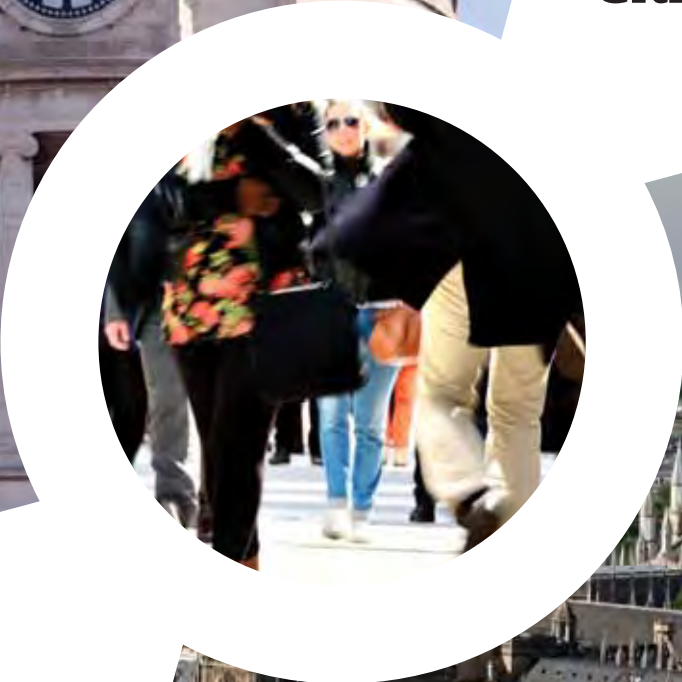


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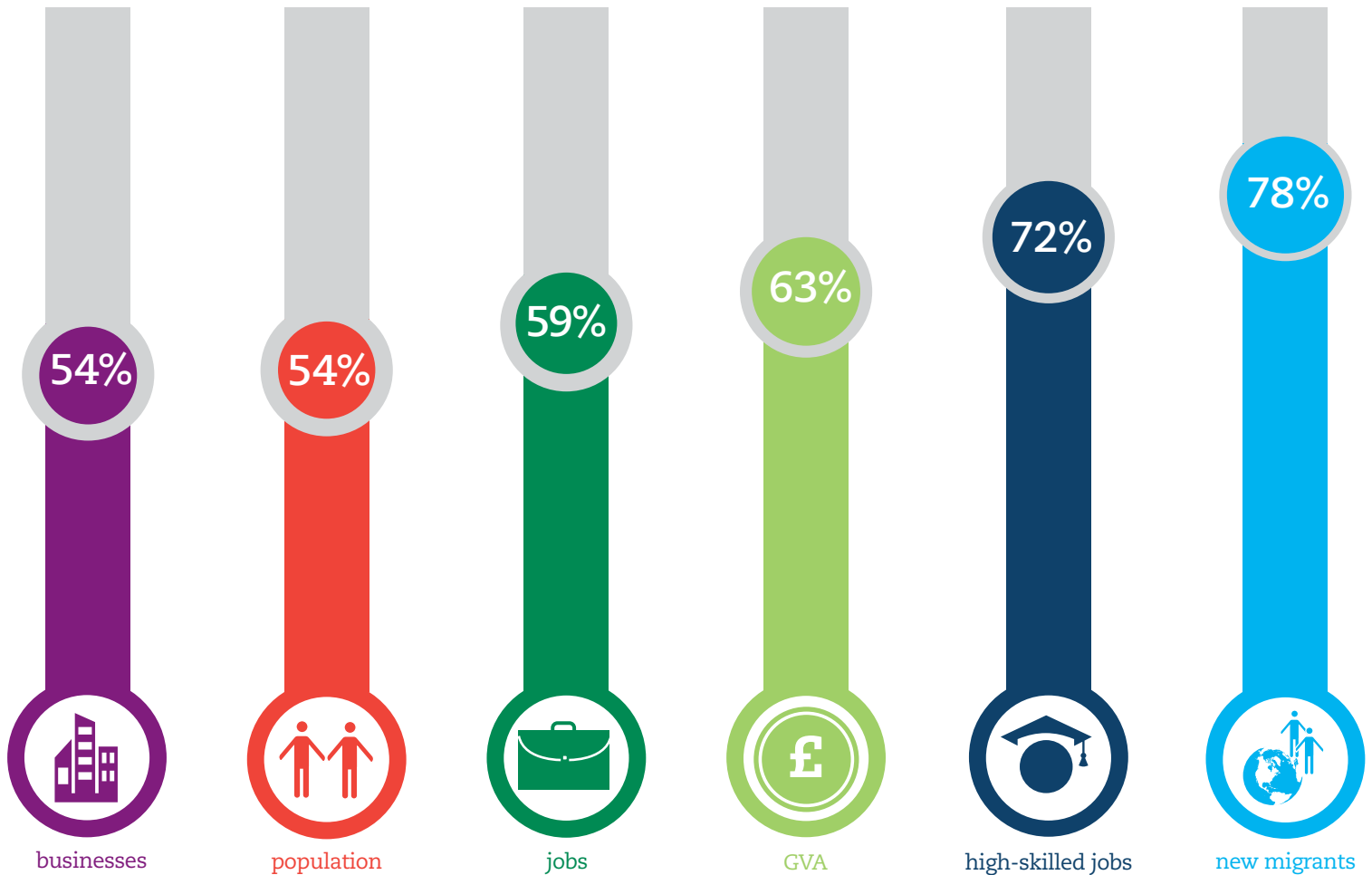
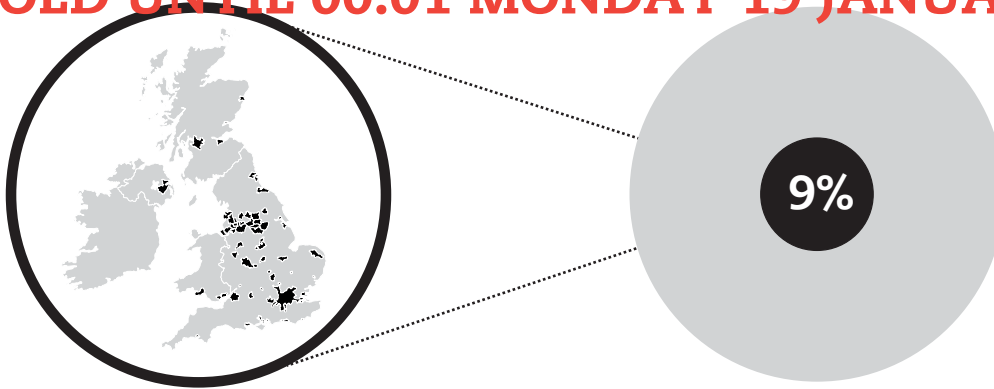


centre**for**cities 
Cities Outlook 2015



Cities make up just 9% of the UK's landmass ...

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... but make a much bigger contribution to the national economy

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“Cities drive economic growth and provide jobs and homes for tens of millions. Centre for Cities’ *Cities Outlook 2015* argues convincingly that devolution of power and resources from Westminster and Whitehall to city regions across the country is vital to creating a sustainable and strong economic recovery nationwide. The North/South divide provides a continuing challenge to central government to ensure that the proceeds of growth benefit every region. *Cities Outlook 2015* makes an important contribution to the debate on how to best enable city regions to fulfil their economic potential. It comes at a moment of political opportunity for radical devolution, and I hope this moment will be seized across the political divide.”

Lord Andrew Adonis, Shadow Infrastructure Minister

“Whether we like the conclusions that are reached in *Cities Outlook* or not – we all take notice! The reports increase our understanding of what we need to do to unlock our cities’ potential and to make us more resilient to economic change. As far as I am concerned it is extremely helpful to be able to benchmark Bristol against our fellow UK cities and to take better informed decisions as a result. I believe all city leaders now recognise *Cities Outlook* as part of their policy armoury and value the consistent good research that is done by Centre for Cities – long may it continue.”

Mayor George Ferguson CBE, Bristol City Council

“*Cities Outlook 2015* provides an important overview of the contribution that cities, both large and small, make to driving economic growth across the UK. The clearly presented and comprehensive information enables individual cities to see how they are faring in comparison to others and to identify the strengths they have to build on. But perhaps even more importantly in the lead up to a General Election, the work of Centre for Cities makes a vital contribution to the wider policy debate about the future of cities and underlines our capacity to deliver even more locally with the right freedoms and flexibilities.”

Antoinette Jackson, Chief Executive, Cambridge City Council

“*Cities Outlook 2015* once again provides a unique and invaluable perspective on the economic performance of UK cities. It is now widely recognised that cities are fundamental to growing and rebalancing the UK economy, and ensuring the country can compete globally in the years to come.

Leeds has been in the vanguard of attempts to meet these challenges throughout this Parliament, striking a number of landmark agreements with central government which will help transform the local economy in years to come. It is vital that the next government builds on the progress made in recent years, and moves forward on devolving new responsibilities and freedoms to city-regions across the country.”

Tom Riordan, Chief Executive, Leeds City Council

“The time for cities is now. One striking fact, 62 per cent of the world’s economic growth in the next 10 years will come from city areas, should make us all bolt up and realise the importance of our cities. While our journey has begun with some excellent policy for cities, such as City Deals, Regional Growth Fund and the two devolution deals in Manchester and Sheffield, we still lag behind powers and tax raising at city area level.

Cities Outlook 2015 is a rallying call for why we need to accelerate the pace of devolution to our cities and see it as business as usual and not a series of one off events. It is only by having tax powers, a clear understanding of what powers needs to stay in Whitehall and good defined city economic areas can our journey really get in the fast lane.

As a former Leader of Sheffield I know the impact our cities can and will have if set free. *Cities Outlook 2015* will be important in ensuring that happens.”

Lord Scriven of Hunters Bar, Former Leader of Sheffield City Council



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Acknowledgements

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Cities Outlook 2015

In less than four months' time the voting public will decide who will govern the UK for the next five years. As the political parties spar with each other, two main themes in the run up to the election will be reducing the deficit and growing the economy. Whoever is anointed, cities will be key in achieving both of these goals.

The year for cities

As the General Election looms, 2014 saw each of the three main political parties engage in a 'race to the top' on cities policy and devolution. The Chancellor's commitment to build a 'Northern Powerhouse' - illustrated by the recent devolution deal with Greater Manchester - Labour's pledge to boost decentralised funding to the tune of £30 billion, and the Liberal Democrats' proposals for 'devolution on demand', all indicate that whoever wins in May 2015, the political and economic centralisation that has set the UK apart from the majority of its western peers may be about to change.

Alongside the moves from all major political parties to sign up to the idea of more devolution to UK cities and regions, there has also been a flurry of research looking at city growth and devolution, including IPPR North's Decentralisation Decade¹ and the RSA's City Growth Commission.²

Cities and devolution have risen up the agenda over the last 12 months in response to three issues: politics, the economy and public finances.

Politically, much of the recent impetus has been driven by the fallout from the Scottish Independence Referendum. Even before the first vote had been cast, Westminster had made a series of promises to Scotland around greater devolution in the event of a 'no' vote. This unsurprisingly raised questions about what might follow in terms of devolution to and within England.

And it was most telling that, in his speech in the immediate aftermath of the referendum result, David Cameron committed to looking at "how to empower our great cities"³ in response to the West Lothian question.

Economically, there has been a growing recognition that cities matter to the future performance and shape of the national economy. This recognition was reflected by George Osborne setting out his vision of a 'Northern Powerhouse' and Nick Clegg launching 'Northern Futures'.

