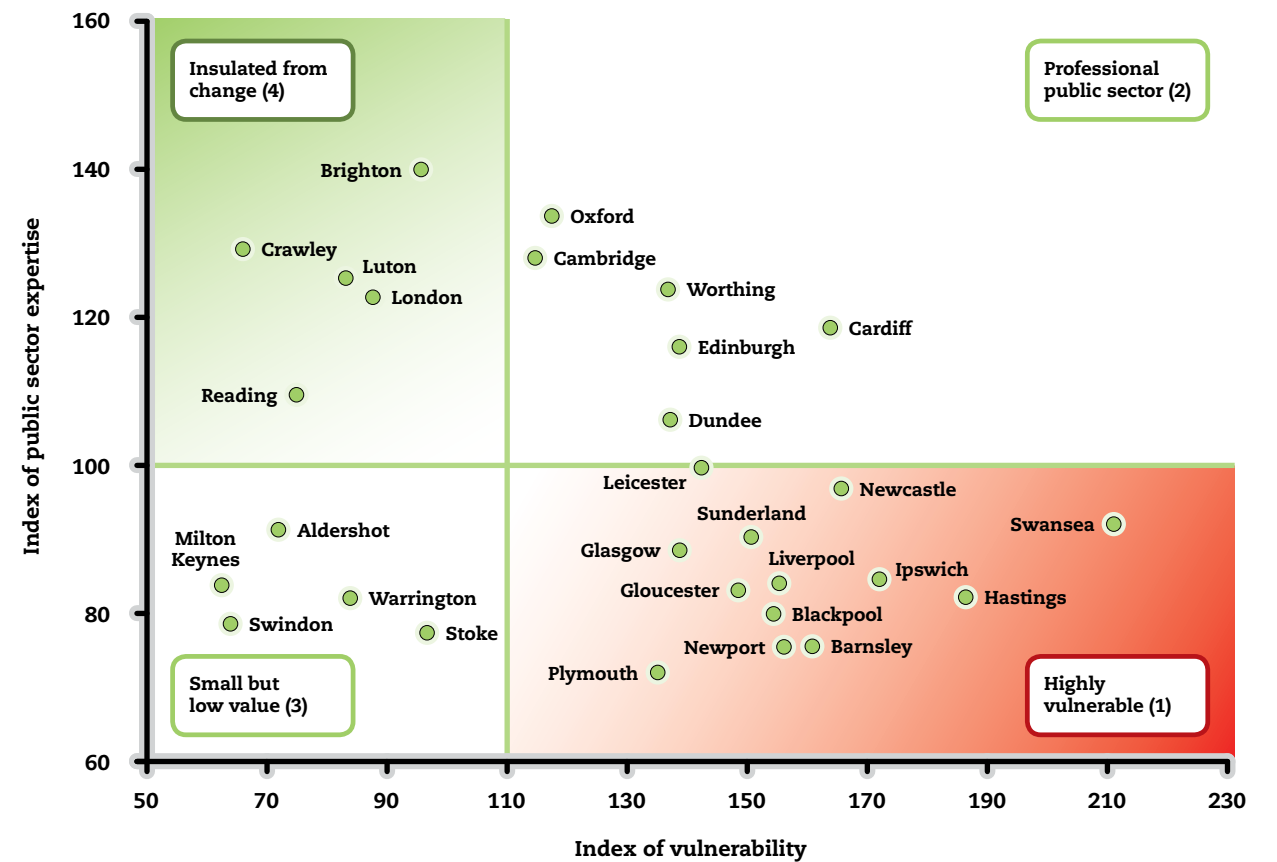
In July the Centre for Cities highlighted¹² which cities need to be aware of their particular vulnerability. Cities with a high proportion of low to medium-skilled positions in Local Authorities, civil service outposts and quangos will be hit hardest. Chart 4 shows cities such as Swansea – with the DVLA, Hastings – with the Child Support Agency, and Newcastle – with the One North East Regional Development Agency and the Inland Revenue – all have high levels of public sector employment in vulnerable bodies.



¹⁰ NOMIS 2009, Annual Business Inquiry, employee analysis (1998, 2005, 2006 and 2008 data). Estimates based on jobs added between 1998-2005 and 2006-2008 to take into account changes in ABI methodology

¹¹ HM Government (2009): *Putting the Frontline First: Smarter Government*
¹² Larkin, K (2009): *Public sector cities: Trouble ahead.* Centre for Cities

Chart 4: Public Sector Cities Exposed¹³



¹³ Vulnerability of types is indicated (1: most vulnerable, 4: least vulnerable); centrally distributed cities have been suppressed for presentation purposes.

Source: NOMIS 2009, Annual Business Inquiry, employee analysis (2009 data). NOMIS 2009, Annual Population Survey (2009 data).

As the national economy emerges from recession, 2010 will be an important year for UK cities. The economic crisis has highlighted that cities have few levers to protect their economies in the face of a major downturn.

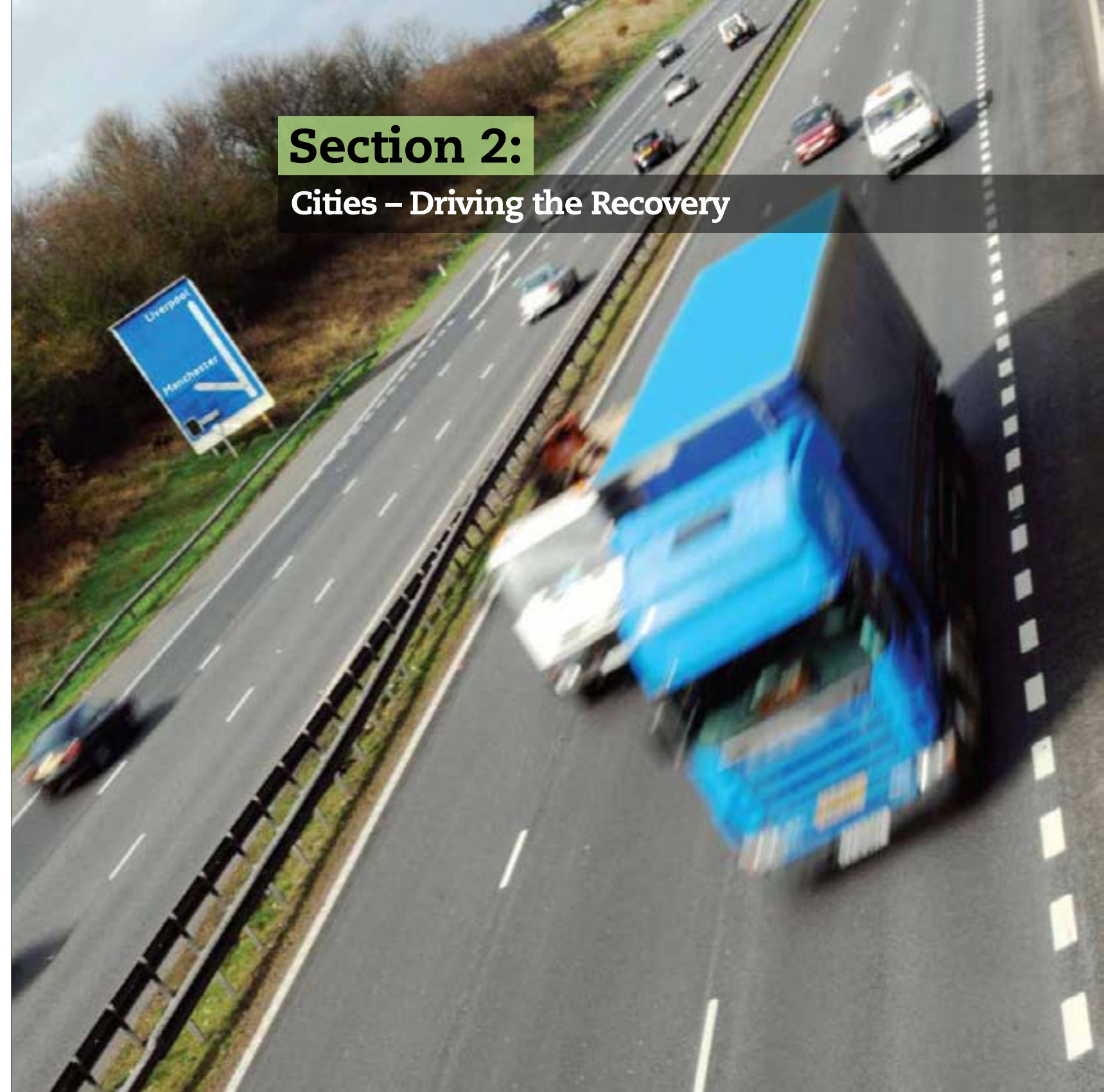
Cities will continue to see weak labour markets, but need to look ahead to where future growth will come from. Section Two sets out how cities will continue to drive the economy throughout the economic cycle. Looking forward, the key challenge for all UK cities will be encouraging stronger private sector jobs growth, and ensuring that local workforces are in the best position to take advantage of the new opportunities that emerge.

In summary

2009 was a difficult year for UK cities, as businesses have closed, jobs have been lost, and regeneration projects have stalled. The urban renaissance has been put on hold. But in section two we find that cities will also be where the recovery will take effect, and where businesses will again create jobs.

The next Government needs to put a renewed focus on cities at its heart of the economic agenda.

Section 2: Cities – Driving the Recovery



Cities – Driving the Recovery

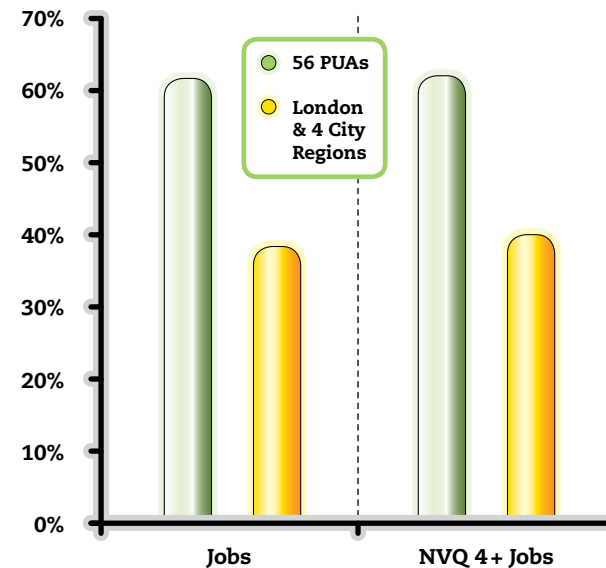
The priority for the next year needs to be to get the UK back on a path to balanced growth and economic resilience. Strengthening cities' roles as centres for business and jobs needs to be based on an understanding of the economic roles of different places. After the General Election, the next Government must put cities at the centre of their approach to key policy issues like skills, housing, and transport.

Cities lead the UK economy

Despite the recession, the longer-term trends that have gradually strengthened the role of cities as the core of the UK economy will continue.

- In 2008, 62 percent of jobs in England were located in cities, and 39 percent in London and England's four largest City Regions, Manchester, Birmingham, Leeds and Liverpool¹⁴.
- In 2008, 62 percent of the England's high-skilled workers were in cities, and 40 percent in London and the four largest City Regions¹⁵.

Chart 5:
Cities' contribution to the economy in 2008



Source: NOMIS 2009, Annual Business Inquiry (2008 data). NOMIS 2009, Annual Population Survey (2008 data). Comparison indicative, as both the Annual Business Inquiry and the Annual Population Survey are sample surveys.

But while economic trends have reinforced the position of major cities, political reforms have failed to mirror this. The lack of revenue-raising powers is the most revealing example of how constrained UK cities are – Local Authorities in the UK only raise 19 percent of their revenue, compared to an OECD average of 55 percent¹⁶. This gives them little incentive to go for growth.

We need a new urban policy

As the UK moves into recovery there needs to be a greater focus on the major cities outside London that will generate the jobs and growth of the future. The next Government needs a specific urban policy to enable cities to fulfil their economic potential.

The new approach needs to give cities and City Regions real financial and decision-making flexibilities to help them respond to local conditions and drive growth. More powers over key levers like the business rate, and housing, transport and skills policies, would give cities the ability to raise revenue, and the incentives to invest and introduce innovative policy solutions to help them overcome local challenges and stimulate jobs growth.

The Centre for Cities has long argued for governance structures to match cities' real economies. Local Authority areas are too small, and the challenge of policy coordination across authorities can end up holding back big cities like Birmingham or Manchester, which need to be at the heart of future growth. The two City Region pilots in Manchester and Leeds are a good step forward, but progress has been too

slow. The introduction of strong Metro Mayors in the four largest City Regions – Manchester, Leeds, Merseyside and Birmingham – would help overcome some of the obstacles to growth.

Some cities will continue to grow faster than others

As well as raising the profile of cities as economic drivers, policies need to be based on a better understanding of the different roles that cities will play in the UK's growth story.

Government regional economic policy aims to narrow the gap in growth rates across the country¹⁷. But this fails to recognise that economic performance has always been uneven. The ranking of cities' economic performance has changed little over the years¹⁸ – cities have always grown at different rates, and they always will. Despite a long-term commitment to regional convergence, and billions of pounds of investment by RDAs, Local Authorities and other public bodies, little progress has been made. Chart 6 shows London and the South East have stretched their lead over other regions.

- Between 1997-2008, real GVA in London grew by 61 percent: in the North East, it only grew by 32 percent.

¹⁴ NOMIS 2009, Annual Business Inquiry, employee analysis (2008 data)

¹⁵ NOMIS 2009, Annual Business Inquiry, employee analysis (2008 data) and Annual Population Survey

(2008 data). High-skilled defined as NVQ4+ jobs

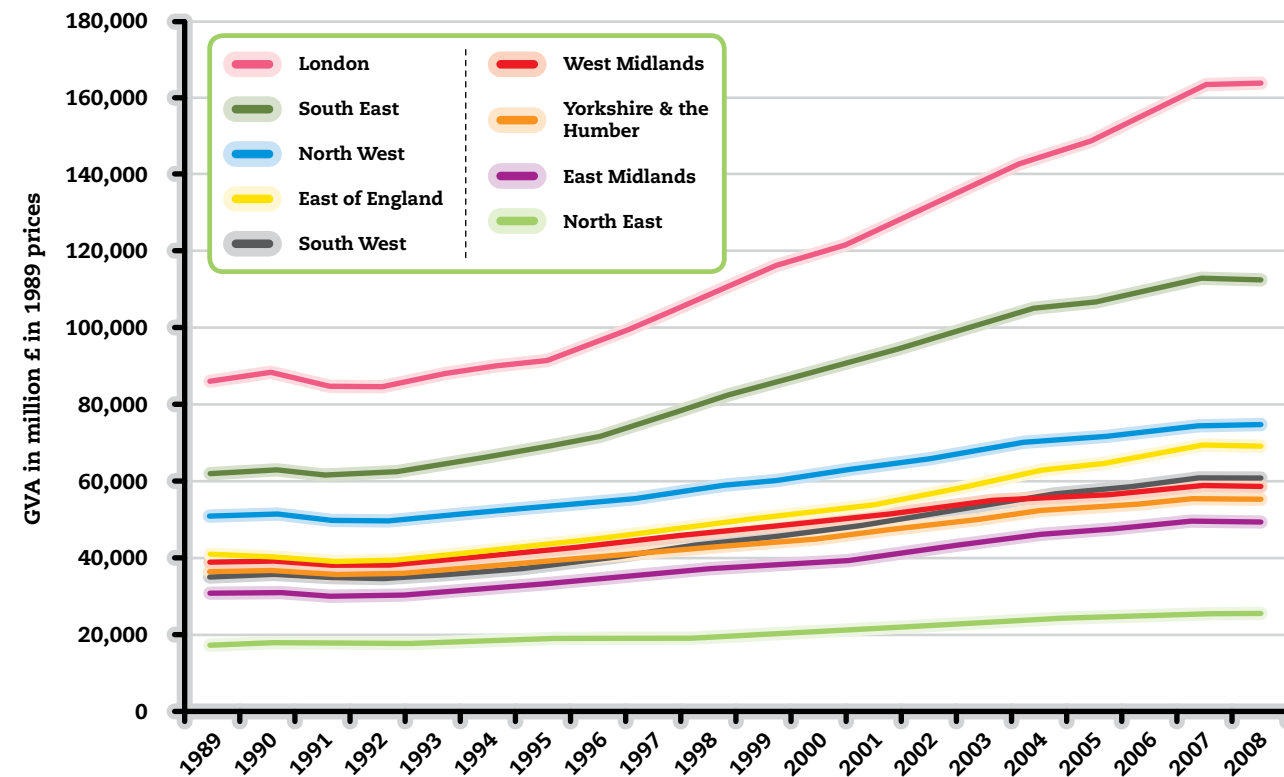
¹⁶ Blöchliger, H & Petzold, O (2009): *Taxes or Grants: what revenue source for sub-central governments?* OECD Economics Department Working Papers No 706

¹⁷ HM Treasury (2008-2011): *Public Service Agreements 2008-2011*

¹⁸ Duranton, G & Puga, D (2000): *Diversity and Specialisation in Cities: Why, where and when does it matter?* *Urban Studies* 37

Chart 6:

Regional growth rates continue to widen



The cities that have been hit hardest by the recession are those that were still recovering from the legacy of industrial decline. And the recovery, as it develops across the UK, may well reinforce disparities.

This raises the question of what the roles of different places are, and what implications these hold for public policy. Understanding the reasons behind differences in economic performance between places is critical to supporting growth in UK cities.

Which cities will generate the jobs of the future?

As the economy recovers, cities need to focus on growing and attracting more private sector jobs. But this won't happen everywhere – different sectoral structures, different economic histories, and different geographies mean that some cities are more likely to generate private sector jobs than others. For some cities, like Leeds and Manchester, their size makes them important economic centres; in others like Reading and Brighton, their location and economic base makes them well-placed to attract jobs and growth.

Source: ONS 2009, GVA (1989-2008). Data displayed is GVA in 1989 prices, CPI inflation adjusted.



One way to assess an area's growth prospects is to look at the types of businesses that invest and grow in the local economy. Economic trends, such as globalisation and technological change, mean that the UK will increasingly need to compete in higher-value, knowledge-intensive markets – as competing with emerging economies on price will become ever harder. Many of these higher-value businesses often cluster together in certain cities that offer deeper labour pools, and proximity to key markets or suppliers – so-called 'agglomeration benefits'. This applies to a range of sectors – including publishing, media, IT and financial and business services. These benefits

Table 4:

Employment in Knowledge Intensive Businesses (2008)

Rank	Cities	Number Employed	% of employees	Rank	Cities	Number Employed	% of employees
10 most knowledge-intensive				10 least knowledge-intensive			
1	Cambridge	31,000	35.2	54	Huddersfield	16,100	10.7
2	Oxford	35,500	33.0	55	Barnsley	7,100	10.2
3	Edinburgh	90,100	29.6	56	Birkenhead	12,600	9.9
4	Milton Keynes	40,000	28.0	57	Blackpool	13,300	9.9
5	Reading	63,500	27.7	58	Hastings	2,800	9.7
6	London	1,250,000	26.5	59	Doncaster	11,100	9.6
7	Leeds	105,600	25.3	60	Rochdale	7,000	9.5
8	Bristol	91,100	24.7	61	Wigan	9,000	9.1
9	Norwich	30,800	23.4	62	Mansfield	7,700	9.0
10	Brighton	31,900	23.2	63	Burnley	5,500	8.7
					Great Britain	4,560,700	17.1
					England	4,060,100	17.6

Source: NOMIS 2009, Annual Business Inquiry, employee analysis (2008 data). Belfast not included.

can help lock cities into a positive growth path – as Reading has done by specialising in financial services, complementing London's economy, and developing other linked specialisations, like computer software and consultancy.

Some cities have more employment in these businesses than others, and therefore stand to play a bigger role in driving economic growth in the UK going forward. Some are large cities, like London, Leeds and Bristol, and combine this strength with scale. Others, like Cambridge, Reading and Brighton, are smaller but have the potential to make a disproportionately significant contribution.

Variations in skill and knowledge assets reinforce these trends

A more obvious source of the difference in economic performance between cities is the variation in the number and quality of knowledge assets, including skills and high-ranking research universities. In particular, the share of highly-

qualified workers in a city's workforce has a significant impact on its economic potential. Cities with a concentration of high-skilled workers have greater potential to act as strong, independent economic centres and attract and grow knowledge-intensive business sectors than those which have not succeeded in raising their skills profile.

Table 5:

High-Skilled Cities. % Working age with NVQ4+ (Jan - Dec 2008)

10 cities with the highest percentage of high skills			10 cities with the lowest percentage of high-skills		
1	Cambridge	51.8	55	Peterborough	18.8
2	Edinburgh	45.1	56	Luton	18.7
3	Aberdeen	41.2	57	Rochdale	18.7
4	Oxford	40.8	58	Mansfield	17.6
5	Cardiff	38.5	59	Doncaster	17.2
6	Brighton	38.1	60	Wakefield	17.2
7	London	37.7	61	Stoke	17.0
8	Reading	36.3	62	Grimsby	16.8
9	York	36.3	63	Ipswich	15.3
10	Glasgow	35.2	64	Hull	14.8
				Great Britain	29.0
				England	28.7

It is notable that there is a correlation between cities' performance on high skills, and their concentration of knowledge-intensive businesses. Cambridge, Edinburgh, Reading, London and Brighton are high-performers in both indices, reinforced by the presence of top universities, indicating that their economies are particularly well-placed to attract jobs and growth. By contrast,

cities like Rochdale, Mansfield and Doncaster are held back by low-value business sectors and low skills – and as highlighted in Section One have also been among those hit hardest by the recession. These cities are not well-placed to develop strong, independent private sector economies.

Source: NOMIS 2008, Annual Population Survey (2008 data). Department for Trade and Investment (DETINI) 2009, Labour Force Survey for Belfast (2007 data).

This needs to be reflected in their economic aspirations and strategies – Rochdale, for instance, may be better placed strengthening links to major

employment centres nearby, through the Greater Manchester City Region, rather than seeking to develop as an independent economic centre.

Learning from our cities

Through the Centre for Cities' partnerships with individual UK cities, it is clear that skills strategies need to be targeted better, based on an understanding of the city's role in the UK economy, and what attracts high value businesses and skilled people.

In our partnership with **Liverpool**, the Centre for Cities looked in detail at graduate retention in the city. Rather than a narrow focus on retaining graduates, our research found that a better

outcome could come from policies designed to boost demand for high skilled workers.

Our partnership with **Birmingham** examined the future sources of growth for the city. We found that the city should prioritise improving the general business environment rather than have a narrow sectoral focus on business services or environmental industries. It is also important to take into account the geography of the real economy – many workers in high value industries live outside the city and the City Region.

A more realistic attitude to growth

Rather than swimming against the tide, and trying to attract an even spread of high-value businesses and jobs to all cities, Government policy to strengthen the recovery should take into account places' differing strengths. This is particularly important in a time of fiscal constraints, where the effectiveness of public spending needs to be maximised.

Cities that do not have a high-value business base, or sufficient knowledge assets, may need to adjust their economic aspirations. Rather than undertake poorly-targeted investments to promote innovation and high-value sectors, residents of cities in this position, such as Rochdale or Barnsley, may be better served by

attracting businesses that can generate jobs for the local population, and connecting to higher-value economic opportunities in nearby economic growth centres, like Manchester or Leeds.

Making the most of your neighbours

Too often, cities' economic strategies have been developed in isolation, without taking into account the geography of how cities interact and the impact on the potential economic role of a city. Cities need to think beyond narrow administrative borders, and make the most of links with other major cities nearby.

Incorporating an understanding of places' role in the economy and relationships with their neighbours should be a core part of cities'

economic strategies. The Manchester Independent Economic Review, published in April 2009, took a step forward in this respect, delivered a strong

evidence base to underpin a shared strategy for the future development of the wider City Region – this approach should be followed more widely.

Over 2009, the Centre for Cities contributed to the *City Relationships*¹⁹ project, commissioned by the Northern Way and CLG, which looked at the individual contribution of different places within the five northern City Regions. The clear lesson is that, to meet the objective of strong growth in cities outside London, policy needs to be based on an understanding of the different roles of different places within a real economic area.

Not all places can be a strong, independent economic core. Rather than striving for an individual economic identity, other towns and cities nearby can benefit by focusing on connecting to share in the growth of their stronger neighbours.

The different roles of two cities – York and Wakefield – in the Leeds City Region illustrates this point.

- York is economically independent from Leeds – only five percent of York residents worked in Leeds in 2004, and hardly any Leeds residents worked in York. While making the most of collaborating with Leeds on high skills and potentially developing stronger links with the financial services sector, York should also build its role as an independent, strong economy through its science and technology sector around the University.

- Following the decline of traditional textile and mining industries, Wakefield is by contrast more dependent on the core city Leeds – 14 percent of Wakefield residents worked in Leeds in 2004, but only three percent of Leeds residents worked in Wakefield. Residents in the north of Wakefield in particular benefit from job opportunities in Leeds, and through the City Region, Wakefield needs to focus on upskilling local residents and improving transport links, to strengthen these links.

With MAAs, City Regions and Economic Prosperity Boards, the Government has started to provide a

framework for better cooperation. Section Three discusses these governance options in more detail.

¹⁹ Centre for Cities, The Work Foundation & SURF (2009) *City Relationships: Economic linkages in Northern City Regions*. Leeds City Region. Northern Way

What will the election bring for UK cities?

2010 is an election year. Promoting growth while restoring order to the public finances will be top of the agenda for the next Government. In our Cities Manifesto (www.citiesmanifesto.org), we are calling for

a renewed focus on driving growth in the UK's major cities. As the General Election approaches, the three main parties still need to set out more detailed policy positions in areas that are vitally important to cities' economic future:



What they think

Governance

- The Government is committed to RDAs, with sub-regions operating within this framework.
- The Conservatives and Liberal Democrats advocate giving more power to local communities.
- The Conservatives have proposed Local Enterprise Partnerships – groups of Authorities – to take over from RDAs, and elected mayors in England's twelve largest cities.

What we think

- City-regional governance would deliver more effective outcomes for the UK's major cities.
- RDAs' functions should be tested for their effectiveness and allocated to the most appropriate spatial level.
- Metro Mayors should be introduced in the four biggest City Regions outside London.

What they think

Skills

- There is widespread agreement that the UK needs a better skills profile.
- The Government's plans rely on targeted support to key growth sectors, RDA-led Regional Skills Strategies, and clearer personal incentives.
- All parties support a simplification of the skills system – the Conservatives are calling for the number of quangos to be reduced to three.

Transport

- Transport investment is at risk as the next Government cuts spending.
- All parties are committed to High Speed Rail – but this won't be started until 2017 at the earliest.
- Debate continues on how best to promote greener travel and reduce congestion.

Housing

- All parties recognise the need to build more houses. The Government has a top-down target driven approach, delivered by the HCA.
- The Conservatives and Liberal Democrats call for more control to be given to local communities.
- The Conservatives want to incentivise housebuilding by matching the increase in council tax for six years.

What we think

- The next Government should cut back the number of skills quangos.
- Cities should be given more power over skills and training budgets, using sub-regional structures like Employment and Skills Boards.
- Further Education colleges should be financially incentivised to improve skills provision in local economies.
- Cutting transport investment would damage growth prospects.
- It is not just about long-term, big-ticket projects – smaller-scale investments in cities are also important.
- A national road-pricing scheme should be introduced to boost transport budgets, and transport budgets should be devolved to City Regions.

- Britain's cities need more houses, but national targets haven't worked and it is unclear whether Opposition proposals carry sufficient incentive.

- The next Government needs to radically incentivise housebuilding in growing cities – one way would be using land auctions to capture planning value for local communities.