From a public finance perspective, there is an increasing realisation that future reductions in public sector expenditure will be impossible to deliver without changing

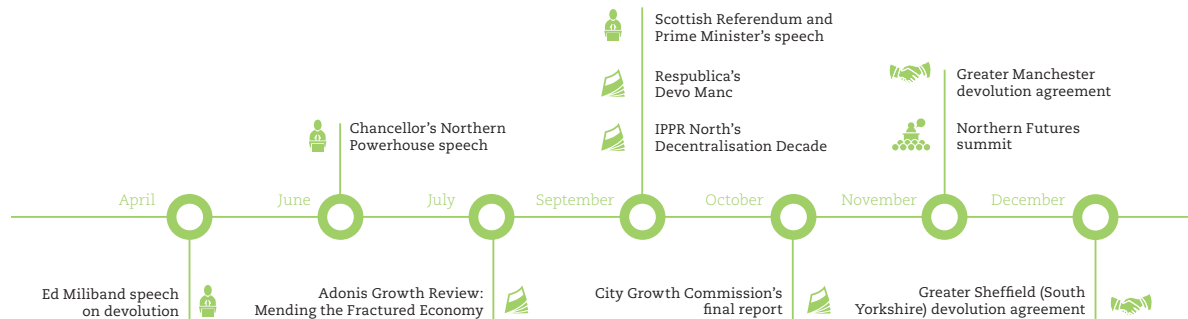
1. Cox E, Henderson G and Raikes L (2014) *Decentralisation decade: A plan for economic prosperity, public service transformation and democratic renewal in England*, Manchester: IPPR North

2. City Growth Commission (2014) *Unleashing Metro Growth*, London: City Growth Commission

3. Statement made by David Cameron, 19th September 2014, Scottish Independence Referendum: statement by the Prime Minister, available from <https://www.gov.uk/government/news/scottish-independence-referendum-statement-by-the-prime-minister>

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Figure 1:
2014: the year for cities



the way public services are designed and delivered, and this requires more to be done at the local level.

The response to these developments was the deal struck between the Chancellor and Greater Manchester to devolve significant powers and funding down to the city-region. In exchange for Greater Manchester creating a directly elected mayor to work in partnership with the combined authority, a series of London-style powers will be devolved, including powers over transport, planning, housing, police and skills. This announcement marked a significant moment for the devolution agenda and will result in a big shift in power from the centre to the city, with the hope of more to come.

In the last few weeks of 2014 a further devolution deal, albeit not as comprehensive, was struck between central government and Greater Sheffield.

The imperative now is to turn these deals into action. Too often in the past, good policy announcements have fallen at the hurdle of bureaucratic detail. With the backing of the

Chancellor and the Deputy Prime Minister this looks less likely, but sustaining the momentum will be vital to ensuring these deals deliver the economic prosperity and public service reform they promise and the country needs.

Growing the economy and reducing the deficit

The last 12 months have seen the national economic recovery gather pace. Seven years on from the start of the recession, the UK economy is now 2.7 per cent larger than it was at its pre-recessionary peak and there are now 1.3 million more people in employment.⁴

As has been well documented, the recovery in employment has been much stronger than the recovery in output. This has meant that wages have been squeezed.

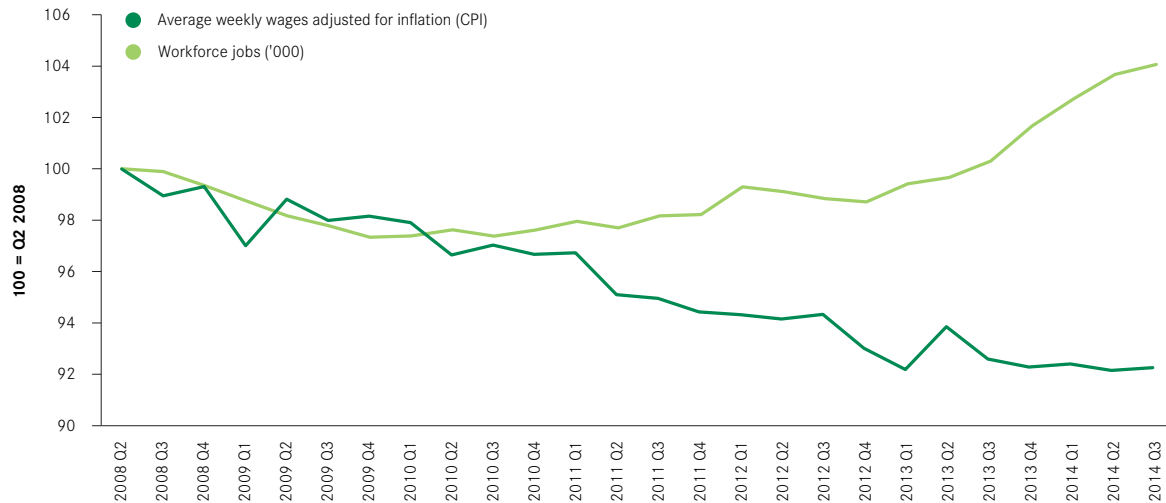
This has had two implications. Firstly, it has put a squeeze on living standards: wages, when accounting for prices, are still

4. The pre-recession peak was Quarter 1 2008

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Figure 2:

Change in wages vs change in jobs, Q2 2008 to Q3 2014



Source: ONS 2014

12.6 per cent lower now than they were at the start of 2008.⁵ Secondly, it has put a further squeeze on public finances. Poor wage growth has meant that tax revenues have not increased as quickly as had been hoped.⁶

Regardless of which party wins the election in 2015, reducing the deficit poses further challenges for national government and for cities, but it also presents opportunities. Given the scale of the challenge, significant spending cuts and efficiency savings will be required, and this will only be feasible if there is a big change in the way that the state operates.

Devolving power to cities can help in two ways. Firstly, it can reduce the level of duplication in the system by better coordinating the different parts of the public sector that operate within a city. Secondly, it can allow cities to tailor

policy and prioritise resources to more effectively address the challenges that they face.

But spending cuts and efficiency savings are unlikely to be enough. Cities not only have the potential to help reduce the deficit, they are also a means to achieve growth.

Covering just 9 per cent of land, cities account for 54 per cent of population, 60 per cent of jobs and 63 per cent of national output. And they are also more efficient, producing 19 per cent more output per worker than non-city areas and 27 per cent fewer carbon dioxide emissions.

In the year ahead the political conversation needs to be focused on how to support growth as well as on how to reduce the deficit, and both should have cities at their heart.

5. Source: ONS 2015, Average Weekly Earnings; ONS 2015, Consumer Price Inflation

6. Office for Budget Responsibility (2014) *Economic and Fiscal Outlook, December 2014*, London: OBR

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This year's Outlook

The announcements made in late 2014 mark the latest staging point in what has been a 10-year conversation about cities and devolution.

Over this period the national economy has grown strongly, declined sharply and grown again, and the three main political parties have been in power. During this time all of them have explicitly attempted to boost growth in the regions, introducing a range of policies to help them support economic development outside London and the South East.

With the next election now only months away, and with each of the major parties pledging to support, empower and invest in UK cities should they win, the next chapter reflects on the performance of city economies over the last 10 years. It looks at the approach of policy during this period, and what this means for the future direction of cities policy.

Box 1:

The use of Primary Urban Areas (PUAs)

The analysis undertaken in *Cities Outlook* compares cities' Primary Urban Areas (PUAs) – a measure of the built-up areas of a city, rather than individual local authority districts.

A PUA is the city-level definition used in the Department for Communities and Local Government's *State of the Cities* Report. It is useful as a consistent measure to compare cities across the country and we have used it since the first edition of *Cities Outlook* in 2008.

It is worth noting that, as is the case with almost every definition of geographic units, PUAs are imperfect and fit some areas better than others. Hull and Cambridge PUAs, for example, are slightly under-bounded. Some cities with substantial populations, such as Colchester, never made it into the PUA definition. And Manchester PUA is smaller than Greater Manchester, which also includes Rochdale, Bolton and Wigan PUAs.

PUA data only 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.

Note: The definition of Birkenhead throughout this report is Wirral Local Authority only. The 2009 reorganisation of local government combined Ellesmere Port & Neston with three other local authorities into Cheshire West and Chester, and many of the statistics used here are now reported for Cheshire West and Chester only.



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02

City economic performance: a 10-year perspective

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City economic performance: a 10-year perspective

The recent announcement of the devolution of some powers from Whitehall to Greater Manchester is the outcome of a decade-long discussion about the role of cities in the national economy. As the main political parties engage in a 'race to the top' on city devolution, this chapter reflects on the economic performance of cities under the current and last governments, the approach of policy over this period and its implications for further devolution.

At the beginning of the 21st century, policymakers and commentators began to talk of an urban renaissance in Britain. For decades UK cities had been thought of as places in decline, with most outside London struggling to reinvent themselves in a post-industrial age.

A spate of task-forces, research programmes and commissions emphasised a renewed focus on how, with the right kind of investments and policy interventions, UK cities could once again drive economic growth, not just in the South of England, but across the country.⁷

Encouraging growth outside of London and the South East has been a challenge that has occupied both the current and previous governments, with both pledging to 'bridge the North/South divide' or 'rebalance the economy'.

With the next election now only months away, and with each of the major parties pledging again to rebalance the

economy should they win, this chapter reflects on the performance of city economies from 2004 to 2013, reviews the approaches taken by major policy interventions during this period, and proposes a future direction for urban policy.

The widening divide between cities

Despite a consistent political commitment from all parties to improve the relative economic performance of places outside of the South, the gap between cities in the South and cities in the rest of the UK has increased, not diminished. Looking over a 10-year period from 2004 to 2013⁸ – which allows an analysis of longer term trends rather than year-to-year fluctuations – shows that the differences in population growth, the number of businesses, the number of jobs and house price affordability have continued to widen between cities in the South and cities elsewhere in the UK.

7. See for example, ODPM (2004) Parkinson, M. et al, *Competitive European Cities: Where do the Core Cities Stand?* London: ODPM; ODPM (2005), *Conclusions of Bristol Ministerial Informal Meeting on Sustainable Communities in Europe*, UK Presidency, London: ODPM; H.M. Treasury (2004) *Devolving Decision Making: Meeting the Regional Economic Challenge – Increasing Regional and Local Flexibility*, London: H.M. Treasury

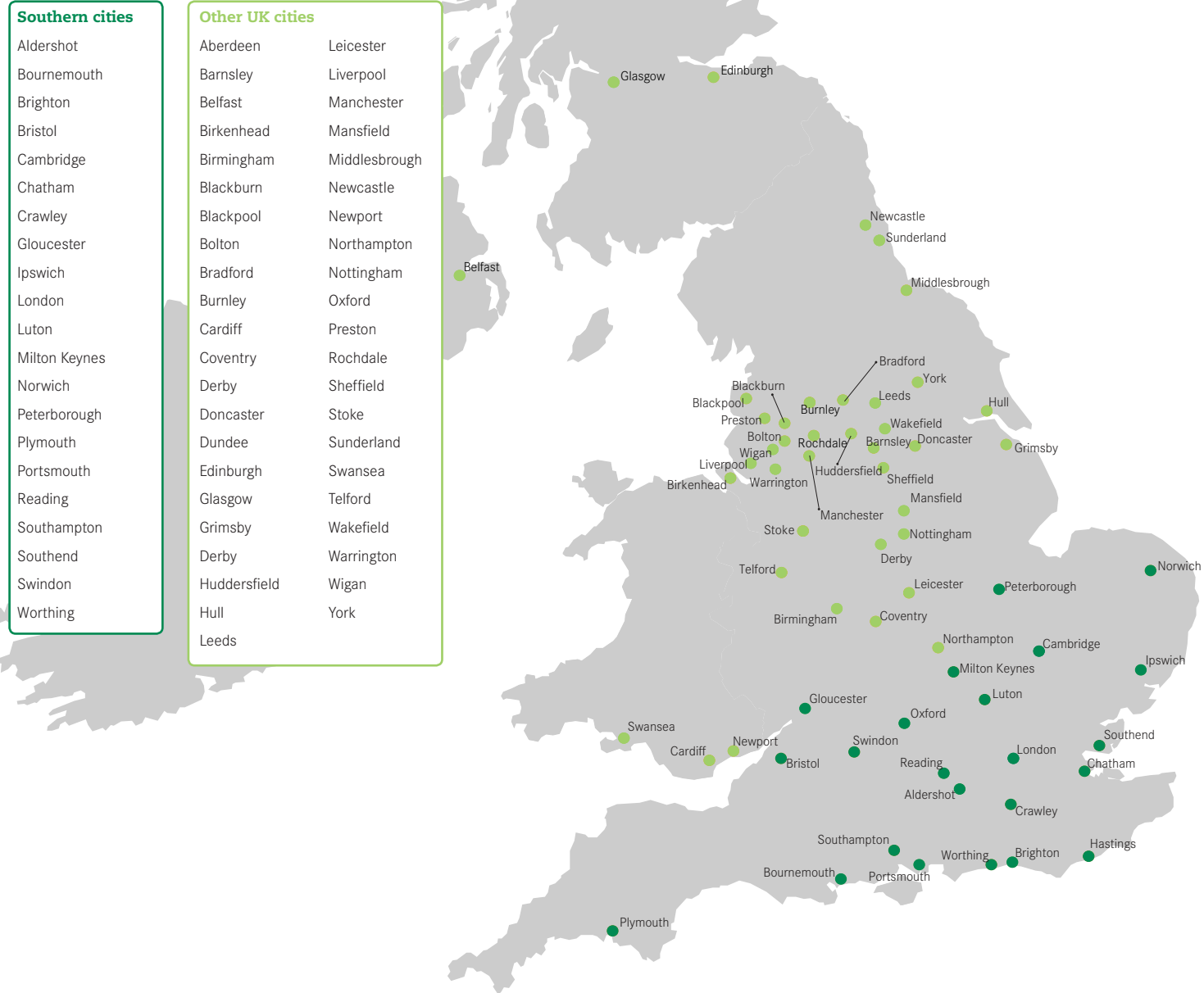
8. The latest available data is to 2013, with the one exception being housing affordability which is shown to November 2014

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Figure 3:

Defining the southern cities

Cities in the South are defined as all cities in the South West, London, South East and East regions



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Population growth

Between 2004 and 2013, cities in the South grew at double the rate of cities elsewhere. During this period the population of southern cities increased by 11.3 per cent, compared to 5.5 per cent in cities elsewhere.

Milton Keynes was the fastest growing UK city, expanding by 16.5 per cent, as shown in Figure 4, followed by Peterborough and Swindon. Only two cities outside of the South – Northampton and Cardiff – feature in the top 10 cities for population growth. Sunderland, meanwhile, was the only city to shrink, losing 1.4 per cent of its population over this period.

Figure 4:
Population growth in cities, 2004-2013

Rank	City	Change 04-13	Change 04-13 (%)	Rank	City	Change 04-13	Change 04-13 (%)
10 cities with highest population growth				10 cities with lowest population growth			
1	Milton Keynes	36,200	16.5	55	Glasgow	28,300	2.7
2	Peterborough	24,900	15.2	56	Liverpool	20,100	2.6
3	Swindon	27,600	14.8	57	Rochdale	4,800	2.3
4	Luton	24,400	13.3	58	Hull	4,600	1.8
5	Cambridge	14,300	12.7	59	Birkenhead	5,200	1.7
6	London	1,088,400	12.6	60	Middlesbrough	4,300	0.9
7	Northampton	22,000	11.3	61	Grimsby	1,300	0.8
8	Ipswich	13,500	11.1	62	Burnley	700	0.4
9	Cardiff	34,600	10.9	63	Blackpool	500	0.2
10	Bournemouth	37,600	10.8	64	Sunderland	-4,000	-1.4
				United Kingdom		4,155,300	6.9

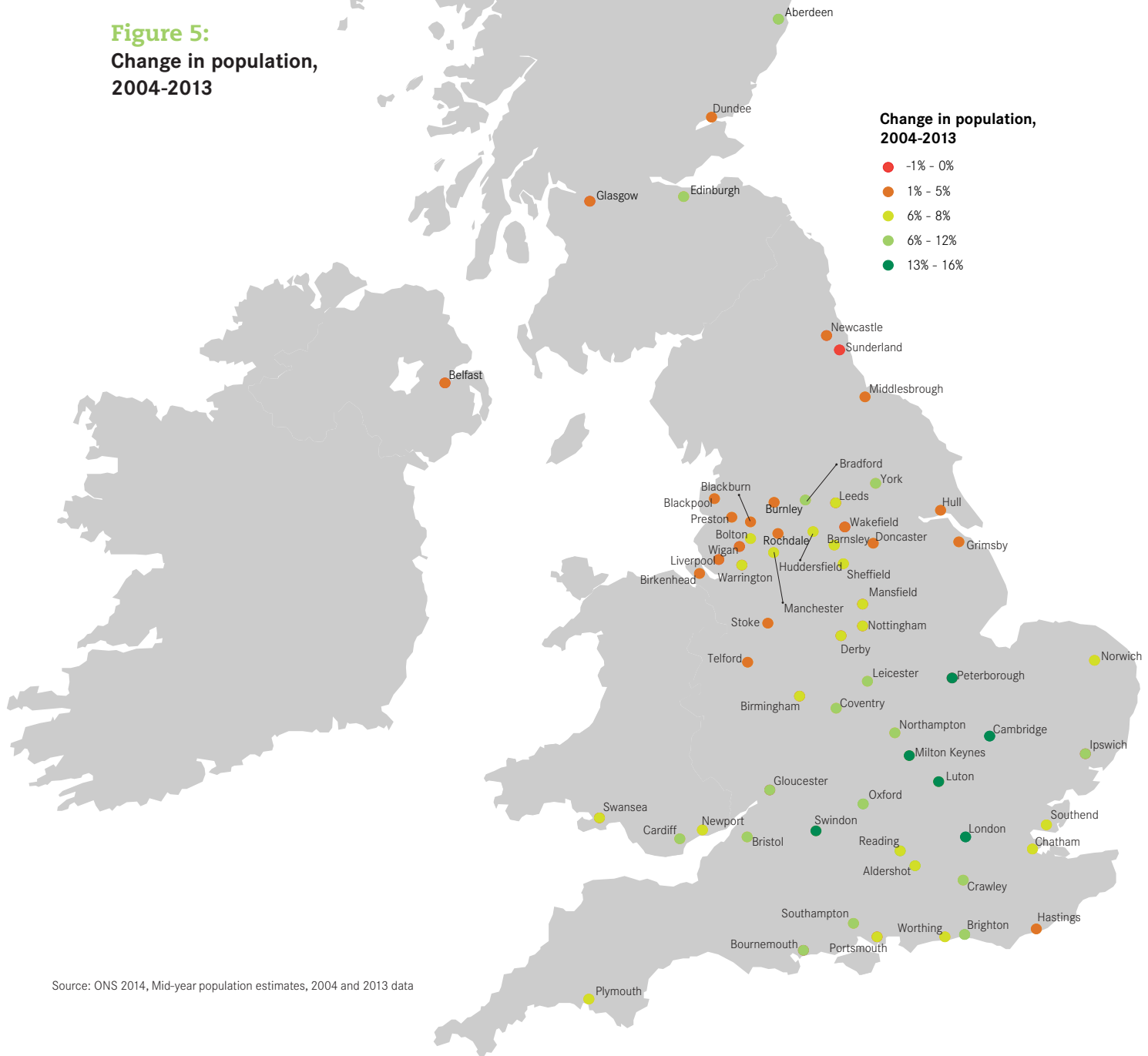
Southern cities, 11.3% Other UK cities, 5.5%



Sources: ONS 2014, Mid-year population estimates, 2004 and 2013 data

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Figure 5:
Change in population,
2004-2013



Source: ONS 2014, Mid-year population estimates, 2004 and 2013 data

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Businesses

Cities in the South also saw a much larger increase in the number of businesses in their cities between 2004 and 2013. **There were 26.8 per cent more businesses in cities in the South in 2013 relative to 2004, compared to 13.7 per cent more in cities elsewhere in the UK.**

That said, the 10 cities with the fastest growing business base have a more even split geographically. Aberdeen and Warrington saw some of the largest increases in the number of businesses, while Edinburgh and Coventry also made the top 10. Grimsby, which saw the largest fall, and Blackpool were the only two cities to have fewer businesses in 2013 than in 2004.

Southern cities, 26.8%



Other UK cities, 13.7%



Source: ONS 2014, Business Demography, 2004 and 2013 data

Figure 6:

Growth of the number of businesses in cities, 2004-2013

Rank	City	Change 04-13	Change 04-13 (%)
10 cities with highest business growth			
1	Aberdeen	2,560	40.6
2	London	116,720	32.3
3	Warrington	1,575	29.2
4	Swindon	1,360	29.0
5	Middlesbrough	2,260	28.1
6	Edinburgh	3,435	26.4
7	Bristol	4,510	22.8
8	Milton Keynes	1,825	22.4
9	Coventry	1,500	22.2
10	Luton	940	22.2
10 cities with lowest business growth			
55	Southampton	540	5.5
56	Hull	265	5.0
57	Worthing	155	4.7
58	Preston	470	4.2
59	Swansea	180	3.3
60	Newport	105	3.2
61	Hastings	75	3.1
62	Stoke	115	1.3
63	Blackpool	-550	-5.3
64	Grimsby	-245	-5.5
United Kingdom		296,145	15.5

Source: ONS 2014, Business Demography, 2004 and 2013 data

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Jobs

The divide that grew most sharply between 2004 and 2013 was in the number of net additional jobs created. Cities in the South had 12.4 per cent more jobs in 2013 than they did in 2004, far outstripping the 0.9 per cent growth seen in cities elsewhere.

This means that between 2004 and 2013, for every 12 net additional jobs created in cities in the South, one was created in cities elsewhere in Britain.

On a percentage basis, Milton Keynes saw the largest net increase in jobs, followed by London, Cambridge and Brighton. Four cities outside of the South – Coventry, Newcastle, Aberdeen, and Nottingham – also made the top 10. Gloucester had the highest contraction, and was one of 22 cities to have fewer jobs in 2013 than in 2004.

This differing performance is even more marked when looking at private sector jobs. Cities in the South had 12.6 per cent more private sector jobs in 2013 than in 2004. But cities elsewhere had fewer private sector jobs in 2013 than they did a decade ago – a contraction of 1.1 per cent.

This means that between 2004 and 2013, for every 10 net additional private sector jobs created in cities in the South, one was lost in cities elsewhere in Britain.

London saw the largest net increase in private sector jobs, followed by Milton Keynes, Brighton and Cambridge. Four cities outside the South – Coventry, Aberdeen, Barnsley and Derby – also made the top 10. Gloucester had the highest contraction, and was one of 34 cities to have fewer private sector jobs in 2013 than in 2004.

Box 2:

Definition of the public sector

In this analysis as in previous analyses by Centre for Cities, the public sector is defined as:

Sector	SIC 2003 classification section	SIC 2007 classification section
Public Administration	L	O
Education	M	P
Health	N	Q

While this definition will include some private sector employment, such as private hospitals, it does give a consistent estimate of public sector employment over the 10-year period.

BRES & ABI are used to measure the number of jobs here as they are the only dataset provided by ONS that allows jobs to be measured by sector at the local authority level.

Southern cities, 12.4%



Other UK cities, 0.9%



Source: ONS 2014, Annual Business Inquiry 2004, 2005, 2006 and 2008 data; ONS 2014, Business Register of Employment Survey, 2009 and 2013 data. Note: due to breaks in the data series these statistics have been calculated by adding together the differences in jobs between 2004-2006, 2006-2008 and 2008-2013, and dividing by jobs in 2004.