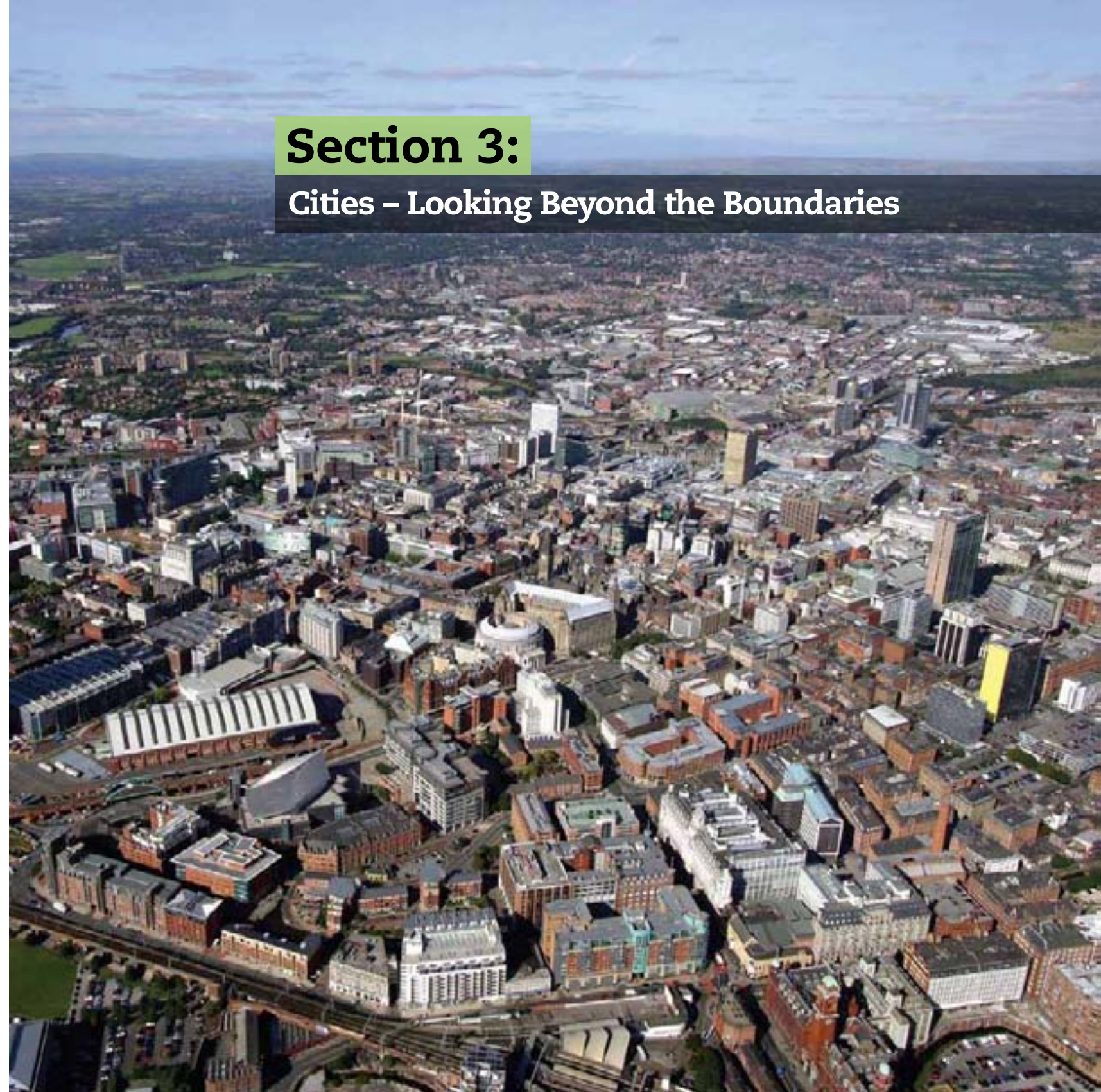
In summary

The major cities of the UK and those with strong economies have the potential to generate high value private sector jobs and drive sustainable growth.

In the run-up to the General Election, and into the next Government, we will continue to press for changes to governance and urban policy to strengthen cities' role in stimulating employment and growth.

Section 3:

Cities – Looking Beyond the Boundaries



Cities – Looking Beyond the Boundaries

Cities' real economic footprints go beyond their administrative boundaries, and by working together they can achieve better outcomes. In recent years there has been gradual progress to create a range of tools to enable better joint working. The devolution of real powers will enable City Regions to play a stronger role in the UK economy.

Devolution – a reality for UK cities?

The past ten years have seen incremental devolution

from Whitehall to the Town Hall. The clearest example has been the introduction of the London Mayor, with real powers over transport, skills and housing.

But outside the capital, devolution of real responsibilities and budgets has been slow. Local Authorities are now faced with a confusing array of acronyms and tools, and are navigating the jungle of Integrated Transport Authorities (ITAs), Economic Prosperity Boards (EPBs), Multi Areas Agreements (MAAs) and City Regions.

Figure 1:
Devolution timeline



What we think

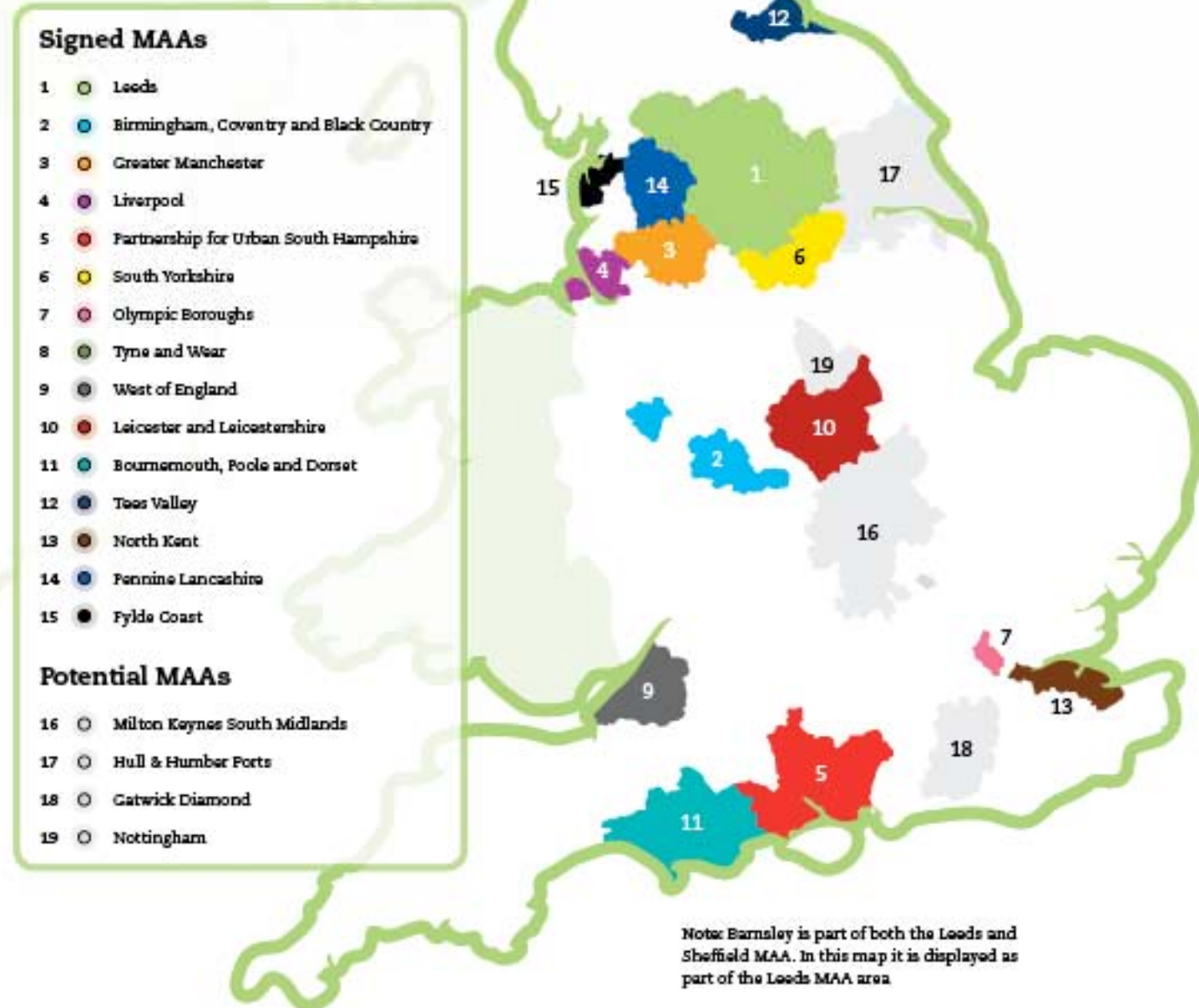
The Centre for Cities has been a key proponent of devolution and sub-regional governance for a long time. We were amongst the first to argue for devolution to the UK's largest City Regions, including fundraising powers and a directly elected

Mayor, and we have consistently called for more financial flexibility over economic development funds in other UK cities²⁰. In this section we aim to shed more light on the tools available to cities for sub-regional partnerships.

²⁰ Marshall, A & Finch, D (2006) *City Leadership*, Centre for Cities

Figure 2:
Tools for devolution

Multi Area Agreements and Statutory City Regions



Note: Barnsley is part of both the Leeds and Sheffield MAA. In this map it is displayed as part of the Leeds MAA area.

What are City Regions and Multi Area Agreements?

Calls have been growing for local economic governance to be more closely aligned with the geography of real economies²¹. New structures have emerged as cross-boundary working has evolved, from City Regions, to Multi Area Agreements, Economic Prosperity Boards, and now potentially Local Enterprise Partnerships. They all have different characteristics, and there has been variable progress in taking them forward.

● **Multi Area Agreements** were introduced as a political tool to enable Local Authorities to coordinate policy and encourage decision-making at the right scale. They are political agreements that go beyond Local Authority boundaries, and exist as voluntary, informal associations, without binding powers. Many correspond roughly to

the old Metropolitan Counties. MAAs are a step forward for policy coordination, although they are sometimes smaller than the real economic areas around major cities – the Greater Manchester and Liverpool agreements include ten and six Local Authorities respectively, while the Northern Way City Regions described their real economic areas as covering 15 and 11 partners. Their significance to the UK economy also varies. Some MAAs cover large areas that are less densely populated and are not significant contributors to the national economy.

Much has been made of the progress in signing 15 MAAs. However, while they provide opportunities for better joint-working, and legislation has been passed to enable them to be put on a statutory footing, real progress has been slow.



²¹ See, for example: Harding, A, Marvin, S & Sprignigs, N (2004): *Releasing the national economic potential of provincial city-regions: the rationale for and implications of a 'Northern Way' growth strategy* – and ODPM New Horizons study, SURF, University of Salford, & Robson, B et al (2006): *A framework for city-regions: Working Paper 1 – Mapping City-Regions*, ODPM

Table 6:
Size and characteristics of MAAs

	Multi Area Agreements and Statutory City Regions	Total Population 2008	Area in 000km²	GVA per capita in 2007	Number of Partners
Size and characteristics of MAAs					
1	Leeds	2,920,600	5,716	£19,290	11
2	Birmingham, Coventry and Black Country	2,781,600	1,191	£18,020	8
3	Greater Manchester	2,573,500	1,280	£17,510	10
4	Liverpool	1,467,600	913	£17,900	6
5	PUSH	1,378,600	2,955	£19,110	11
6	South Yorkshire (Sheffield)	1,305,900	1,553	£15,230	4
7	Olympic Legacy / Boroughs ²²	1,128,300	167	£24,120	5
8	Tyne and Wear	1,093,500	547	£18,120	5
9	Bristol (West of England)	1,066,100	1,381	£23,450	4
10	Leicester and Leicestershire	940,500	2,155	£14,590	8
11	Bournemouth, Dorset and Poole	710,500	2,689	£17,060	9
12	Tees Valley	662,600	805	£15,090	5
13	North Kent	575,400	893	£15,030	4
14	Pennine Lancashire	525,200	1,210	£14,160	6
15	Fylde Coast	329,300	556	£14,070	3
	Total	19,459,200	24,011	N/A	98

Note: Barnsley is part of both the Leeds and Sheffield MAA. It is counted as part of both in this table.

Source: ONS 2009, GVA by NUTS3 (2006 data). Own calculations for MAA and City Region level. NOMIS 2009, Annual Business Inquiry, employee analysis (2007 data). NOMIS 2009, Mid-year population estimates (2008 data). Neighbourhood Statistics for area data (2009 data).

²² GVA per capita in the Olympic Legacy Boroughs is driven up by the presence of Canary Wharf in Tower Hamlets

● **Statutory City Regions** were developed to deliver better economic policy outcomes across major urban areas. Rather than just providing a space for policy coordination, they should enable devolution in key policy areas such as transport, housing, skills and regeneration.

In the 2009 Budget, the Leeds and Manchester MAAs were announced as the first two pilot statutory City Regions. On 27 November, the Leeds City Region agreement was signed, devolving responsibilities and funding in housing and regeneration, innovation, higher-level skills, and transport. The Pre-Budget Report in December announced the devolution of powers to Greater Manchester in adult skills, 16-19 education, transport, housing, and the creation of a low carbon economic area.

City Regions are particularly appropriate for improving economic policy governance around major urban areas. The Centre for Cities is pushing for more progress on devolving real powers in key areas like skills and transport. If they are successful, we would ultimately like to see statutory status extended to other major cities.

● The Local Democracy, Economic Development and Construction Act, which received Royal

Assent in November 2009, created a new statutory mechanism – **Economic Prosperity Boards** (EPBs). These create a permanent and binding structure for cross-boundary working, with a single legal entity represented by an executive decision-making body to promote economic development across the different Local Authorities.

EPBs are another step forward – they provide a means of progressing joint working for groups of Local Authorities like Greater Manchester, and some surety of stability for the future. But it is too early to see how popular they will prove with Local Authorities, and Ministers have failed to explain their purpose clearly.

City Regions, MAAs and now EPBs have all emerged under the current Government, as well as other coordination mechanisms like Integrated Transport Authorities. Going into a General Election year, the Conservatives talk about a more decentralised agenda, giving power to local communities. They have proposed **Local Enterprise Partnerships** to take over economic development functions from Regional Development Agencies, and these could also deliver joint working across different councils sharing the same real economy.

In the rest of this section we will focus on the two statutory City Regions and the other MAAs.

Sub-regional partnership areas cover a significant share of the UK economy

98 Local Authorities currently form part of sub-regional partnership arrangements. Moreover sub-regional partnership arrangements also represent a substantial proportion of the national economy:

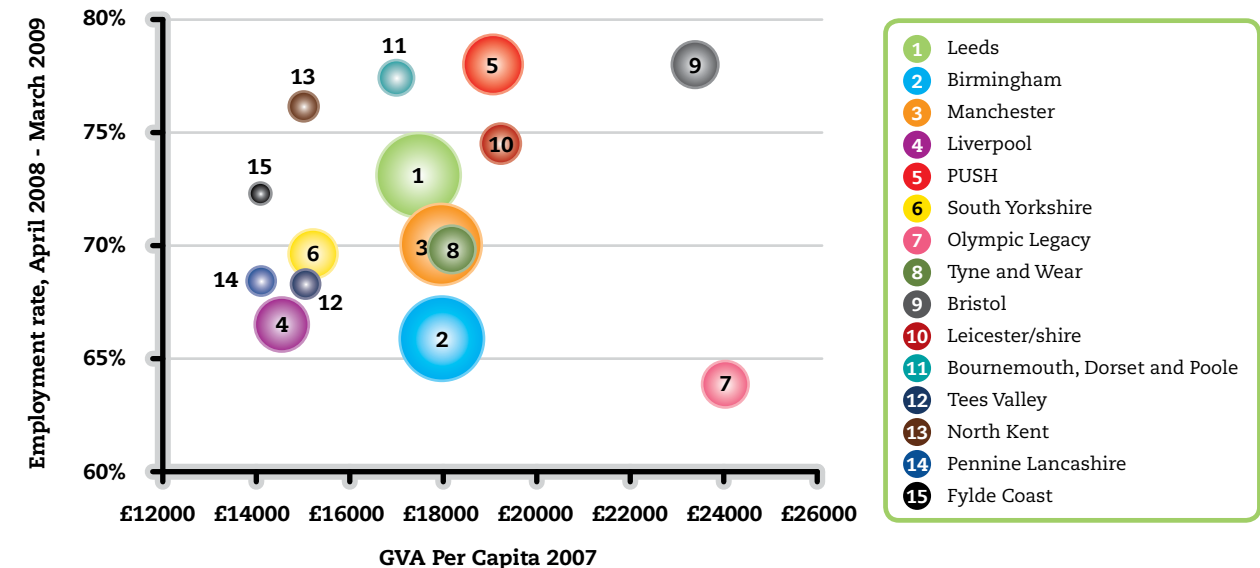
- 28 percent of 2007 UK GVA was created in areas covered by an MAA
- 31.7 percent of 2008 GB jobs were located within MAA areas²³.