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Figure 7:
Growth of the number of jobs in cities,
2004-2013

Rank	City	Change 04-13	Change 04-13 (%)
10 cities with highest jobs growth			
1	Milton Keynes	24,400	18.2
2	London	769,500	17.1
3	Cambridge	12,400	15.7
4	Brighton	15,100	11.1
5	Bournemouth	15,500	10.0
6	Portsmouth	18,800	9.2
7	Coventry	11,800	8.4
8	Newcastle	29,300	8.0
9	Aberdeen	13,300	7.9
10	Nottingham	21,400	7.7
10 cities with lowest jobs growth			
54	Burnley	-3,200	-4.7
55	Wigan	-5,800	-5.7
56	Swindon	-7,100	-6.5
57	Huddersfield	-10,700	-6.7
58	Grimsby	-5,000	-7.3
59	Hull	-10,000	-7.9
60	Newport	-6,500	-8.6
61	Blackpool	-14,500	-10.9
62	Rochdale	-9,300	-12.2
63	Gloucester	-8,100	-12.6
Great Britain		1,283,300	5.0

Figure 8:
Growth of the number of private sector jobs
in cities, 2004-2013

Rank	City	Change 04-13	Change 04-13 (%)
10 cities with highest private sector jobs growth			
1	London	644,768	18.4
2	Milton Keynes	16,438	14.7
3	Brighton	13,188	13.8
4	Cambridge	5,626	12.6
5	Portsmouth	17,676	12.3
6	Coventry	11,090	11.3
7	Bournemouth	10,596	9.2
8	Aberdeen	11,278	9.0
9	Barnsley	4,323	8.4
10	Derby	6,343	7.6
10 cities with lowest private sector jobs growth			
54	Norwich	-8,800	-8.8
55	Luton	-6,000	-9.0
56	Swindon	-8,700	-9.8
57	Huddersfield	-12,900	-11.0
58	Burnley	-5,900	-11.8
59	Newport	-6,200	-11.8
60	Rochdale	-7,400	-12.7
61	Hull	-13,300	-14.5
62	Blackpool	-13,300	-14.6
63	Gloucester	-8,400	-19.0
Great Britain		759,000	4.0

Sources: ONS 2014, Annual Business Inquiry 2004, 2005, 2006 and 2008 data; ONS 2014, Business Register of Employment Survey, 2009 and 2013 data

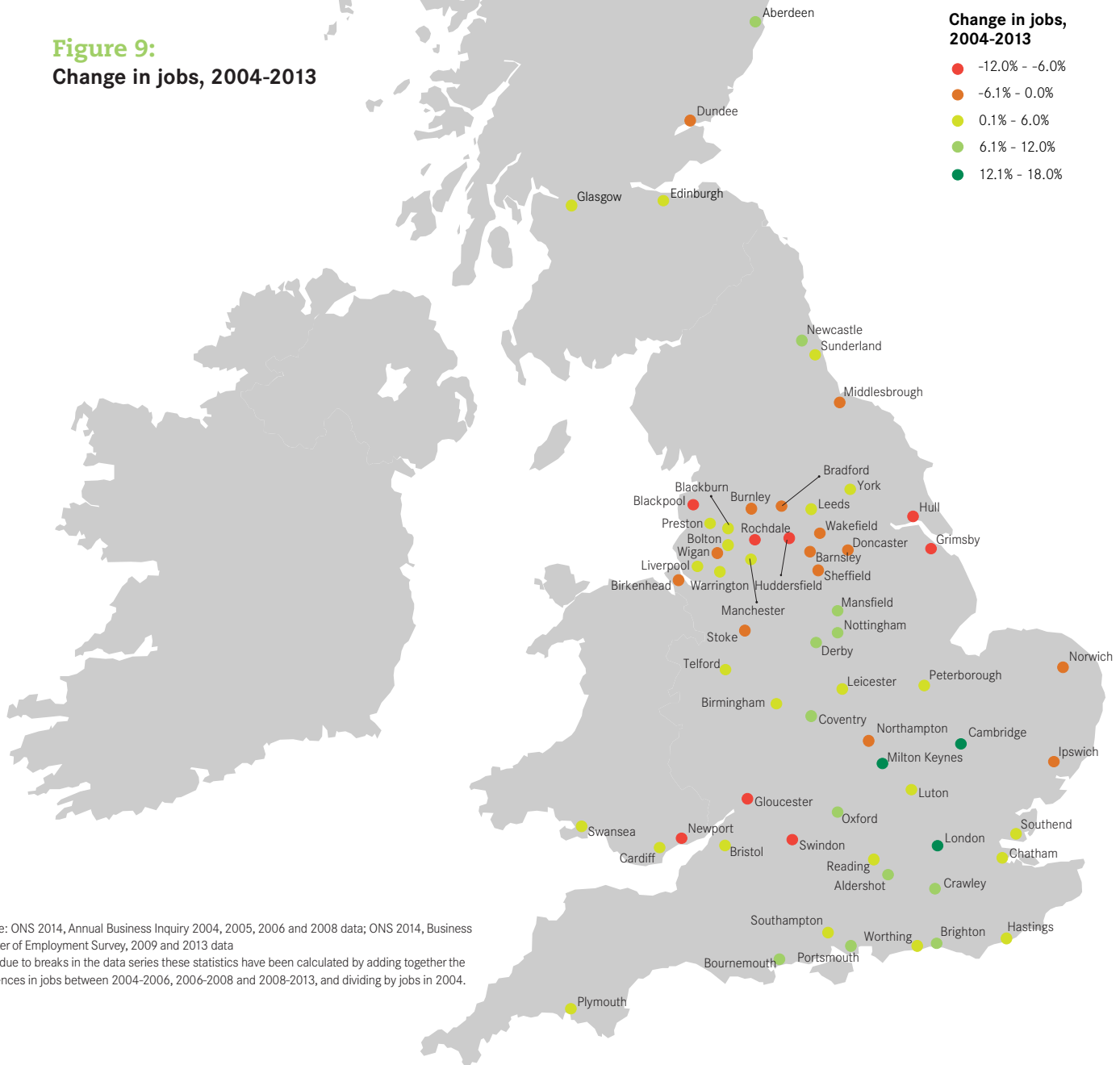
Note: due to breaks in the data series these statistics have been calculated by adding together the differences in jobs between 2004-2006, 2006-2008 and 2008-2013, and dividing by jobs in 2004.

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Figure 9:
Change in jobs, 2004-2013

**Change in jobs,
2004-2013**

- -12.0% - -6.0%
- -6.1% - 0.0%
- 0.1% - 6.0%
- 6.1% - 12.0%
- 12.1% - 18.0%



Source: ONS 2014, Annual Business Inquiry 2004, 2005, 2006 and 2008 data; ONS 2014, Business Register of Employment Survey, 2009 and 2013 data
Note: due to breaks in the data series these statistics have been calculated by adding together the differences in jobs between 2004-2006, 2006-2008 and 2008-2013, and dividing by jobs in 2004.

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Housing

These differences in economic performance led to demand for new housing rising significantly in cities in the South compared to other cities across the country over this period. The result was that by 2014, houses in cities in the South had become even more expensive, exacerbating a problem already significant in 2004.

In 2004 the average house in a city in the South was nine times average earnings. By 2014 it had grown to more than 13 times the average wage. Meanwhile there was virtually no change, on average, in affordability in cities elsewhere.

Overall, London experienced the greatest increase in its affordability ratio. By 2014 the average house was almost

16 times average earnings, up from 9.5 in 2004 (see Figure 10). Hull also made the top 10, but while it saw relatively large increases over the period, the city continued to have some of the most affordable houses of all cities in Britain in 2014.

Between 2004 and 2013 cities in the South saw stronger growth in the number of houses than cities elsewhere – an increase of 7.8 per cent (470,000 homes) in the former as opposed to 5.6 per cent (430,000 homes) in the latter. But with an increase of 1.6 million people, the population of southern cities increased at 1.5 times the population of cities elsewhere. So it is no surprise that houses became even more unaffordable in cities in the South over this period.



Source: Land Registry 2014, Market Trend Data, Price Paid, 2004 and 2014 data; Scottish Neighbourhood Statistics 2014, Mean house prices, 2004 and 2014 data; ONS 2013, Annual Survey of Hours and Earnings (ASHE), average gross weekly residence based earnings, 2004 and 2014 data.

Note: 2014 prices in Scotland are an average of the first three quarters of 2014. House prices in England and Wales are an average of January to November prices.

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Figure 10:
Change in housing affordability, 2004-2014

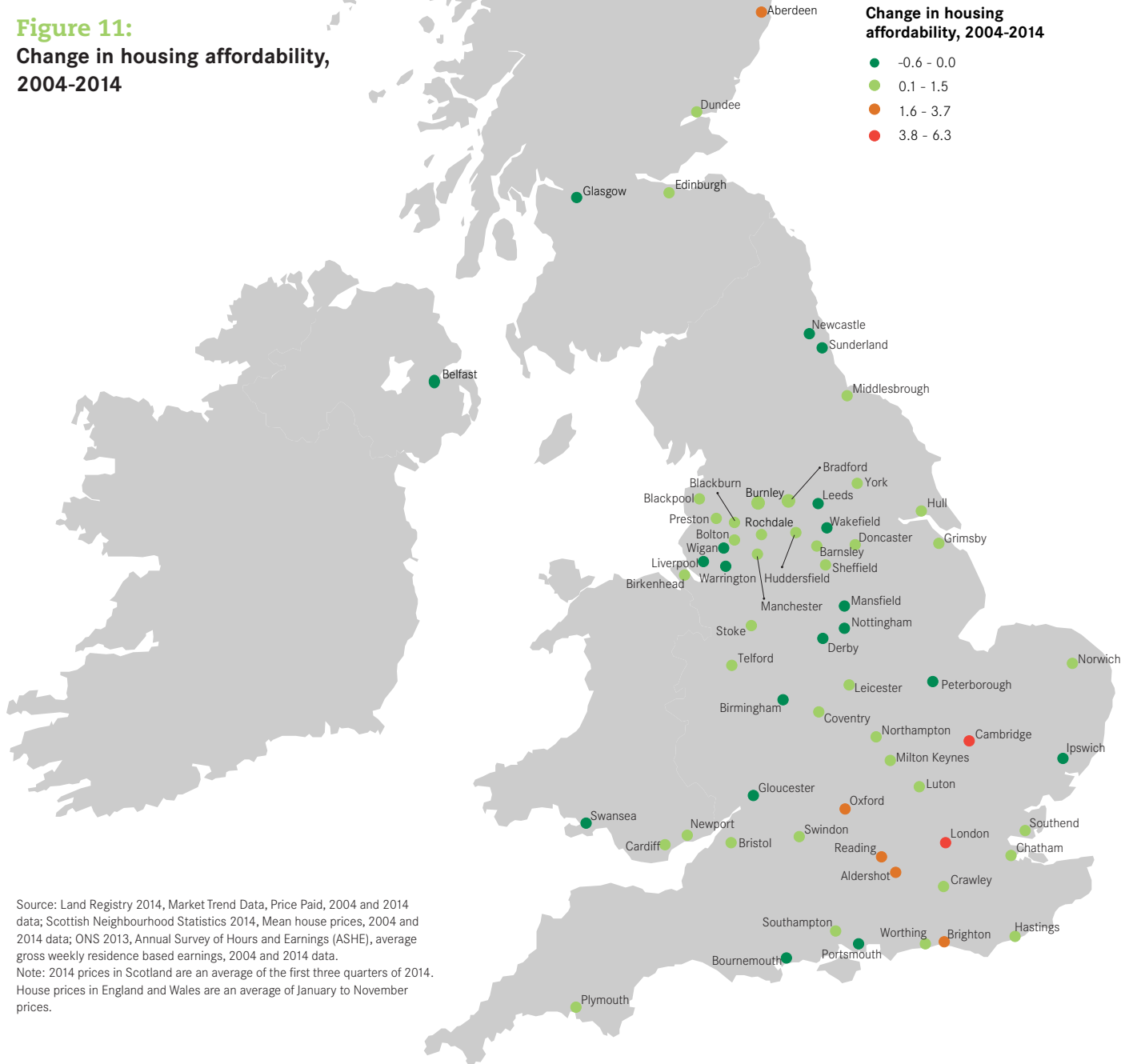
Rank	City	Average house price:average earnings, 2004	Average house price:average earnings, 2014	Change 2004-2014
10 cities with the largest increase in their affordability ratios				
1	London	9.5	15.7	6.3
2	Cambridge	9.2	14.8	5.6
3	Oxford	12.8	16.1	3.3
4	Aberdeen	4.6	7.4	2.8
5	Brighton	9.4	12.2	2.8
6	Aldershot	8.4	10.3	1.9
7	Reading	8.3	10.1	1.8
8	Crawley	9.0	10.6	1.6
9	Worthing	8.3	9.5	1.2
10	Milton Keynes	6.9	8.0	1.1
10 cities with the smallest increase in their affordability ratios				
54	Portsmouth	8.4	8.2	-0.2
55	Birmingham	7.3	7.1	-0.2
56	Warrington	7.1	6.9	-0.2
57	Swansea	6.9	6.7	-0.2
58	Liverpool	5.8	5.5	-0.3
59	Sunderland	6.1	5.8	-0.3
60	Bournemouth	11.1	10.8	-0.3
61	Mansfield	6.2	5.8	-0.4
62	Derby	6.4	6.0	-0.4
63	Nottingham	6.8	6.2	-0.6
	Great Britain	7.8	9.6	1.8

Source: Land Registry 2014, Market Trend Data, Price Paid, 2004 and 2014 data; Scottish Neighbourhood Statistics 2014, Mean house prices, 2004 and 2014 data; ONS 2013, Annual Survey of Hours and Earnings (ASHE), average gross weekly residence based earnings, 2012 and 2013 data.

Note: 2014 prices in Scotland are an average of the first three quarters of 2014. House prices in England and Wales are an average of January to November prices.

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Figure 11:
Change in housing affordability,
2004-2014



Source: Land Registry 2014, Market Trend Data, Price Paid, 2004 and 2014 data; Scottish Neighbourhood Statistics 2014, Mean house prices, 2004 and 2014 data; ONS 2013, Annual Survey of Hours and Earnings (ASHE), average gross weekly residence based earnings, 2004 and 2014 data.
 Note: 2014 prices in Scotland are an average of the first three quarters of 2014. House prices in England and Wales are an average of January to November prices.

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Figure 12:
Growth of the number of homes, 2004-2013

Rank	City	Change 04-13	Change 04-13 (%)	Rank	City	Change 04-13	Change 04-13 (%)
10 cities with the highest growth of number of homes				10 cities with the lowest growth of the number of homes			
1	Milton Keynes	14,800	16.4	54	Brighton	6,260	4.3
2	Swindon	12,030	14.9	55	Newcastle	15,550	4.3
3	Ipswich	6,480	12.2	56	Blackburn	2,380	4.1
4	Cardiff	15,740	11.8	57	Birkenhead	5,090	3.6
5	Gloucester	5,640	11.7	58	Rochdale	3,130	3.6
6	Peterborough	8,130	11.6	59	Stoke	5,550	3.4
7	Cambridge	4,710	10.6	60	Glasgow	15,208	3.1
8	Warrington	8,150	10.1	61	Sunderland	2,640	2.2
9	Bristol	26,920	9.8	62	Dundee	1,507	2.1
10	Barnsley	8,350	8.5	63	Burnley	820	1.0
				Great Britain		1,785,769	7.0

Source: CLG 2014, Table 125: dwelling stock estimates by local authority district: 2001 to 2013; National Records of Scotland 2014, Estimates of Households and Dwellings in Scotland; StatsWales 2014, Dwelling stock estimates by local authority and tenure
Note: The latest available Welsh figures are for the financial year 2012-13



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The policy response

This review of UK cities' economic performance over the last decade illustrates the continued dominance of London and other cities in the South of England, and the scale of the challenge that has faced successive governments in their efforts to boost the relative performance of cities in other parts of the country.

In attempting to address these challenges, broadly speaking, two different policy approaches have been adopted to drive city and regional growth over the last decade. The first, pursued by the Labour governments of 2001-2010, placed an emphasis on regional planning, urban regeneration and physical-led development, underpinned by centrally driven targets and administered by the Regional Development Agencies and other arms-length public agencies.

The second, pursued by the Coalition government since 2010, has favoured instead a local, place-based approach, 'deal-making' between individual localities and central government, and a wave of new, discrete funding pots allocated either by competitive bidding or by Local Enterprise Partnerships.

There have been some notable policy successes within both approaches over this period – for example, Multi Area Agreements (which encouraged cross-boundary working between local authorities) and Total Place (which supported a more coordinated approach to how public money was spent in a place) under Labour, and growth incentives such as the New Homes Bonus and City Deals under the Coalition.

However, neither approach has adequately met the scale of the economic development challenges facing UK cities.



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Despite many of the policy initiatives launched over the last 10 years beginning with big ambitions to transform urban Britain, the majority have ended up focusing on the granting of discrete, often small, pots of money for specific development projects within localities, rather than supporting the fundamentals that underpin urban economic success, such as transport, housing, adult skills and education.⁹

Furthermore, the fragmented and time-limited nature of urban policy during this period has led to disjointed delivery. For example, Business Link has been introduced, abolished and re-introduced in different forms over the last decade, while the Regional Growth Fund was originally announced as a one-off intervention which has, for now, been given an extension.

Despite a number of attempts to push power down from Whitehall to town halls across the country, relatively little progress has been made on decentralising strategic or fiscal powers to UK cities and city-regions. Policy initiatives have tended to require cities to submit proposals to central government for Whitehall approval, rather than create a new framework to incentivise and empower places to pursue growth at the city-region level. This has constrained cities' ability to tailor policies and investment to address the specific challenges they face, with the result being that too many have underperformed.

The exception to this rule over this period, somewhat ironically in the context of a desire to rebalance the economy, has been London.

Following the establishment of the Greater London Authority (GLA) in 1999, led by a directly elected mayor of London, the capital has benefitted from city-region wide governance, and powers over strategic planning, transport investment and skills. The 2007 GLA Act provided the

Box 3: Rebalancing the economy: what has been said?

“For far too long the economies of too many regions and countries of the United Kingdom have been allowed to fall behind...The Government believes that regionally balanced growth, led by the regions themselves, is not only desirable in its own right but also essential to deliver economic prosperity and employment for all.” - *Gordon Brown and Patricia Hewitt foreword in Productivity in the UK - No. 3 The Regional Dimension, HM Treasury 2001*

“Today our economy is heavily reliant on just a few industries and a few regions – particularly London and the South East. This really matters. An economy with such a narrow foundation for growth is fundamentally unstable and wasteful – because we are not making use of the talent out there in all parts of our United Kingdom. We are determined that should change.” *David Cameron’s first speech as Prime Minister, 28th May 2010*

“We need to rebalance our economy away from its overreliance on London and the South East.” *Nick Clegg, speech at Mansion House, 18 February 2013*

“Let us choose today to make reducing the gap between north and south, London and the rest, one of the central ambitions of the next Conservative government.” *George Osborne, Conservative Party Conference 2014 speech, 29th September 2014*

9. Manchester Independent Economic Review (2010), Reviewers' Report, Manchester: Manchester Independent Economic Review

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mayorality with additional powers over housing, skills, waste and the environment, and in 2010 the functions of the Homes and Communities Agency were passed to the GLA.

Although still weak compared to the powers wielded by international capital cities, these powers have allowed London to better plan for growth, direct investment where it can generate the biggest economic returns, and has empowered the mayor to exert significant influence over how the government invests its budgets.

Where next? Supporting cities to fulfil their potential over the coming decade

It has taken 10 years for cities to rise towards the top of the national policy agenda as a means to boosting growth across the country, and for decisions about devolving significant powers to the city-region level to be taken within the corridors of Whitehall. This has been marked by the Chancellor's welcome announcement at the end of 2014 to devolve a number of powers and funding streams to Greater Manchester.

Given the political, economic and financial challenges that lie ahead, the party (or coalition of parties) that forms the

next government must look to build on the positive steps taken to support UK cities to grow over the last decade, by:

Agreeing devolution deals with other UK city-regions: Given the merits of the GLA model, the recent announcement that Greater Manchester is set to receive similar powers to those afforded to London is encouraging, as is the broad political support for extending this approach to other city-regions across the UK.

Similar deals need to be brokered with other UK city-regions, equipping them with the necessary powers over transport, housing, planning and skills to drive their economies forward. This will require city authorities themselves to step up and provide assurances of city-region wide accountability and governance.

Devolving new fiscal powers to UK city-regions: If cities across the country are to make bigger contributions to the UK economy's future growth, then they will need more control over their tax base. The inability of cities to raise and retain taxes locally, or to spend their budgets according to local priorities, constrains them from focusing resources and investment where they can best support their local economy.



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And the lack of flexibility and incentives for improvement does not encourage innovation in service delivery.

The next step, once the new governance arrangements for Greater Manchester have been established, should be for the mayors of London and Greater Manchester to be given further financial and fiscal freedoms from Whitehall, as recommended by the London Finance Commission.¹⁰

Cities and the future of the national economy

Achieving a national economy in which more places and people both contribute to and benefit from economic success is a significant and long-term challenge. To address this challenge, UK cities and city-regions must be armed with greater powers over the factors that affect their economies, with more control over their budgets, taxes and assets, and led by directly elected mayors who are accountable to the whole of the city electorate.