The coverage of MAAs suggests that real improvements from better policy coordination could make a significant impact on the UK economy.

There are differences between and within sub-regional partnership areas

There are considerable differences in economic performance between MAA areas, in indicators such as employment rate or GVA per capita, as the chart below illustrates.

Chart 7: Size and Growth of MAAs and statutory City Regions.



Note: Barnsley is part of both the Leeds and Sheffield MAA area. It is counted as part of both in this chart.

Source: ONS 2009, GVA NUTS3 data (2007 data). Own calculations for MAA and City Region level. NOMIS 2009, Annual Business Inquiry, employee analysis (2007 data). NOMIS 2009, Mid-year population estimates (2008 data). NOMIS 2009, Annual Population Survey (April 2008-March 2009 data). GVA Growth: Bubble size represents population.

²³ ONS 2009, GVA NUTS3 data (2007 data). Own calculations for MAA and City Region level. NOMIS 2009, Annual Business Inquiry (2008 data)

There are also significant disparities within MAAs and statutory City Regions. They cover areas with different economic roles and characteristics. In

Greater Manchester, a clear North-South divide exists – with employment rates ranging from 60 percent in Manchester itself to 75 percent in Stockport²⁴.

Why sub-regional partnership working is key

Sub-regional partnership arrangements are important for four main reasons:

- Local Authorities don't cover real economies
- Working together can lead to more effective outcomes
- Collaboration gives places greater weight
- Working together can be more efficient



²⁴ NOMIS 2009, Annual Population Survey (April 2008-March 2009 data)

FACT 1: Local Authorities don't cover real economies

The last wholesale reorganisation of Local Authority boundaries was in 1974, and Metropolitan Counties were abolished in 1986. Today, travel horizons and commuting patterns have widened and the economic footprints of UK cities have grown. As a result many UK cities are “under-bounded” – their administrative geography capturing only part of their real economic area where people commute, shop and do business:

- In 2004 only 51 percent of Leicester's jobs were taken by Leicester residents
- In Manchester it was a mere 31 percent²⁵

MAAs can help overcome the problem of inadequate boundaries, covering functional economic areas much better than most UK Local Authorities:

● **Manchester:** While only 31 percent of jobs within the Manchester Local Authority were taken by Manchester residents in 2004, another 51 percent were taken by residents of other Local Authority areas within the MAA²⁶. 88 percent of the jobs within the Manchester MAA area were filled by residents of that area.

● **Liverpool:** In the Liverpool Local Authority area only 54 percent of jobs were taken by Liverpool residents in 2004, but another 36 percent were taken up by residents from other parts of the MAA area. This means that less than 10 percent of Liverpool's jobs were done by people living outside the MAA area. In addition to Liverpool the Liverpool Multi Area Agreement includes the Local Authority areas of Halton, Knowsley, Sefton, St. Helens and Wirral²⁷.



²⁵ Annual Population Survey for commuting data (2004 data). Own calculations for MAA and City Region level

²⁶ In addition to Manchester the Manchester Multi Area Agreement includes the Local Authority areas of Bolton, Bury, Oldham,

Rochdale, Salford, Stockport, Tameside, Trafford and Wigan

²⁷ For the above commuting data see Annual Population Survey, for commuting data (2004 data). Own calculations for MAA and City Region level

The table below indicates how well other MAAs fit their functional economic area. The exception is the Olympic Boroughs MAA area, where only 46

percent of jobs were taken by local residents in 2004 – unsurprising as the MAA is part of the Greater London functional economic area.

Table 7:
Economic containment within MAA areas

	Multi Area Agreements and Statutory City Regions	% of jobs taken by residents within the MAA in 2004	Total Population 2008
Economic containment within MAA area			
1	Leeds	93.8%	2,920,600
2	Bournemouth, Dorset and Poole	92.2%	710,500
3	Fylde Coast	92.0%	329,300
4	PUSH ²⁸	89.5%	1,378,600
5	South Yorkshire (Sheffield)	88.6%	1,305,900
6	Liverpool	88.3%	1,467,600
7	Bristol (West of England)	88.1%	1,066,100
8	Leicester and Leicestershire	88.1%	940,500
9	Greater Manchester	87.7%	2,573,500
10	Tees Valley	87.2%	662,600
11	Birmingham, Coventry and Black Country	82.2%	2,781,600
12	Tyne and Wear	81.6%	1,093,500
13	Pennine Lancashire	80.9%	525,200
14	North Kent	78.1%	575,400
15	Olympic Legacy (Boroughs)	46.2%	1,128,300

Note: Barnsley is part of both the Leeds and Sheffield MAA. It is included in both in this table.

Source: NOMIS 2009, Mid-year population estimates (2008 data). Annual Population Survey, for commuting data (2004 data). Own calculations for MAA and City Region level.

²⁸ Data for Eastleigh missing

FACT 2:
Working together can lead to more effective outcomes

Businesses and labour markets operate across Local Authority boundaries, and this needs to be taken into account in skills, transport and housing policy.

Sub-regional partnerships are a formalised vehicle to agree targets and policy. Most MAAs prioritise skills and transport, fewer focus on housing, and only one prioritises planning.

Working across a real economy also has practical advantages for Local Authorities. Once priorities are agreed and a joint strategy is accepted, sub-regional partnership arrangements provide a means of achieving much greater impact from policy interventions. As sub-regional arrangements progress, this could potentially give Local Authorities access to larger pots of money through aligning their funding.

FACT 3:
Collaboration gives places greater weight
Working together can also provide a stronger voice to Government on issues critical to the economic performance of the area.

The Local Authorities in the Leeds City Region have collaborated to take forward their proposals to regenerate the Aire Valley, potentially creating

27,000 jobs over 10-15 years. They have secured a commitment for £32 million of public sector funding, and are working with Central Government to find £250m for infrastructure projects including looking at the potential for an Accelerated Development Zone. Manchester City Region successfully lobbied the Department for Transport for the extension of its Metrolink.

FACT 4:
Working together can be more efficient

Real economies extend across Local Authority boundaries, encompassing a multitude of local government, business support organisations and quangos all involved in economic development. Across the Birmingham, Coventry and Black Country MAA, manufacturing firms can choose between 55 different support initiatives, provided by at least 29 separate delivery bodies and portals²⁹.

This is a confusing, ineffective and inefficient way to provide services. Sub-regional partnership arrangements provide an opportunity to consolidate local knowledge and expertise across a wider area, work more effectively and efficiently and concentrate resources on what really makes a difference. Our research showed opportunities to avoid waste and make real gains by consolidating business support to the ICT and digital sector in the Tyne and Wear City Region³⁰. This will become even more critical in the years to come, as public spending is tightened further.

²⁹ Webber, C (2008): *Innovation, Science and the City*, Centre for Cities

³⁰ Centre for Cities, The Work Foundation & SURF (2009) *City Relationships: Economic linkages in Northern City Regions. Tyne and Wear City Region. Northern Way*

Case Study: Total Place

Total Place is a new initiative launched by the Government in the 2009 Budget to look at all the public money spent in a local area. It's not a new idea – Total Approach looked at the total resources being used in six cities in 1972. Greater devolution failed to follow. But this approach deserves attention. By mapping wider public spend it is hoped that

savings can be found and policy interventions be made more effective by reducing the overlap between services. Birmingham's spending audit has already revealed that of the £7.3 billion spent in the city, the council only has control over £3.6 billion³¹ – by taking a look at the entirety of service delivery across the area, there may be potential to deliver better services at less cost.

The future of sub-regional arrangements

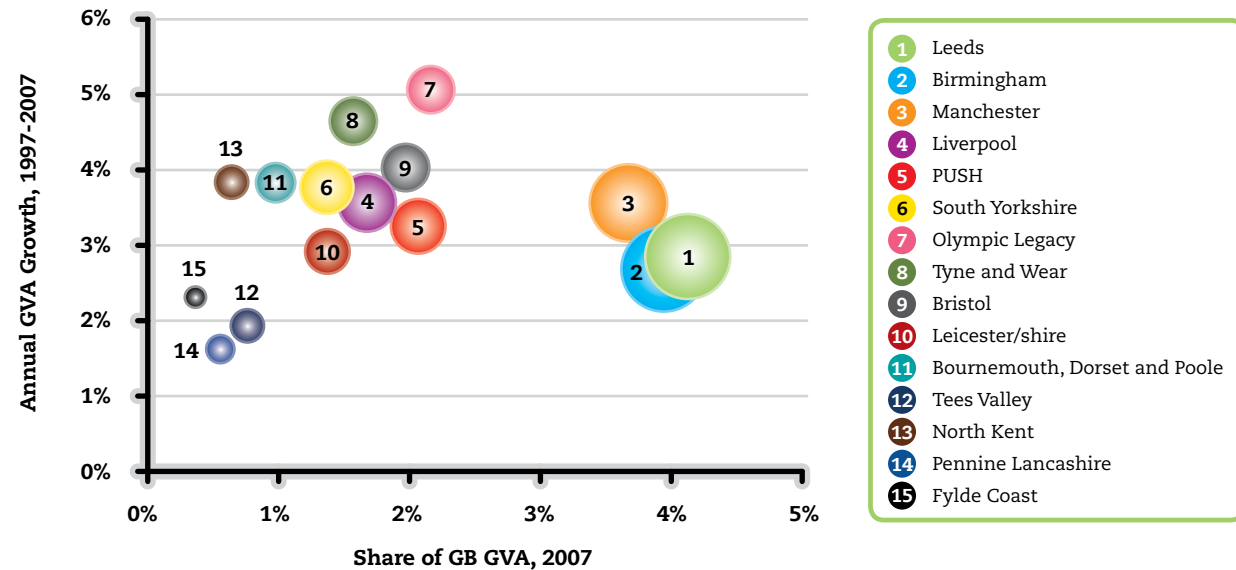
Sub-regional partnership working is a reality, but needs to be developed further. This section sets out how MAAs might evolve in future.

Each MAA area faces different economic challenges

Sub-regional partnerships have different economic sizes and characteristics. Among the 15 signed MAA areas GVA per capita ranges from £13,910 (Pennine Lancashire) to £22,490 (Bristol).

Chart 8:

MAAs Contribution to GVA



Note: Barnsley is part of both the Leeds and Sheffield MAA. In this chart it is treated as part of the Leeds MAA area rather than the Sheffield MAA area to avoid double counting.

Source: ONS 2009, GVA NUTS3 (2007 data). Own calculations for MAA and City Region level. NOMIS 2009, Annual Business Inquiry, employee analysis (2007 data). NOMIS 2009, Mid-year population estimates (2008 data).

³¹ Eko Gen (2009): *Public Expenditure and Investment Study, Birmingham: Be Birmingham*

But economies do not stand still. Chart 8 shows the overall importance of MAA areas to the UK economy, and how the areas have grown.

- Greater Manchester (3), Birmingham (2) and Leeds (1) are the three areas that contribute most to UK plc – but their past growth rates have been average.

- Even during a time of prolonged economic growth, some MAA areas have been growing slowly – Tees Valley (12) and Pennine Lancashire (14). These areas will find it more difficult than others to stimulate economic growth over the years to come – MAAs won't reverse the trend, but coordination will still deliver benefits.

- Areas that have been growing strongly over the past decade, like the Olympic Legacy area (7), will need to tackle issues such as congestion and housing affordability when the economy gets back on track.

Do we have the right MAAs to tackle these challenges?

Some sub-regional partnerships will be able to achieve more than others – depending on a variety of factors such as:

- how well a sub-regional partnership covers the functional economic area
- how well its policy priorities reflect its real policy challenges
- and the scale of the economic challenge the partnership faces³².

These are key to influencing whether sub-regional partnerships will succeed. And MAAs performance has varied – the table below compares two which face very different challenges, and have had varying success in policy coordination across a functional economic area.



³² Cheshire, P.C. & Gordon, I.R. (1996) 'Territorial competition and the predictability of collective (in)action', in: *International Journal of Urban and Regional Research*, 20, pp. 383-399

	Bournemouth MAA	Future Hull MAA
Fit with functional economy?	92% of jobs in the MAA area are taken by MAA residents	No agreement of the right MAA geography to match the functional economy, has led to the postponement of an MAA
Policy priorities?	MAA issues reflect challenges of a growth area	Planned priorities match up with challenges on employment, enterprise and skills
Scale of economic challenge?	Good performance across variety of economic indicators	Long term structural problems and hit badly during the recession

In practice the number of partners involved, differences in political colour, and how well

different personalities can work together also play a key role in driving cross-boundary working.

What will happen to MAAs if the political situation changes?

The arrangements for sub-regional working are also subject to political change. Going into the General Election, the different parties have different approaches to devolution:

- The Government talks of pursuing devolution further, with new MAAs, the development of new Economic Prosperity Boards, and the potential for

more powers for City Regions following the Leeds and Manchester pilots

- The Conservatives take a more localist approach, but are generally supportive cross-boundary working. They propose fewer targets and more business involvement under Local Enterprise Partnerships
- The Liberal Democrats also take a more localist approach, and support MAAs and cross-boundary working.

Yet no matter how effective sub-regional partnerships are, their real success will depend on whether they have the right powers to grow their local economies. The Centre for Cities has long argued for the devolution of key powers over

skills, transport and housing. Despite progress with MAAs and statutory City Regions, UK cities outside London still lack the powers they need to raise the performance of their economies.



City Monitor: The Latest Data

This section draws on a range of datasets released during 2009 to provide more detailed assessments of key aspects of UK city performance.

Most datasets appear with variable time-lags, and the data presented here is in every case the most recently available, presenting the varied urban geography of the UK. The datasets only capture the beginning of the recession, but are most useful as a longer-term measure of the continuing trends in economic performance both within and between our cities.

The tables presented in this section compare cities' Primary Urban Areas (PUAs) – a measure of the built-up area of a city, rather than individual Local Authority districts. This gives us a consistent measure to compare cities across the country. This is not the same as the City Regions and MAAs described in Section Three – for instance, the Liverpool MAA consists of six Local Authorities, whereas the PUA only covers Liverpool, Knowsley and St Helens.

PUA data exists for English cities; for Welsh and Scottish cities we have used Local Authority data, with the exception of tightly-bounded Glasgow, where we have defined the city as an aggregate of five Local Authorities: Glasgow City, West Dunbartonshire, East Dunbartonshire, East Renfrewshire and Renfrewshire. Belfast is defined as the aggregate of Belfast City, Carrickfergus, Castlereagh, Lisburn, Newtownabbey and North Down.