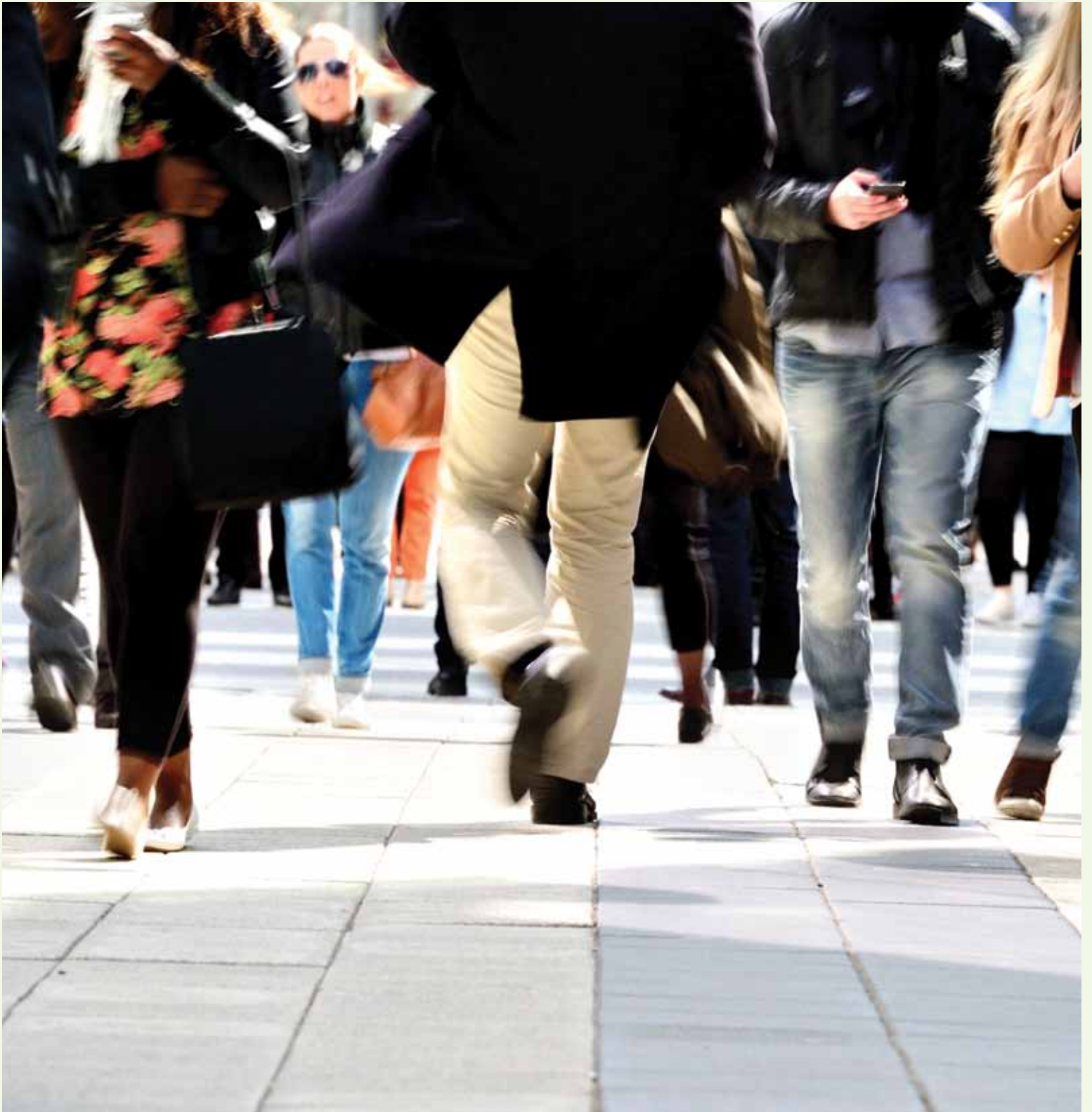
These radical changes will take time to implement, and they will not create an instant turnaround in the economic performance of those cities that have struggled over the last 10 years. But the changes will at least enable cities to tailor policies to address the big economic development challenges that they face, and will begin to drive growth in both their local and the national economy.

The economic and political imperative to tackle these challenges is clear. As David Cameron said in January 2015: “When it comes to the next generation – to Britain’s long-term future – few things are more important than rebalancing our economy... we need a strong London, but we need a northern powerhouse too.”¹¹



10. London Finance Commission (2013) *Raising the capital*, London: London Finance Commission

11. Prime Minister's Speech at the Old Granada Studios, Manchester on 8th January 2015



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03

**City monitor:
the latest data**

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City monitor: the latest data

As shown in the previous chapter, there is a continuing divergence in the economic performance of cities in the South and cities elsewhere in the UK. But there is also great variation between cities across the UK. This section explores this variation by ranking cities on a range of different indicators.

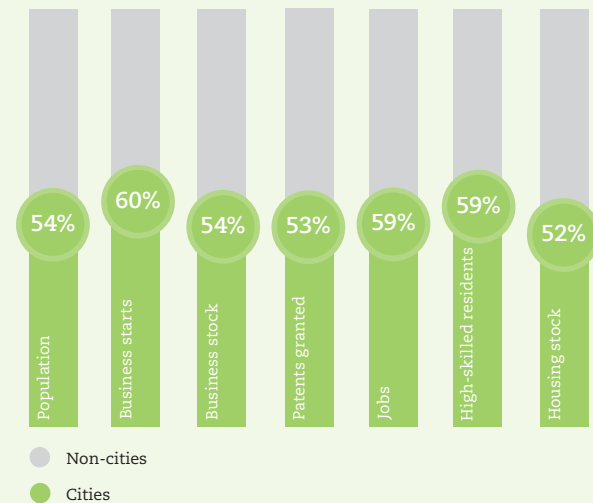
Introduction

This section provides a detailed analysis of the 64 largest cities in the UK, drawing on a range of datasets released in 2014.

- Population
- Business dynamics
- Innovation
- Employment
- Skills
- Earnings
- Disparities
- Housing
- Environment
- Digital connectivity

For most indicators the 10 strongest and 10 weakest performing cities are presented only. Tables of the full list of cities can be found on www.centreforcities.org/data-tool

Figure 13:
Cities' contribution to the national economy



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Population

Growing populations can give an indication of the economic opportunity that is available in cities. Cities that provide many job opportunities are likely to retain and attract more people than cities that do not.

- 54 per cent of the UK's population live in cities. The UK's four biggest cities – London, Birmingham, Manchester and Glasgow – account for 23.6 per cent of the UK's population (with London alone home to 15 per cent), and 43.8 per cent of those living in cities.
- 19 out of 64 cities experienced double digit percentage growth over the decade to 2013.
- The top three cities – Milton Keynes, Peterborough and Swindon – experienced rates of population growth more than double the national average between 2003 and 2013.
- Only one city – Sunderland – experienced a decrease in population over the 10-year period, with Burnley's population remaining the same size.



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Table 1:
Population growth

Rank	City	Annual growth rate (%)	Population, 2013	Population, 2003	Change, 2003-2013
10 fastest-growing cities by population					
1	Milton Keynes	1.6	255,700	217,600	38,100
2	Peterborough	1.6	188,400	160,800	27,600
3	Swindon	1.5	214,000	184,400	29,600
4	Cambridge	1.3	126,500	111,300	15,200
5	London	1.2	9,750,500	8,621,000	1,129,500
6	Ipswich	1.2	134,700	119,200	15,500
7	Luton	1.2	208,000	185,000	23,000
8	Cardiff	1.2	351,700	313,200	38,500
9	Gloucester	1.1	124,600	111,500	13,100
10	Northampton	1.1	216,700	194,800	21,900
10 slowest-growing cities by population					
55	Dundee	0.3	148,200	144,100	4,100
56	Hull	0.3	257,600	250,600	7,000
57	Glasgow	0.2	1,057,600	1,033,200	24,400
58	Rochdale	0.2	212,100	207,500	4,600
59	Birkenhead	0.2	320,300	315,400	4,900
60	Grimsby	0.1	159,800	158,400	1,400
61	Middlesbrough	0.1	467,100	463,300	3,800
62	Blackpool	0.1	326,100	324,100	2,000
63	Burnley	0.0	177,000	176,800	200
64	Sunderland	-0.2	276,100	281,500	-5,400
United Kingdom		0.7	64,105,700	59,636,700	4,469,000

Source: NOMIS 2014, Mid-year population estimates, 2003 and 2013 data

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Business dynamics

Strong city economies depend on the dynamism of businesses and entrepreneurs. The overall number of businesses in a city and the rates at which businesses are starting up and closing down are key indicators of the health of a city's economy.

Business starts and closures

- 60 per cent of all new UK businesses were in cities in 2013, with the number of start-ups increasing by 30 per cent compared to 2012.
- For the first time since 2007, every city in the UK had more businesses start than close in 2013.
- There are several big movers in the rankings from last year.
 - Plymouth had 15 more start-ups per 10,000 population in 2013 compared with the previous year and moved 14 places up the table to 42nd.
 - Blackburn also improved significantly, moving nine places to 28th.
- London once again topped the rankings with 95.6 business start-ups per 10,000 population and had 41 per cent more start-ups than the second highest city, Milton Keynes (67.7). The capital also had the highest number of business closures with 57.6 closures per 10,000 population, 53 per cent higher than the national average.

Business stock

- Cities were home to 54 per cent of all UK businesses in 2013.
- While large cities accounted for 35 per cent of all UK business, the top 10 is dominated by small and medium-sized cities when measuring on a population basis.
- London accounted for a fifth of all UK businesses and had 18 per cent more businesses per 10,000 population than the next highest city Brighton.
- Only four cities in the top 10 increased the relative size of their business base above the national average, whereas seven of the bottom 10 surpassed this. Liverpool, Middlesbrough and Plymouth saw the greatest change with increases of more than 6 per cent.
- The geographical differences between the top 10 and bottom 10 cities are stark. Eight of the top 10 cities are located in the Greater South East and eight of the bottom 10 cities are located in the North.



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Table 2:
Business starts and closures per 10,000 population

Rank	City	Business start-ups per 10,000 population, 2013	Business closures per 10,000 population, 2013	Churn rate*
10 cities with the highest start-up rate				
1	London	95.6	57.6	7.8
2	Milton Keynes	67.7	45.0	5.8
3	Northampton	66.7	36.7	9.0
4	Brighton	66.4	46.4	4.8
5	Reading	63.9	43.1	5.1
6	Aberdeen	63.6	39.2	6.3
7	Manchester	58.6	39.8	5.8
8	Southend	58.3	43.6	4.1
9	Aldershot	58.3	42.3	3.9
10	Crawley	56.4	38.6	4.9
10 cities with the lowest start-up rate				
55	Sheffield	38.1	28.7	3.8
56	Telford	38.0	26.4	4.5
57	Stoke	34.8	25.7	3.9
58	Dundee	34.8	22.6	5.8
59	Hull	34.5	22.7	5.5
60	Swansea	34.3	27.0	3.1
61	Mansfield	33.3	24.0	4.2
62	Barnsley	32.9	23.1	4.4
63	Sunderland	32.6	21.2	6.1
64	Belfast	28.0	26.3	0.7
United Kingdom		54.0	37.1	4.9

Source: ONS 2014, Business Demography, 2013 data. NOMIS 2013, Mid-year population estimates, 2013 data.

*Difference between business start-ups and business closures is as a percentage of total business stock.

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Table 3:
Business stock per 10,000 population

Rank	City	Business stock, 2013	Business stock, 2012	Change, 2012-13 (%)
10 cities with the highest number of businesses				
1	London	489.9	463.3	5.8
2	Brighton	416.8	403.5	3.3
3	Reading	408.9	396.8	3.1
4	Aldershot	405.2	393.9	2.9
5	Aberdeen	390.1	373.1	4.6
6	Milton Keynes	389.7	375.0	3.9
7	Crawley	363.0	348.9	4.0
8	Southend	358.5	345.8	3.7
9	Cambridge	356.5	345.4	3.2
10	Bournemouth	345.5	340.1	1.6
10 cities with the lowest number of businesses				
55	Newcastle	228.5	218.5	4.6
56	Doncaster	225.0	213.9	5.2
57	Liverpool	224.6	210.0	7.0
58	Barnsley	222.6	217.4	2.4
59	Middlesbrough	220.7	206.6	6.8
60	Mansfield	218.5	216.1	1.1
61	Plymouth	216.8	203.3	6.7
62	Hull	215.6	208.4	3.5
63	Dundee	209.5	199.9	4.8
64	Sunderland	185.6	175.7	5.6
	United Kingdom	344.9	332.5	3.7

Source: ONS 2014, Business Demography, 2013 data. NOMIS 2013, Mid-year population estimates, 2013 data.

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Innovation

Innovation is a driver of long-run economic growth. Finding new or better ways of making goods or delivering services improves the performance of businesses which in turn increases the capacity of city economies.

Patents granted

- 53 per cent of patents registered in the UK were registered in cities.
- More patents were granted per 100,000 people in Cambridge than in the next six highest cities combined. However, London leads the way in the number of patents registered with 17 per cent of the UK total.
- Medium-sized cities are the most innovative. Within these cities, innovation is driven by different industries; in Gloucester and Aldershot it is focused around the aerospace and defence industries, whereas in Coventry and Peterborough a large share of patents are registered by the automotive industry.
- In most cities innovation is typically dispersed across several businesses, but in Edinburgh and Blackburn a single firm accounts for almost 50 per cent of patents registered.