Successive editions of Cities Outlook have shown many cities as consistently high-performing or low-performing over time on a range of indicators, including population growth, employment, earnings and skills. In many cases this can be explained by looking at fixed assets or characteristics, such as their economic history, business base, and geographical location. These factors are unlikely to change significantly over time, but an understanding of their implications should shape cities' economic aspirations.

Cities with a strong, independent business base and a high-skilled population, like York or Reading, tend to perform well across several indicator sets, with high employment and low numbers of benefit claimants. Conversely, many of the consistently poor-performing cities have suffered from industrial decline for many years, and are often isolated. A city like Barnsley, with low employment, low levels of enterprise, and high levels of residents with no qualifications, may do better to strengthen its links into the Leeds and Sheffield City Regions, rather than try to build up an independent economy.

The emerging messages from the recession are that the structural trends affecting in the economic geography of the UK have been reinforced. This has not been a white collar recession focussed on the South. The impact of the contraction has fallen harder on more industrial areas in the West Midlands and the North. These are the areas where claimant count (the most timely economic variable) has risen the fastest since unemployment troughed in February 2008.

Population growth 1998-2008

Rank	Cities	Population 2008	Population 1998	Annual Growth Rate (%)	Change 1998-2008
10 fastest-growing cities by population					
1	Milton Keynes	232,200	202,900	1.4	29,300
2	Oxford	153,900	134,600	1.3	19,300
3	Cambridge	122,800	109,200	1.2	13,600
4	York	195,400	176,300	1.0	19,100
5	Norwich	259,100	237,200	0.9	21,900
6	Southampton	355,500	326,600	0.9	28,900
7	Swindon	192,900	177,800	0.8	15,100
8	Bristol	679,000	627,800	0.8	51,200
9	Leeds	770,800	715,900	0.7	54,900
10	London	8,885,600	8,263,200	0.7	622,400
10 slowest-growing cities by population					
55	Hull	258,700	259,800	0.0	-1,100
56	Belfast	650,900	654,900	-0.1	-4,000
57	Stoke	364,700	367,100	-0.1	-2,400
58	Burnley	177,100	178,700	-0.1	-1,600
59	Glasgow	1,038,900	1,054,700	-0.2	-15,800
60	Birkenhead	391,200	400,300	-0.2	-9,100
61	Aberdeen	210,400	215,700	-0.2	-5,300
62	Liverpool	763,200	782,800	-0.3	-19,600
63	Sunderland	280,300	289,700	-0.3	-9,400
64	Dundee	142,500	149,700	-0.5	-7,200
	Great Britain	59,608,200	56,797,200	0.5	2,811,000
	England	51,446,200	48,820,600	0.5	2,625,600

Source: NOMIS 2009, Mid-year population Estimates (1998 and 2008 data). Northern Ireland Statistics and Research Agency (NISRA) 2009 for Belfast mid-year estimates (1998 and 2008 data).

Over time, population growth is generally a sign of a strong city economy – people and jobs are attracted to growing cities, whereas those with long-term structural difficulties often experience population decline.

Most of the fastest growing cities are located in the South East, with Oxford, Cambridge and Milton Keynes seeing the fastest growth rates over the last decade. Nine out of the 64 cities have experienced population decline. Many of these, like Hull, Stoke and Burnley, have performed poorly for many years.

- London remains the biggest absolute contributor to urban population growth in the UK, accounting for just under a quarter of the total increase. In total, London and the eight core cities have added over 800,000 to the urban population of the UK between 1998 and 2008.

- The large city picture is less clear in terms of rates of growth rather than absolute numbers. Out of the major cities in the UK outside London, only Bristol and Leeds are in the ten fastest growing cities. And Newcastle and Liverpool show flat or declining populations.

- People are attracted to cities to take advantage of economic opportunities. London, Cambridge and Milton Keynes are in the top ten for population growth, and have some of the highest weekly earnings. Four cities with declining populations – Stoke, Sunderland, Burnley and Hull – also feature in the bottom ten cities for low wages, and Stoke, Burnley and Hull are also amongst the ten cities with the highest percentage of people with no qualifications. With low-skill, low-wage economies, these cities will struggle to reverse population decline.



Employment growth 2006-2008

Rank	Cities	Total Employees 2008	Total Employees 2006	Change 2006-2008 (%)	Net job gains/losses
10 cities with highest employment growth					
1	Milton Keynes	142,800	131,800	8.3	11,000
2	Oxford	107,800	100,000	7.8	7,800
3	Aberdeen	176,300	165,300	6.7	11,000
4	Belfast	295,000	277,000	6.5	18,000
5	Aldershot	88,300	83,500	5.7	4,800
6	Southend	104,000	98,900	5.2	5,100
7	Portsmouth	212,500	202,500	4.9	10,000
8	Glasgow	571,500	546,600	4.6	24,900
9	Wakefield	138,900	133,000	4.4	5,900
10	London	4,724,000	4,540,500	4.0	183,500
10 cities with lowest employment growth					
55	Worthing	43,800	44,900	-2.4	-1,100
56	Swansea	103,900	106,700	-2.6	-2,800
57	Gloucester	62,000	63,800	-2.8	-1,800
58	Hull	115,700	119,200	-2.9	-3,500
59	Huddersfield	150,200	155,300	-3.3	-5,100
60	Rochdale	74,000	76,600	-3.4	-2,600
61	Middlesbrough	181,300	187,900	-3.5	-6,600
62	Wigan	98,700	102,300	-3.5	-3,600
63	Burnley	63,000	66,600	-5.4	-3,600
64	Norwich	131,500	140,400	-6.3	-8,900
Great Britain		26,677,200	26,355,100	1.2	322,100
England		23,073,700	22,790,200	1.2	283,500

Source: NOMIS 2009, Annual Business Inquiry, employee analysis (2006 and 2008 data). Department for Trade and Investment (DETINI) 2009, Labour Force Survey Local Area Database for Belfast (2008 data). Own calculations for PUA level.

Employment Rate 2009

Rank	Cities	Employment Rate April 2008- March 2009 (%)
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10 cities with highest employment rate

1	Aldershot	83.1
2	Milton Keynes	80.2
3	Swindon	80.1
4	Crawley	80.0
5	Ipswich	79.9
6	Aberdeen	79.6
7	Reading	79.5
8	Northampton	78.6
9	Warrington	78.6
10	York	78.6

10 cities with lowest employment rate

55	Newport	68.2
56	Middlesbrough	67.8
57	Coventry	67.1
58	Barnsley	66.8
59	Luton	66.4
60	Blackburn	66.0
61	Swansea	65.9
62	Birmingham	64.8
63	Hull	62.9
64	Liverpool	62.5
	Great Britain	73.9
	England	74.0

Private sector employment in UK cities

Rank	Cities	1998-2008 Net private sector job gains/losses	2008 Private sector employment (%)	Job gains/ losses as % of 2008 jobs
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10 cities with highest private sector jobs growth contribution

1	Brighton	20,100	70.4	20.8
2	Swansea	12,500	61.5	19.6
3	Milton Keynes	22,300	81.1	19.3
4	Cardiff	21,900	69.2	16.6
5	Portsmouth	20,900	70.6	14.0
6	Preston	16,800	68.4	13.9
7	Bristol	37,000	73.0	13.7
8	Northampton	11,400	74.4	12.2
9	Bournemouth	13,500	72.5	11.2
10	Wakefield	10,800	72.1	10.8

10 cities with lowest private sector jobs growth contribution

54	Nottingham	-15,700	69.4	-7.9
55	Swindon	-7,000	80.3	-7.9
56	Birmingham	-61,300	71.6	-8.3
57	Oxford	-6,000	54.0	-10.2
58	Blackburn	-4,900	69.7	-11.2
59	Gloucester	-4,600	64.3	-11.5
60	Birkenhead	-11,000	67.7	-12.8
61	Newport	-6,700	68.5	-13.3
62	Burnley	-7,500	72.7	-16.4
63	Stoke	-20,500	70.7	-19.4
	Great Britain	963,300	73.1	4.9
	England	807,800	73.6	4.8

Source: NOMIS 2009, Annual Population Survey (April 2008-March 2009 data). Department for Trade and Investment (DETI) Labour Force Survey Local Area Database for Belfast data (latest data is 2007 data). Own calculations for PUA level - weighted by total employees.

Source: NOMIS 2009, ABI, employee analysis (1998, 2005, 2006 and 2008 data). Estimates based on jobs added between 1998-2005 and 2006-2008 to take into account changes in ABI methodology. Belfast not included.

Major City Employment Rates 2009

Cities	Employment Rate April 2008-March 2009 (%)
--------	--

Bristol	77.8
Edinburgh	77.1
Belfast (2007 data)	73.2
Leeds	71.6
London	71.2
Nottingham	70.2
Glasgow	69.6
Newcastle	69.4
Manchester	69.0
Birmingham	64.8
Liverpool	62.5
Great Britain	73.9
England	74.0

Source: NOMIS 2009, Annual Population Survey (April 2008-March 2009 data). Department for Trade and Investment (DETI) Labour Force Survey Local Area Database for Belfast data (latest data is 2007 data). Own calculations for PUA level - weighted by total employees.

The recession put an end to a period of sustained jobs growth in UK cities. But in many cities, public sector jobs have been the major driver of employment growth. The pressing need to cut public spending means that it is the cities that are able to generate private sector jobs growth that will drive the economy in the years ahead. Due to changes in statistical methodology, we only look at employment

growth over a three-year period from 2006-2008 – this covers the peak of many years of employment growth and the start of the current recession. We have also calculated the cities that have seen the highest share of private sector jobs added to their economies in the ten years leading up to the recession. We have defined private sector jobs as all jobs except public administration, education and health.

- There remain wide differences in employment rates between British cities, and there is little evidence of catch-up in the latest trends. None of the cities with the lowest employment rates appear in the top ten for employment growth. Two cities – Hull and Middlesbrough – are in the bottom ten for both employment rate and employment growth, and so risk falling further behind.

- The employment performance of England's largest cities is mixed, and there is significant variation in their employment rates. While London has seen strong employment growth, and Bristol has had strong private sector jobs growth, others, like Birmingham and Liverpool have weaker labour markets. In particular Birmingham and Nottingham have been overly reliant on public sector jobs in the last decade.

- Over the last ten years, when the economy has been growing, just over half of GB cities saw net additions of private sector jobs to their economies. Milton Keynes stands out as a city with a high employment rate, a high employment growth rate, and a strong contribution from private sector jobs.

● Milton Keynes, Swindon and Northampton have seen some of the highest increases in unemployment in the recession – but this has followed sustained periods of stronger economic performance. By contrast, some of the weakest performing cities have also been hit hard by the recession – Newport, Birmingham and Hull have some of the lowest employment rates, and are also among the cities that have seen the highest increase in claimant count.

Business Demographics: Business Stocks Per 10,000 population

Rank Cities Business Stock per 10,000 population 2008

10 cities with highest business stocks

1	London	511.5
2	Brighton	456.5
3	Aldershot	451.8
4	Milton Keynes	432.8
5	Bournemouth	427.0
6	Reading	425.5
7	Preston	397.7
8	Southend	393.7
9	Crawley	391.8
10	Worthing	380.2

10 cities with lowest business stocks

55	Glasgow	263.6
56	Barnsley	263.2
57	Doncaster	262.3
58	Liverpool	248.0
59	Hull	246.2
60	Newcastle	246.2
61	Plymouth	235.6
62	Middlesbrough	223.5
63	Dundee	219.6
64	Sunderland	206.4
	Great Britain	380.1
	England	393.6

Source: ONS 2009, Business Demography (2008 data). Aggregated to PUA level. NOMIS, 2009, Mid-Year population Estimates (2008 data).

Business Demographics: Business Births, Deaths and Churn

Rank Cities Business Births Business Deaths Churn Rate*

10 cities with highest business births

1	London	75.1	51.9	4.5
2	Grimsby	70.2	67.0	0.9
3	Milton Keynes	59.6	40.3	4.5
4	Aldershot	54.9	36.4	4.1
5	Reading	51.1	39.9	2.6
6	Brighton	49.6	42.4	1.6
7	Crawley	48.1	39.0	2.3
8	Bournemouth	47.8	41.0	1.6
9	Preston	47.1	41.3	1.5
10	Aberdeen	45.2	30.7	3.9

10 cities with lowest business births

55	Mansfield	30.4	25.8	1.7
56	Stoke	30.0	28.5	0.6
57	Hull	30.0	27.3	1.1
58	Sheffield	29.9	30.3	-0.1
59	Middlesbrough	29.7	22.4	3.2
60	Wakefield	29.3	26.1	1.2
61	Newport	28.8	28.4	0.1
62	Plymouth	27.7	22.0	2.4
63	Dundee	23.2	20.7	1.1
64	Sunderland	22.3	23.0	-0.3
	Great Britain	44.4	36.0	2.2
	England	46.4	37.5	2.3

* Difference between business births and deaths as a percentage of total business stocks.

Source: ONS 2009, Business Demography (2008 data). Aggregated to PUA level. NOMIS, 2009, Mid-Year population Estimates (2008 data).

Levels of business activity in a city are a proxy for the strength of the economy, as businesses create jobs and wealth, and new enterprises take advantage of new opportunities. Levels of business stock relative to the population vary significantly across the UK, as do the birth rates of new businesses, and the 'churn' rate – which measures the births and deaths of businesses as a percentage of total business stock as a proxy for the overall dynamism of the economy.

● London has by far the highest levels of business stock per capita, and only ten other cities have levels of business stock per capita higher than the Great Britain average.

● High levels of new enterprise are necessary for a dynamic economy, but not sufficient. Grimsby has the second highest business birth rate in the country, but a churn rate that is far below average. Only six of the cities with high business birth rates have above average churn rates – London, Milton Keynes, Aldershot, Reading, Crawley and Aberdeen.

● Rates of entrepreneurialism can correspond with strong performance on other economic indicators. Brighton, London and Reading feature in the top ten for business births and for high skills and knowledge-intensive industries, as set out in Section Two.

Annual Earnings Growth 2006-2009

Rank	Cities	Earnings 2009 (av £ per week)	Earnings 2006 (av £ per week)	Growth Rate 2006-2009 (%)	Change 2006-2009 (£)
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10 Cities with highest earnings growth

1	Derby	431	401	2.5	30
2	Hastings	349	325	2.4	24
3	Blackburn	377	351	2.4	26
4	Worthing	418	391	2.2	27
5	Glasgow	436	411	2.0	25
6	Cardiff	446	423	1.7	22
7	Grimsby	383	366	1.6	18
8	Brighton	443	424	1.5	19
9	Aberdeen	458	439	1.4	19
10	Middlesbrough	382	366	1.4	15

10 cities with lowest earnings growth

55	Oxford	447	456	-0.6	-9
56	Birkenhead	428	436	-0.6	-8
57	Gloucester	381	389	-0.7	-8
58	Blackpool	368	376	-0.7	-8
59	Bristol	414	423	-0.7	-9
60	Northampton	416	427	-0.8	-11
61	Burnley	362	373	-1.0	-11
62	Aldershot	506	535	-1.8	-29
63	Cambridge	499	539	-2.5	-40
64	Telford	368	399	-2.6	-31
	Great Britain	448	443	0.4	5
	England	454	449	0.4	5

Source: ONS 2009, Annual Survey of Hours and Earnings (ASHE), average gross weekly residence based earnings (2006 and 2009 data). Department for Trade and Investment 2009, Annual Survey of Hours and Earnings, average gross weekly pay by local government district (2006 and 2009 data). Own calculations for PUA level - weighted by number of jobs, rounded to the nearest £. CPI inflation adjusted (Q2 2006=100). ASHE statistics are based on a sample survey, so the statistical significance of results should be treated with caution.

Earnings 2009

Rank	Cities	Earnings 2009 (av £ per week)
------	--------	----------------------------------

10 Cities with highest wages

1	London	626
2	Crawley	559
3	Reading	559
4	Aldershot	548
5	Cambridge	540
6	Milton Keynes	523
7	Edinburgh	520
8	Warrington	514
9	Southend	500
10	Aberdeen	495

10 Cities with lowest wages

55	Ipswich	405
56	Mansfield	403
57	Wakefield	403
58	Stoke	402
59	Sunderland	401
60	Telford	399
61	Blackpool	398
62	Burnley	391
63	Hastings	378
64	Hull	354
	Great Britain	484
	England	490

Source: ONS 2009, Annual Survey of Hours and Earnings (ASHE), average gross weekly residence based earnings (2006 and 2009 data). Department for Trade and Investment 2009, Annual Survey of Hours and Earnings, average gross weekly pay by local government district (2006 and 2009 data). Own calculations for PUA level - weighted by number of jobs.

Large City Earnings 2009

Cities	Earnings 2009 (av £ per week)
--------	----------------------------------

London	626
Edinburgh	520
Leeds	458
Glasgow	472
Bristol	448
Manchester	450
Belfast	449
Nottingham	441
Birmingham	431
Liverpool	417
Sheffield	422
Newcastle	416
Great Britain	441
England	447

Source: ONS 2009, Annual Survey of Hours and Earnings (ASHE), average gross weekly residence based earnings (2006 and 2009 data). Department for Trade and Investment 2009, Annual Survey of Hours and Earnings, average gross weekly pay by local government district (2006 and 2009 data). Own calculations for PUA level - weighted by number of jobs.

Note: Earnings might differ from earnings in the 'Earnings Growth 2006-2009' table, which were inflation adjusted (2006=100).

ASHE statistics are based on a sample survey, so the statistical significance of results should be treated with caution.

Earnings and earnings growth are another measure of the economic health and prosperity of a local economy. Many of the cities with the highest earnings are in the South, but this ranking does not take into account the cost of living, which is often higher. Note that there are disparities between the earnings per week in the three tables, as those in the real earnings growth table are adjusted for inflation.

- There is a strong correlation between the level of earnings in a city and the level of entrepreneurialism. Six of the cities with the highest earnings are also in the top ten for business births – London, Crawley, Reading, Aldershot, Milton Keynes and Aberdeen – and five are in the bottom ten for both rankings.

- We only have a four-year time series (2006-2009) to compare earnings growth, due to changes in the statistical methodology. Even from this it is clear to see that, while many of the cities with the highest earnings perform strongly on a range of indicators, and are often in the South, the list of cities that have experienced the highest earnings growth is more mixed. However, only one of the cities in the bottom ten for earnings – Hastings – is in the top ten for earnings growth, so catch-up may be limited.

- The largest cities are not generally strong performers on earnings – with the exception of London, which is a significant outlier in these tables. Edinburgh is the only other major city in the top ten for earnings. There is significant variation in the earnings of major cities. Notably, while Bristol has the highest employment rate of all major cities, it is the lowest ranking major city in terms of earnings growth over this period.

Residents with no qualifications 2008

Rank	Cities	Percentage working age population with no formal qualifications 2008
------	--------	--

10 cities with lowest percentage of low skills

1	Cambridge	5.4
2	Oxford	5.5
3	Edinburgh	6.4
4	York	6.8
5	Reading	7.7
6	Gloucester	8.3
7	Worthing	8.3
8	Brighton	8.4
9	Aldershot	9.0
10	Bournemouth	9.1

10 cities with highest percentage of low skills

54	Barnsley	17.9
55	Bradford	17.9
56	Hull	18.2
57	Blackburn	18.7
58	Stoke	19.2
59	Birmingham	19.7
60	Leicester	19.7
61	Rochdale	19.9
62	Liverpool	20.2
63	Burnley	23.0
	Great Britain	12.4
	England	12.3

Source: NOMIS 2008, Annual Population Survey (2008 data). Belfast not included.

Residents with high level qualifications 2008

Rank	Cities	Percentage working age population with NVQ4 & above 2008
------	--------	--

10 cities with highest percentage of high skills

1	Cambridge	51.8
2	Edinburgh	45.1
3	Aberdeen	41.2
4	Oxford	40.8
5	Cardiff	38.5
6	Brighton	38.1
7	London	37.7
8	Reading	36.3
9	York	36.3
10	Glasgow	35.2

10 cities with lowest percentage of high skills

55	Peterborough	18.8
56	Luton	18.7
57	Rochdale	18.7
58	Mansfield	17.6
59	Doncaster	17.2
60	Wakefield	17.2
61	Stoke	17.0
62	Grimsby	16.8
63	Ipswich	15.3
64	Hull	14.8
	Great Britain	29.0
	England	28.7

Source: NOMIS 2008, Annual Population Survey (2008 data). Department for Trade and Investment (DETINI) 2009, Labour Force Survey for Belfast (2007 data).

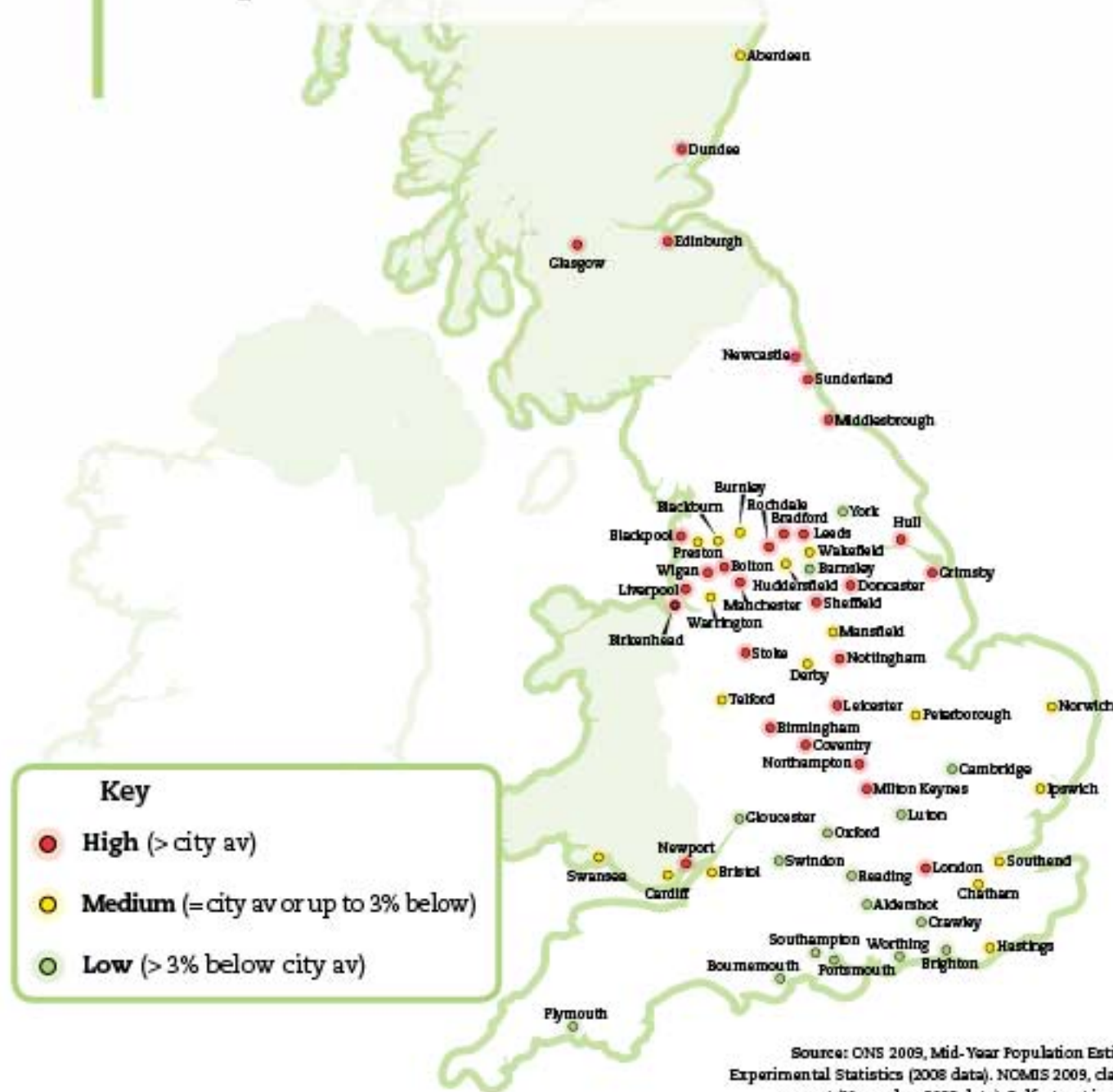
The skills profile of a city is a key determinant of its economic success, attracting business investment and raising productivity levels. But skills performance varies significantly across the UK – high-performing cities have nearly three times the proportion of highly-skilled residents as low-performing ones. Raising skills levels has been a key focus of policy and investment in recent years.

- High levels of residents with no skills can be a significant drag on cities' economies, and are often linked to a legacy of economic decline. A high number of the cities with no qualifications are ex-industrial cities, many in the North.

- Five of the ten worst-performing cities for low skills also feature in the ten-worst performing cities for employment. This includes two of the UK's major cities, Liverpool and Birmingham, where around a fifth of the population have no qualifications.

- None of the UK's major cities outside London feature in the top ten highest-skilled cities, and only one – Bristol – has a higher proportion of high-skilled residents than the Great Britain average, at 31.2 percent. All but two of the major cities – Bristol and Leeds – have a higher proportion of residents with no qualifications than the Great Britain average.

Disparities within cities



Disparities within cities November 2009

Rank	Cities	Lowest LSOA JSA Rate (%)	Highest LSOA JSA Rate (%)	Difference between highest and lowest
Cities with lowest levels of inequality				
1	Oxford	0.5	7.5	6.9
2	Cambridge	0.1	7.2	7.1
3	Crawley	0.4	8.0	7.6
4	Aldershot	0.8	8.8	8.0
5	Worthing	1.4	9.5	8.1
6	York	0.3	8.4	8.2
7	Reading	0.5	9.5	9.0
8	Portsmouth	0.7	10.0	9.3
9	Luton	0.9	10.4	9.5
10	Brighton	0.9	10.5	9.6
Cities with highest levels of inequality				
54	Edinburgh	0.0	18.3	18.3
55	Hull	1.0	20.2	19.2
56	Middlesbrough	1.1	20.3	19.2
57	Nottingham	0.6	20.0	19.5
58	Leicester	0.7	20.5	19.8
59	Leeds	0.5	20.4	19.9
60	Grimsby	1.3	21.8	20.5
61	Birmingham	0.5	25.2	24.6
62	Rochdale	0.9	28.4	27.5
63	Glasgow	0.0	32.3	32.3
	City Average	0.7	14.5	13.8

Source: ONS 2009, Mid-Year Population Estimates Experimental Statistics (2008 data), NOMIS 2009, claimant count (November 2009 data). Belfast not included.

Economic performance doesn't just vary between cities, but also within cities. Previous *Cities Outlook* reports have looked at cities' performance in the Index of Multiple Deprivation, but this is not produced annually. Instead, it is possible to use the different claimant count rates between areas within a city as a proxy indicator to get a picture of economic disparities within cities.

- Inequality is a feature of many cities in Great Britain – only 15 cities have significantly below-average differentials in claimant counts across their Primary Urban Areas.
- Inequality and economic performance are not strongly correlated. While cities like Cambridge, Oxford, York and Crawley have been high performers on many other indicators, others, like Barnsley and Luton, are less strong performers.
- High levels of economic inequality are also a common feature in many of the largest cities. London, Glasgow, and all of the core cities except Bristol display higher than average disparities.

City Wages and Employment Rates

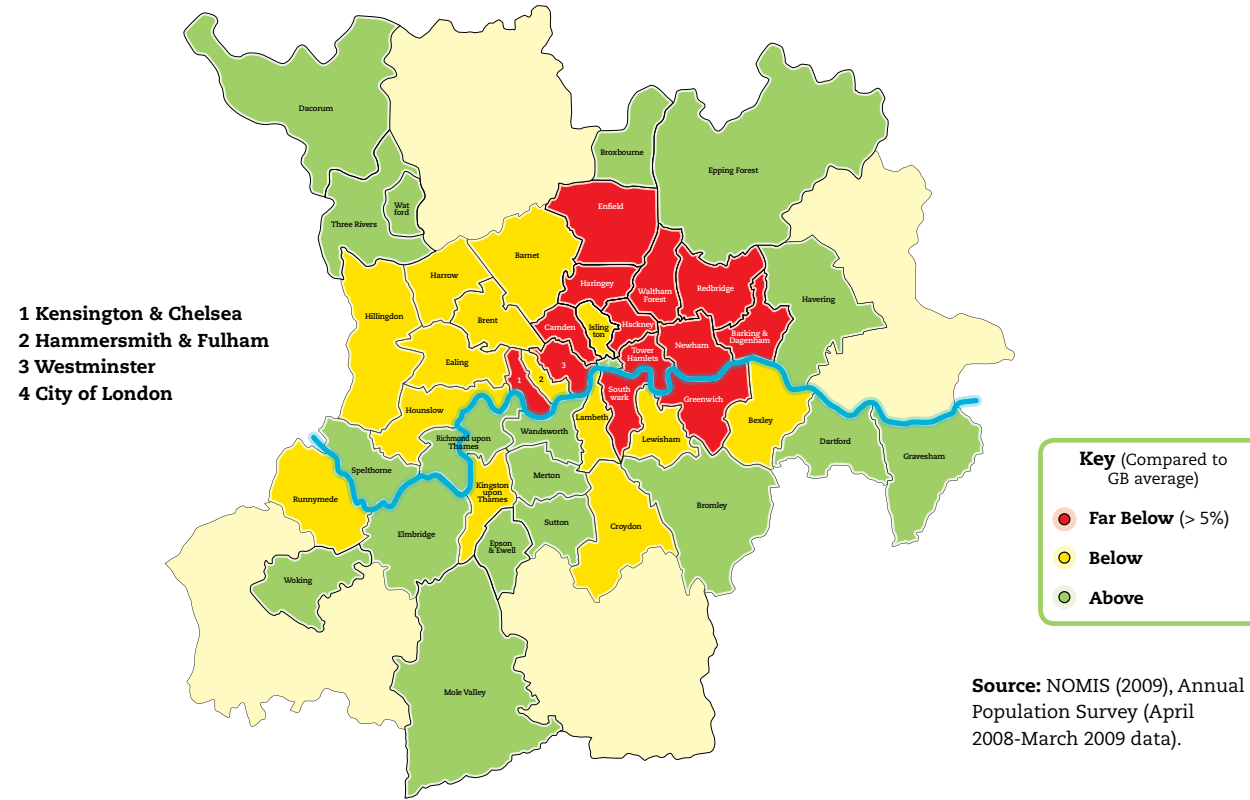
This section looks at wage and employment rates in London and the major cities and their Multi-Area Agreements.