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Table 4:
Patents granted per 100,000 population

Rank	City	Patents granted per 100,000 residents, 2013
10 cities with highest number of patents granted		
1	Cambridge	65.6
2	Gloucester	18.5
3	Aldershot	15.4
4	Coventry	9.4
5	Blackburn	7.5
6	Peterborough	6.4
7	Edinburgh	6.2
8	Sheffield	5.6
9	Bristol	5.1
10	Milton Keynes	5.1
10 cities with lowest number of patents granted		
55	Burnley	1.1
56	Hull	0.8
57	Ipswich	0.7
58	Dundee	0.7
59	Wigan	0.6
60	Northampton	0.5
61	Belfast	0.4
62	Chatham	0.4
63	Sunderland	0.4
64	Bolton	0.4
United Kingdom		3.8

Source: Intellectual Property Office 2014, FOI release: Patents granted registered by postcode, 2013 data. NOMIS 2014, Mid-year population estimates, 2013 data.

Box 4: Measuring innovation

Patent data is widely used to measure innovation. Patents are registered with the Intellectual Property Office and have an address allocated to them making it possible to assign them to a particular city.

However, we note that using patent data is an imperfect measure of innovation. There is no way to verify that the innovative activity happened at the address on that application.

Patents also only demonstrate more technical innovations and exclude process innovations, trademarks and creative innovation, much of which takes place within service sector businesses.

However, while patents do not cover all forms of innovation, they do act as a good proxy, and there is large variation across the country.

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Employment

High employment rates, low unemployment rates and strong jobs growth point to well-functioning labour markets, with the demand for workers amongst employers being high. Low employment rates, high unemployment and weak jobs growth suggest weak labour markets.

Employment rate

- 42 out of 64 cities increased their employment rate in 2014 and 22 did so by two or more percentage points.
- 36 cities had employment rates below the national average. To bring these cities up to the national average, an extra 546,100 residents in those cities would need to find employment.
- Dundee, which had the lowest employment rate of 61.9 per cent (10 percentage points below the national average), would need 9,510 of its residents to find jobs to bring the city in line with the national average.
- Seven of the top 10 cities are within 80 miles of London, while Warrington remained the only city in the North of England to make the top 10. At the other end of the scale, six out of the 10 bottom cities are concentrated in the North West and Yorkshire regions.

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Table 5:
Employment rate

Rank	City	Employment rate, Jul 2013-Jun 2014 (%)	Employment rate, Jul 2012-Jun 2013 (%)	Percentage point change
10 cities with highest employment rate				
1	Warrington	79.8	77.5	2.3
2	Cambridge	78.9	76.8	2.1
3	Swindon	78.0	73.5	4.5
4	Aldershot	78.0	71.5	6.4
5	Reading	77.2	78.1	-0.9
6	Aberdeen	77.1	75.6	1.5
7	Gloucester	76.8	77.8	-1.0
8	Crawley	76.3	74.3	2.0
9	Brighton	75.5	71.9	3.6
10	Ipswich	75.2	75.6	-0.4
10 cities with lowest employment rate				
55	Bradford	66.4	65.6	0.7
56	Swansea	65.8	65.1	0.8
57	Hull	64.8	61.9	2.9
58	Birmingham	64.2	63.4	0.8
59	Coventry	63.6	64.1	-0.5
60	Rochdale	62.8	63.4	-0.6
61	Blackburn	62.6	64.7	-2.1
62	Liverpool	62.3	63.2	-0.8
63	Burnley	62.1	64.0	-1.9
64	Dundee	61.9	64.3	-2.4
	United Kingdom	71.9	71.0	1.0

Source: NOMIS 2014, Annual Population Survey, residents analysis, July 2012- June 2013 and July 2013- June 2014; DETINI 2014, District Council Area Statistics for Belfast, 2012 and 2013 data.

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Unemployment

- Nearly two thirds (65.5 per cent) of those claiming Jobseekers' Allowance live in cities.
- All cities experienced reductions in the number of working age residents claiming Jobseekers Allowance between November 2013 and November 2014.
- Cities accounted for 70 per cent of the reduction in JSA claimants in 2014, with 235,500 fewer claimants in cities compared to 2013, out of a UK total of 375,000.
- While Hull had the highest claimant count, it also saw the largest decrease of claimants with more than 3,500 residents no longer claiming.

Private sector jobs growth

- 48 cities saw an increase in their number of private sector jobs.
- The top 10 cities added 193,900 net private sector jobs to the national economy in 2013, nearly 60 per cent of all national private sector net jobs growth.
- Barnsley, Coventry and Milton Keynes each experienced more than 7 per cent growth in private sector jobs.
- 15 cities experienced a reduction in private sector jobs in the year 2012-13 with Edinburgh, Newport and Sunderland seeing reductions of more than 2 per cent.
- Edinburgh was the hardest hit, suffering a loss of 4.9 per cent of its private sector jobs, with the biggest job losses being in the business administration and support sector. Aldershot also experienced a significant shift in its ranking, moving from first (9.4 per cent increase) in 2012 to 57th (1.4 per cent decrease) in 2013.



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Table 6:
Claimant count

Rank	City	Claimant count, November 2014 (%)	Claimant count, November 2013 (%)	Percentage point change
10 cities with the lowest JSA claimant count				
1	Cambridge	0.7	1.4	-0.6
2	Aldershot	0.8	1.5	-0.6
3	Oxford	0.9	1.6	-0.7
4	York	0.9	1.6	-0.7
5	Reading	1.0	1.6	-0.6
6	Aberdeen	1.0	1.4	-0.4
7	Crawley	1.1	1.7	-0.6
8	Southampton	1.3	2.1	-0.8
9	Bournemouth	1.3	2.1	-0.7
10	Worthing	1.3	1.9	-0.6
10 cities with the highest JSA claimant count				
55	Liverpool	3.2	4.9	-1.7
56	Sunderland	3.3	4.5	-1.2
57	Dundee	3.4	4.4	-1.0
58	Bradford	3.8	5.2	-1.4
59	Birmingham	3.9	5.4	-1.5
60	Grimsby	3.9	5.2	-1.3
61	Newport	3.9	4.8	-0.8
62	Middlesbrough	4.0	5.5	-1.5
63	Belfast	4.4	5.1	-0.7
64	Hull	4.9	7.0	-2.1
United Kingdom		2.1	3.0	-0.9

Source: NOMIS 2013, Claimant Count with rates and proportions, November 2013 and November 2014 data; Mid-year population estimates, 2013 data. Note: Data differs to NOMIS claimant count rates as latest available mid-year population estimates are used to calculate the figures above.

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Table 7:
Private sector jobs growth

Rank	City	Change, 2012-2013 (%)	Total private sector jobs, 2013	Total private sector jobs, 2012	Net job gains/losses
10 cities with the highest private sector jobs growth					
1	Barnsley	9.4	52,600	48,100	4,500
2	Coventry	8.1	103,500	95,700	7,800
3	Milton Keynes	7.2	124,600	116,200	8,400
4	Bolton	6.0	78,400	74,000	4,400
5	Swansea	4.9	65,400	62,300	3,100
6	Doncaster	4.7	75,600	72,200	3,400
7	Blackburn	4.5	41,900	40,100	1,800
8	Leeds	4.0	309,300	297,500	11,800
9	Nottingham	3.8	225,400	217,200	8,200
10	London	3.5	4,169,500	4,029,000	140,500
10 cities with the lowest private sector jobs growth					
54	Middlesbrough	-0.9	118,500	119,600	-1,000
55	Newcastle	-0.9	252,700	255,100	-2,400
56	Southend	-1.0	72,600	73,400	-800
57	Aldershot	-1.4	77,400	78,500	-1,100
58	Rochdale	-1.5	51,300	52,000	-800
59	Plymouth	-1.6	68,000	69,100	-1,100
60	Worthing	-1.6	27,600	28,000	-400
61	Sunderland	-2.3	78,300	80,100	-1,800
62	Newport	-2.4	46,900	48,000	-1,200
63	Edinburgh	-4.9	221,300	232,700	-11,300
Great Britain		1.6	20,666,800	20,336,400	330,500

Source: NOMIS 2014, Business Register and Employment Survey, 2012 and 2013 data.

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Links between public and private sector jobs

- 49 out of 64 cities were more reliant on the public sector than the national average.
- Of the larger cities, only Leeds, London and Manchester had a greater share of private sector jobs than the national average.
- While Swindon and Crawley had four private sector jobs for every one in the public sector, at the bottom of the table Oxford had an equal number of each on account of its two universities.
- The city with the biggest change in its public to private ratio from 2012 was Rochdale, which lost 13 per cent of its public sector jobs in 2013, bringing it in line with the national average of 2.7 private sector jobs to every public sector job.



In Swindon, every four jobs to one are in the private sector, but in Oxford it is even



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Table 8:
Ratio of private sector to public sector jobs

Rank	City	Private to public ratio	Private sector jobs, 2013	Public sector jobs, 2013
10 cities with highest proportion of private sector jobs				
1	Crawley	4.1	120,400	29,600
2	Swindon	4.0	87,200	22,000
3	Aldershot	3.9	77,400	19,600
4	Warrington	3.9	96,400	25,000
5	Milton Keynes	3.8	124,600	32,500
6	Reading	3.6	181,400	49,800
7	London	3.6	4,169,500	1,167,800
8	Peterborough	3.5	78,300	22,400
9	Aberdeen	3.1	138,200	44,000
10	Telford	2.9	59,200	20,200
10 cities with lowest proportion of private sector jobs				
55	Gloucester	1.7	39,000	22,600
56	Belfast	1.7	202,022	116,817
57	Plymouth	1.7	68,000	41,000
58	Birkenhead	1.6	60,300	37,100
59	Swansea	1.6	65,400	40,700
60	Hastings	1.6	19,000	12,200
61	Dundee	1.5	43,600	30,000
62	Worthing	1.4	27,600	19,300
63	Cambridge	1.4	55,900	40,400
64	Oxford	1.0	53,800	53,100
Great Britain		2.7	20,868,800	7,747,300

Source: NOMIS 2014, Business Register and Employment Survey, 2013 data; DETINI 2014, NI Census of Employment, 2013 data.

Note: Whole Northern Ireland data not available so Great Britain is shown.

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Skills

Skills levels are a key component of the success of a city economy. Those cities that have a higher proportion of graduates tend to have stronger economies than those that have a large number of people with no formal qualifications.

High level qualifications

- Cities are home to 59 per cent of the UK's high-skilled people.
- Cities in the Greater South East accounted for 20 per cent of the total working age population but 26 per cent of the UK's high-skilled population.
- Scottish cities also had a greater percentage of high-skilled people relative to total working age population, with 3 per cent of the UK working age population, but 4 per cent of its highly skilled working age population.
- English cities outside the Greater South East and South West accounted for 21 per cent of the UK's high-skilled population while being home to 25 per cent of the total working age population.
- In the bottom 10 cities, Southend and Chatham are the only two cities located in the Greater South East.

Table 9:

Residents with high-level qualifications

Rank	City	Working age population with NVQ4 & above, 2013 (%)
10 cities with the highest percentage of high qualifications		
1	Cambridge	65.7
2	Edinburgh	54.6
3	Oxford	49.0
4	London	48.0
5	Aberdeen	45.5
6	Brighton	44.1
7	Reading	43.2
8	Glasgow	41.4
9	York	40.6
10	Dundee	40.3
10 cities with the lowest percentage of high qualifications		
55	Chatham	23.7
56	Stoke	23.5
57	Rochdale	23.0
58	Doncaster	22.9
59	Hull	22.3
60	Barnsley	22.3
61	Southend	21.4
62	Wakefield	20.6
63	Grimsby	19.9
64	Mansfield	17.8
United Kingdom		35.0

Source: NOMIS 2014, Annual Population Survey, residents analysis, 2013 data; DETINI 2014, District Council Area Statistics for Belfast, 2013 data.