There are significant disparities in economic performance within London and the largest cities that make up the core of the UK economy.

- Within London, wage levels vary starkly between the most prosperous Central London boroughs and the most deprived areas. Wage levels are close to three times higher, and employment rates vary from 58.1 percent to 82.8 percent.
- In Manchester City Region, wage levels in Trafford are £115 per week higher than in Tameside. Employment rates in the City Region vary between 75.9 percent in Trafford to only 60 percent in Manchester.
- Four Local Authorities in the Leeds City Region – Harrogate, York, Selby and Calderdale – have employment rates higher than the GB average. There are wide disparities with other areas in the City Region – the employment rate in Harrogate is 15.4 percentage points higher than in Barnsley.
- All but one of the authorities in the Birmingham MAA have employment rates below the GB average. Rates vary from 75.3 percent in Telford and Wrekin to 60.8 in Sandwell. Wages in the Birmingham MAA vary by over £145 per week.
- All six authorities in the Liverpool MAA have wage levels below the GB average. Only three – Liverpool, Knowsley and St Helens – have employment rates far below the GB average, and only Sefton has a higher than average employment rate.



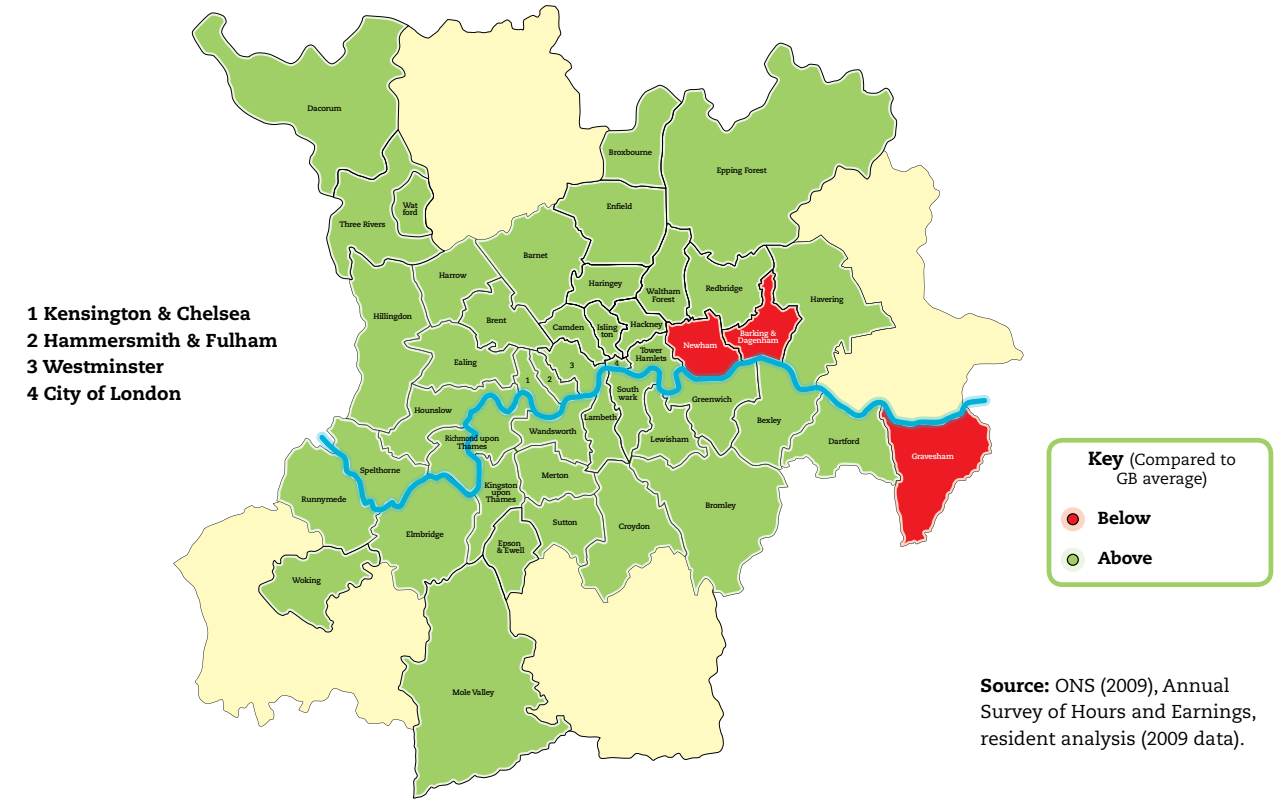
London - Employment Rate 2009



Source: NOMIS (2009), Annual Population Survey (April 2008-March 2009 data).

Woking	82.8%	Epping Forest	76.6	Barnet	68.9
Spelthorne	82.5	Watford	75.5	Islington	68.9
City of London	82.3	Mole Valley	75.3	Southwark	68.5
Elmbridge	82.3	Three Rivers	75.0	Redbridge	68.1
Gravesham	82.0	Croydon	73.7	Camden	67.6
Epsom and Ewell	81.1	Brent	73.3	Kensington & Chelsea	67.5
Dacorum	80.3	Bexley	73.0	Enfield	67.3
Broxbourne	78.3	Kingston-upon-Thames	73.0	Hackney	67.2
Havering	77.9	Harrow	72.5	Greenwich	66.9
Wandsworth	77.9	Lewisham	72.2	Waltham Forest	65.7
Merton	77.7	Hillingdon	71.5	Westminster	64.1
Sutton	77.7	Hounslow	71.5	Barking & Dagenham	64.0
Dartford	77.3	Ealing	71.1	Haringey	62.2
Richmond-upon-Thames	77.1	Runnymede	70.7	Tower Hamlets	61.8
Bromley	76.7	Hammersmith & Fulham	69.8	Newham	58.1
		Lambeth	69.4		

London - Wages 2009

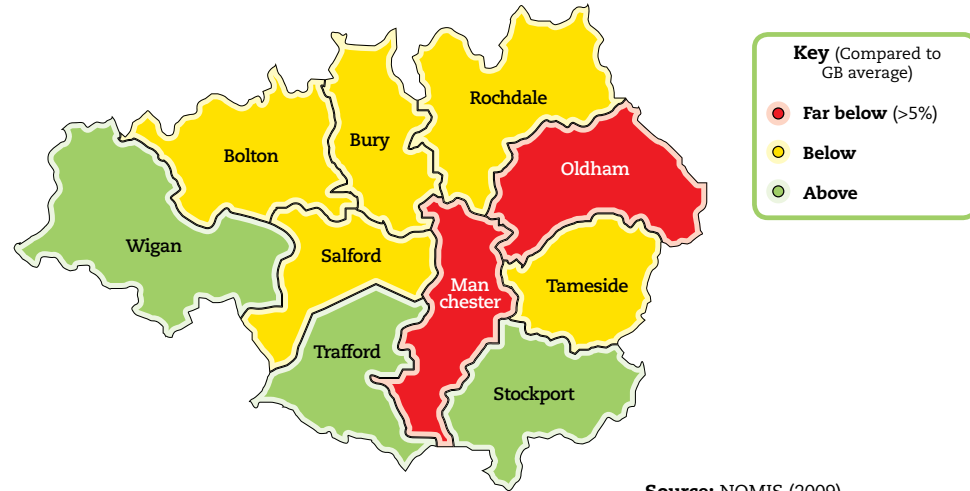


Source: ONS (2009), Annual Survey of Hours and Earnings, resident analysis (2009 data).

City of London	£1163	Runnymede	625	Croydon	564
Kensington & Chelsea	1147	Epsom and Ewell	622	Haringey	563
Westminster	1016	Mole Valley	618	Lewisham	544
Elmbridge	859	Barnet	616	Hillingdon	543
Camden	816	Greenwich	612	Bexley	539
Richmond-upon-Thames	781	Woking	610	Waltham Forest	531
Hammersmith & Fulham	777	Redbridge	607	Havering	530
Hampsworth	771	Epping Forest	601	Hounslow	529
Islington	756	Lambeth	600	Dartford	526
Tower Hamlets	692	Harrow	594	Enfield	521
Merton	674	Spelthorne	592	Broxbourne	514
Bromley	672	Sutton	584	Brent	489
Kingston-upon-Thames	664	Ealing	578	Barking & Dagenham	472
Southwark	648	Hackney	575	Gravesham	467
Three Rivers	642	Watford	572	Newham	453
		Dacorum	566		

Manchester - Employment Rate 2009

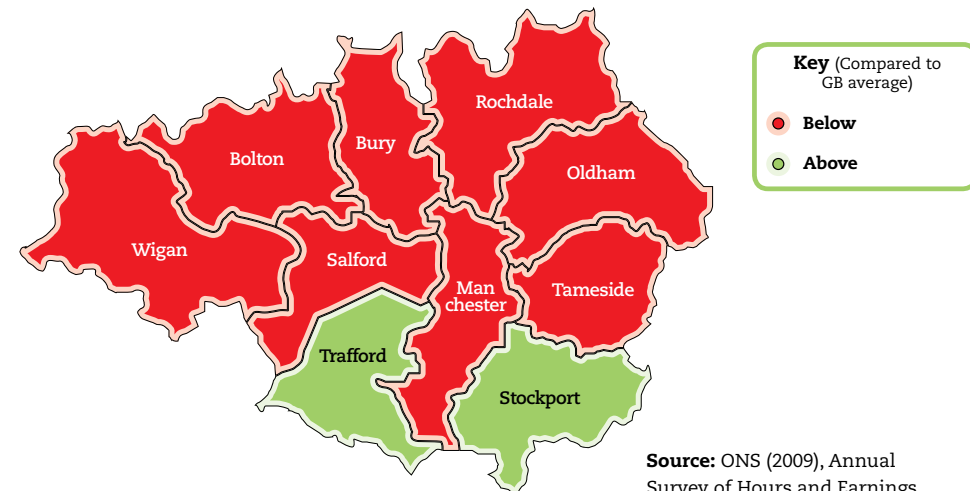
Trafford	75.9%
Wigan	75.7
Stockport	75.1
Tameside	73.2
Bury	72.6
Bolton	70.8
Salford	70.4
Rochdale	69.3
Oldham	67.3
Manchester	60.0



Source: NOMIS (2009), Annual Population Survey (April 2008-March 2009 data).

Manchester - Wages 2009

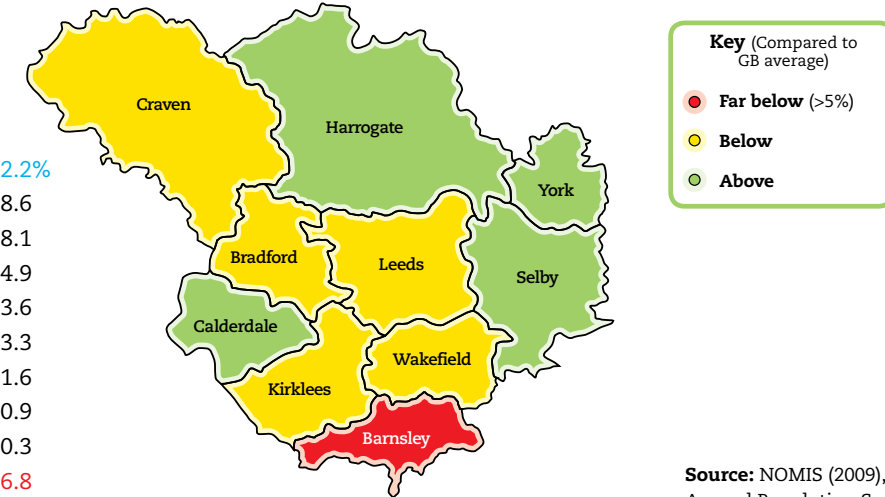
Trafford	£520
Stockport	484
Bury	466
Rochdale	435
Bolton	429
Manchester	428
Oldham	428
Salford	418
Wigan	414
Tameside	405



Source: ONS (2009), Annual Survey of Hours and Earnings, resident analysis (2009 data).

Leeds - Employment Rate 2009

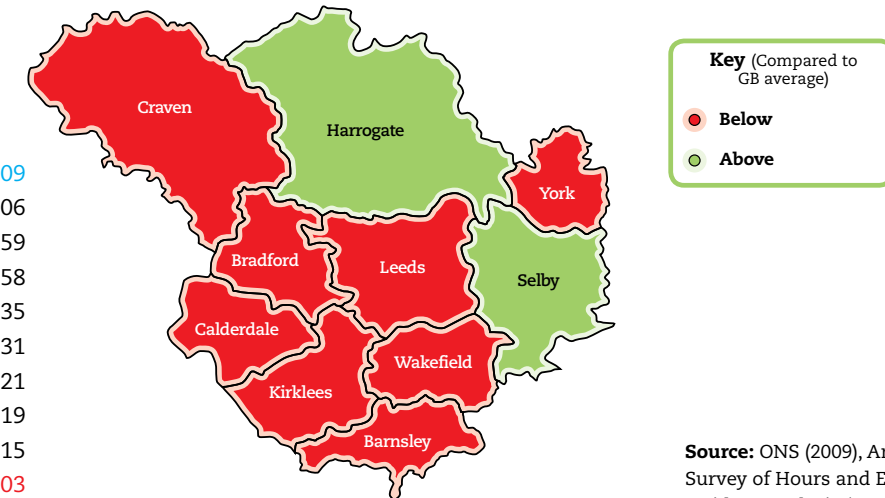
Harrogate	82.2%
York	78.6
Selby	78.1
Calderdale	74.9
Wakefield	73.6
Kirklees	73.3
Leeds	71.6
Bradford	70.9
Craven	70.3
Barnsley	66.8



Source: NOMIS (2009), Annual Population Survey (April 2008-March 2009 data).

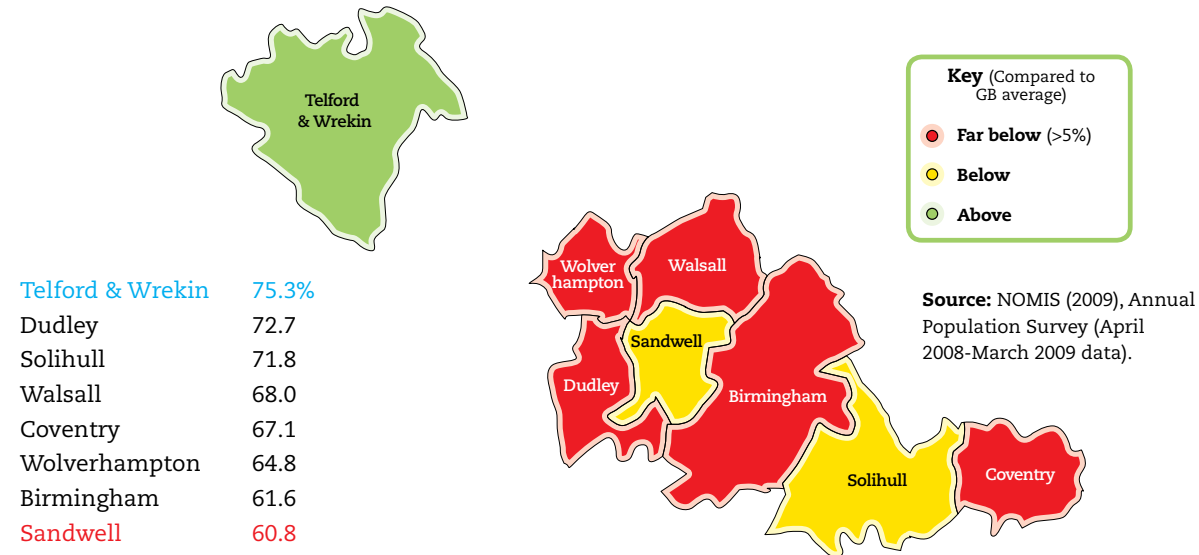
Leeds - Wages 2009

Harrogate	£509
Selby	506
York	459
Leeds	458
Calderdale	435
Kirklees	431
Craven	421
Barnsley	419
Bradford	415
Wakefield	403

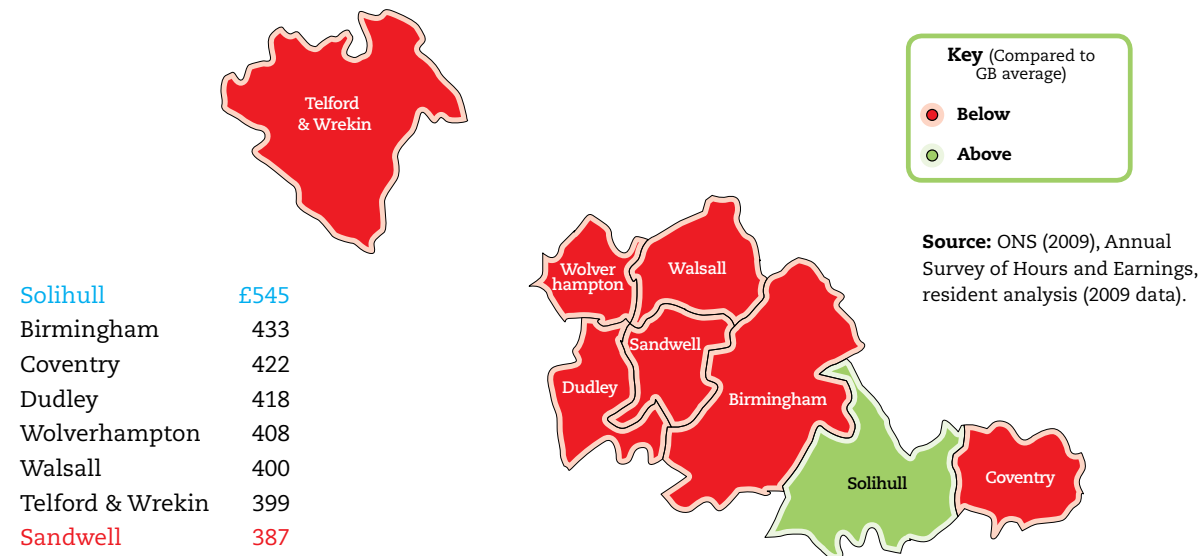


Source: ONS (2009), Annual Survey of Hours and Earnings, resident analysis (2009 data).

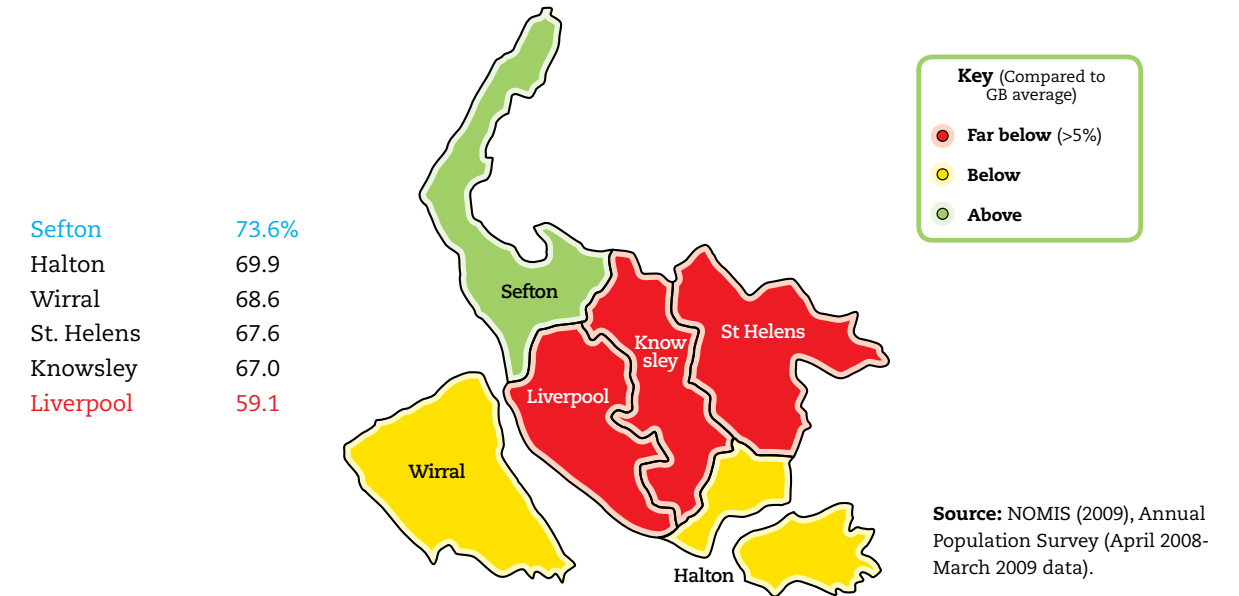
Birmingham - Employment Rate 2009



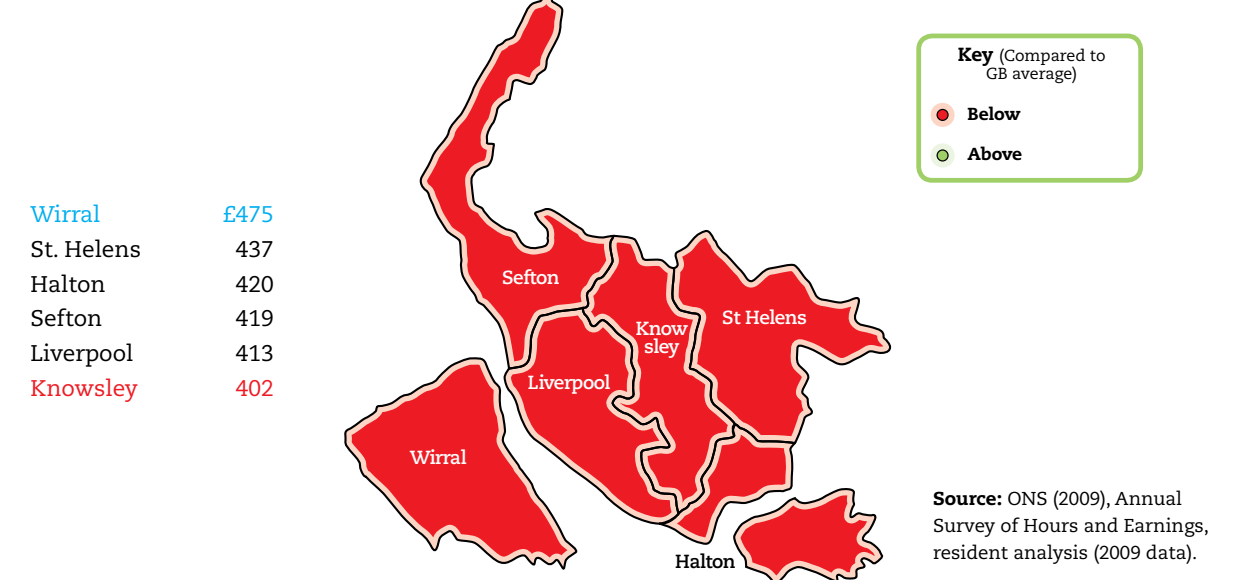
Birmingham - Wages 2009



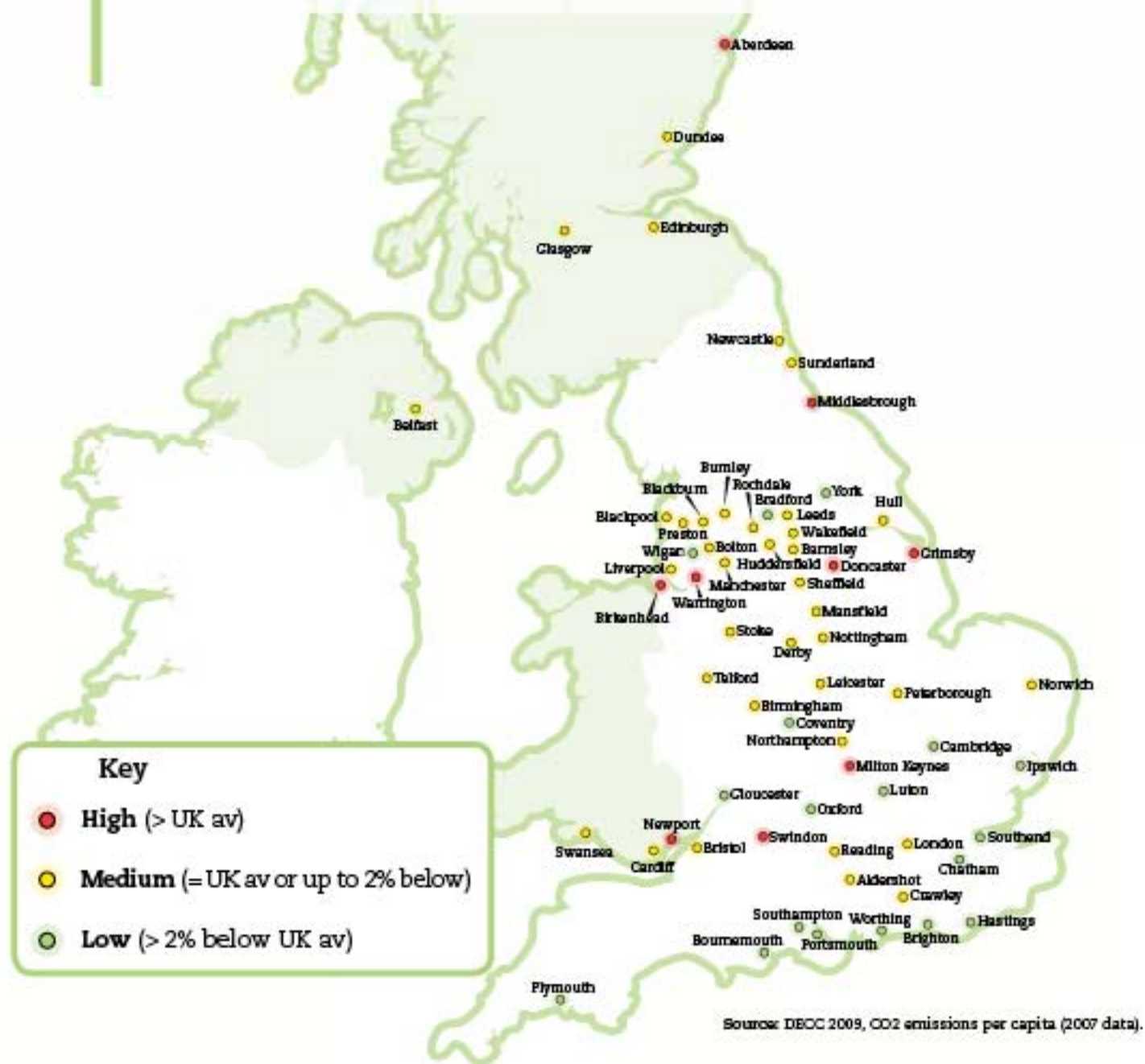
Liverpool - Employment Rate 2009



Liverpool - Wages 2009



CO2 Emissions Per Capita in Cities: Residential + Industrial Emissions



CO2 Emissions Per Capita in Cities: Residential + Industrial Emissions

Rank Cities Total CO2 Emissions
Per Capita (t) 2007

10 cities with lowest per capita emissions

1	Hastings	4.8
2	Chatham	5.2
3	Southend	5.3
4	Luton	5.3
5	Brighton	5.4
6	Worthing	5.4
7	Ipswich	5.7
8	Portsmouth	5.8
9	Gloucester	5.9
10	Plymouth	5.9

10 cities with highest per capita emissions

55	Wakefield	8.4
56	Milton Keynes	8.5
57	Aberdeen	8.6
58	Doncaster	8.7
59	Swindon	9.3
60	Warrington	10.3
61	Birkenhead	10.4
62	Grimsby	12.5
63	Newport	14.0
64	Middlesbrough	29.4
	United Kingdom	8.4

Climate change and the need to reduce carbon emissions is an increasingly important policy area. Cities Outlook 2010 includes a look at how carbon emissions vary across UK cities.

National Government and many Local Authorities are increasingly developing strategy and policy on the need for a low-carbon economy. There is much debate about new 'green jobs' that this might create, and a need for an assessment of the impact of carbon reduction on economic performance.

- Larger cities are not necessarily greater emitters of carbon per capita – none of England's core cities emit higher levels of carbon emissions per capita than the UK average, and London, the biggest city, produces only 6.4 tonnes of CO2 per capita.

- All cities' economies will be affected by the need to reduce carbon emissions. Looking at carbon emissions per capita shows that the cities likely to be hit hardest are not necessarily the larger cities, but the cities that are still adjusting to the legacy of industrial decline.



Published by:

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