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No formal qualifications

- Cities are home to 60 per cent of the UK population that have no formal qualifications.
- Three of the UK's largest cities – Birmingham, Liverpool and Belfast – had some of the highest proportions of people with no formal qualifications.
- Unsurprisingly there was a strong relationship between those cities with high percentages of no formal qualifications, high JSA claimant counts and low employment rates, such as Birmingham, Liverpool and Bradford.
- Two cities had highly polarised skills profiles:
 - Glasgow had the eighth highest proportion of highly skilled residents, but also had the 12th highest share of residents with no formal qualifications.
 - Belfast also ranked 18th for the share of highly skilled residents and had the fourth highest share of residents with no formal qualifications.

Table 10:

Residents with no formal qualifications

Rank	City	Working age population with no formal qualifications, 2013 (%)
10 cities with the lowest percentage of no formal qualifications		
1	Aldershot	4.3
2	Brighton	5.1
3	Edinburgh	5.3
4	Cambridge	5.4
5	Reading	5.4
6	Plymouth	6.1
7	Bristol	6.2
8	Oxford	6.4
9	Bournemouth	6.5
10	Crawley	6.6
10 cities with the highest percentage of no formal qualifications		
55	Bradford	13.7
56	Liverpool	13.9
57	Luton	14.1
58	Blackburn	14.2
59	Mansfield	14.4
60	Rochdale	14.4
61	Belfast	14.7
62	Stoke	15.5
63	Coventry	15.8
64	Birmingham	16.5
United Kingdom		9.5

Source: NOMIS 2014, Annual Population Survey, residents analysis, 2013 data. DETINI 2014. District Council Area Statistics for Belfast, 2013 data

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Earnings

Workforce earnings reflect the types of jobs available in cities. Those cities that have higher wages are likely to have a greater number of high-skilled jobs than those that do not.

Earnings growth

- In 2014, the average workforce weekly earnings in cities were £538, compared with the UK average of £501.
- Workers in 14 cities earned above the national average in 2014. But only four of these (Aberdeen, Derby, Edinburgh and Coventry) are located outside the Greater South East.
- Seven cities – Aberdeen, Birkenhead, Blackpool, Dundee, Portsmouth, Southampton and Stoke – saw a real terms increase in their workers’ weekly wages of more than £20, with Blackpool experiencing the largest increase of £44.
- Two thirds of UK cities saw their real weekly wages fall in 2014 overall. Average real earnings decreased by £8 per week in 2014 to £538 per week, although this was still £37 more than the national average.
- Nearly 30 per cent of cities saw their workers’ wages decrease by more than £20 per week in real terms, with Burnley, Northampton and Wigan seeing a decrease of over £35.
- Huddersfield had the lowest average weekly workforce wage, and saw a real earnings loss of £34. The gap between the top city – London – and the bottom city – Huddersfield – widened; workers in London now earn on average £282 more per week than workers in Huddersfield.



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Table 11:
Average workplace earnings

Rank	City	Earnings 2014 (average £ per week, 2014 prices)	Earnings 2014 (average £ per week, 2013 prices)	Earnings 2013 (average £ per week, 2013 prices)	Real earnings growth, 2013-2014
10 cities with highest weekly earnings					
1	London	676	665	681	-16
2	Aberdeen	625	615	589	26
3	Reading	621	611	610	0
4	Crawley	599	589	612	-23
5	Derby	596	586	577	10
6	Aldershot	593	583	569	14
7	Milton Keynes	577	568	571	-3
8	Oxford	555	546	557	-11
9	Edinburgh	554	545	565	-20
10	Cambridge	546	537	548	-11
10 cities with lowest weekly earnings					
55	Burnley	427	420	459	-39
56	Swansea	427	420	413	7
57	Birkenhead	424	417	395	22
58	Norwich	421	414	435	-22
59	Hastings	414	408	406	2
60	Rochdale	413	407	429	-22
61	Wigan	401	395	431	-36
62	Southend	400	393	406	-13
63	Bolton	398	392	417	-26
64	Huddersfield	394	388	422	-34
	United Kingdom	501	493	501	-9

Source: ONS 2014, Annual Survey of Hours and Earnings (ASHE), average gross weekly workplace-based earnings, 2014 data; DETINI 2014, Annual Survey of Hours and Earnings (ASHE), average gross weekly workplace based earnings, 2014 data. Own calculations for PUA-level weighted by number of jobs, CPI inflation adjusted (2013=100). Earnings data is for 'employees' only, whereas the rest of the tables use 'employment' data.

Note: ASHE statistics are based on a sample survey, so the statistical significance of the results should be treated with caution. Previous editions of *Cities Outlook* used residence-based earnings data rather than workplace-based data.

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Disparities

Inequalities within cities are often starker than between cities. Disparities within cities arise as a result of large differences between neighbourhoods with high claimant rate areas and those with none.

- All UK cities have neighbourhoods with almost no JSA claimants living in them.
- All of the UK's 11 largest cities have big differences between highest and lowest JSA rate neighbourhoods, much higher than the national average. Two thirds of small cities have a smaller difference than the national average, indicating greater inequalities within larger urban areas.
- Belfast had the neighbourhood with the highest number of JSA claimants as a share of working age population.

Box 5:

Defining disparities

As in previous editions of *Cities Outlook*, we use the percentage point difference between a city's lower super output area (LSOA)¹² – neighbourhoods within a city with an average population of 1,500 – with the highest JSA claimant count and a city's LSOA with the lowest claimant count as a proxy indicator for inequalities within a city. The measure is only a proxy – income data would serve as a better measure but is not made available on a comparable basis across cities.



12. Data Zones in Scotland and SOAs in Belfast.

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Table 12:
Disparities within cities

Rank	City	Difference between highest and lowest JSA rate	Highest JSA (%) rate, November 2014	Lowest JSA (%) rate, November 2014
10 cities with the lowest levels of inequality				
1	Aldershot	2.3	2.5	0.2
2	Cambridge	2.7	2.8	0.1
3	Oxford	2.8	2.9	0.1
4	Crawley	3.0	3.3	0.3
5	York	3.6	3.7	0.1
6	Reading	3.8	3.9	0.1
7	Worthing	4.0	4.4	0.4
8	Preston	4.1	4.4	0.3
9	Aberdeen	4.4	4.7	0.2
10	Peterborough	4.9	5.1	0.3
10 cities with the highest levels of inequality				
55	Bradford	13.1	13.5	0.4
56	Edinburgh	13.6	13.7	0.1
57	Middlesbrough	13.7	14.1	0.3
58	Glasgow	14.6	14.9	0.3
59	Dundee	14.7	14.9	0.2
60	London	14.8	15.0	0.2
61	Nottingham	14.8	15.1	0.3
62	Leeds	14.9	15.1	0.2
63	Birmingham	15.1	15.3	0.2
64	Belfast	15.2	15.8	0.6
	City Average	7.8	8.1	0.3

Source: ONS 2014, Mid-2013 Population Estimates for Lower Layer Super Output Areas in England and Wales, by Single Year of Age and Sex, 2013 data. General Register Office for Scotland 2013, Small Area Population Estimates Scotland, Data Zones, 2013 data. Census Office for Northern Ireland 2014, Usual Resident Population, Super Output Areas, 2013 data. NOMIS 2014, Claimant Count, November 2013 data. Northern Ireland Neighbourhood Information Service (NINIS) 2014, Jobseekers Allowance Claimants, Super Output Area, 2014 data.

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Housing

Housing stocks and prices together provide useful insights into cities' housing markets, showing both supply and demand measures.

Housing stock growth

- Cities account for 52 per cent of the UK's housing stock.
- All cities except Dundee saw an increase in their overall housing stock between 2012 and 2013.
- Milton Keynes was again the city that added the most new housing as a proportion of its existing stock.
- While the top 10 cities increased the size of their housing stock by more than the national average, none of them increased it in line with their population growth.



63 out of 64 cities saw an increase in housing between 2012 and 2013

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Table 13:
Housing stock growth

Rank	City	Change 2012-2013 (%)	Housing stock 2013	Housing stock 2012	Change 2012-2013
10 cities with the highest housing stock growth					
1	Milton Keynes	1.3%	104,900	103,600	1,300
2	Peterborough	1.0%	78,300	77,500	800
3	Cambridge	1.0%	49,100	48,600	500
4	Telford	0.9%	70,000	69,400	600
5	Belfast	0.8%	298,609	296,242	2,367
6	Warrington	0.8%	89,200	88,500	700
7	Leicester	0.8%	191,600	190,100	1,500
8	Newport	0.8%	64,300	63,800	500
9	Gloucester	0.8%	53,700	53,300	400
10	Coventry	0.7%	134,800	133,800	1,000
10 cities with the lowest housing stock growth					
55	Sunderland	0.2%	123,800	123,500	300
56	Doncaster	0.2%	131,600	131,300	300
57	Worthing	0.2%	48,600	48,500	100
58	Birkenhead	0.2%	146,000	145,700	300
59	Hull	0.2%	117,100	116,900	200
60	Ipswich	0.2%	59,700	59,600	100
61	Wigan	0.1%	142,100	141,900	200
62	Burnley	0.1%	79,400	79,300	100
63	York	0.1%	86,900	86,800	100
64	Dundee	-0.3%	73,600	73,800	- 200
United Kingdom		0.5%	27,921,300	27,770,900	150,400

Source: Department for Communities and Local Government (DCLG) 2014, Dwelling stock estimates by local authority district 2012 and 2013 data. Scottish Neighbourhood Statistics 2014, Dwelling stocks estimates 2012 and 2013 data. Northern Ireland Neighbourhood Information Service (NINIS) 2014, Department Finance and Personnel, Valuation Directorate, Land and Property Services, 2012 and 2013 data.

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House prices

- 24 cities experienced house price increases between 2013 and 2014 at a rate above the national average of 5.5 per cent. 15 of these cities were within the Greater South East.
- Brighton, Cambridge and London all saw their average house prices increase by more than 10 per cent between 2013 and 2014, twice the national average of 5.1 per cent.
- The average house price in London (£501,500) was almost five times higher than that in Burnley (£104,200).
- With the exception of Scottish cities, the rate of annual growth decreases the further north you go. The top third of cities is dominated by southern cities (experiencing between 5.5 and 14.3 per cent growth), the majority of cities in the East and West Midlands are located in the middle third (between 3.5 and 5.4 per cent growth), while the bottom third of cities are predominantly located in the North West, Yorkshire and the North East (between 0.1 and 3.4 per cent growth).



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Table 14:
House price growth

City	Annual growth, 2013-2014 (%)	Average price, 2014 (£)	Average price, 2013 (£)	Difference in average prices, 2013-2014 (£)
10 cities with the highest rises in house prices				
1 Cambridge	14.3	412,600	360,900	51,700
2 Brighton	12.6	320,400	284,600	35,800
3 London	10.0	501,500	455,900	45,600
4 Oxford	9.7	426,700	388,900	37,800
5 Reading	8.9	307,900	282,700	25,200
6 Ipswich	8.4	168,400	155,300	13,100
7 Worthing	8.4	241,100	222,400	18,700
8 Newport	8.0	161,300	149,300	12,000
9 Milton Keynes	7.7	226,000	209,900	16,100
10 Bristol	7.6	232,900	216,500	16,400
10 cities with the lowest rises in house prices				
54 Blackpool	2.2	149,400	146,200	3,200
55 Warrington	2.0	185,800	182,100	3,700
56 Hull	2.0	104,100	102,100	2,000
57 Blackburn	2.0	114,800	112,600	2,200
58 Leeds	1.6	174,500	171,800	2,700
59 Preston	1.5	159,200	156,900	2,300
60 Stoke	0.8	117,900	117,000	900
61 Telford	0.4	155,500	154,900	600
62 Dundee	-0.1	126,500	126,600	-100
63 Bradford	-0.1	145,000	145,200	-200
Great Britain	5.5	251,400	238,300	13,100

Source: Land Registry 2014, Market Trend Data, Price Paid, 2013 and 2014 data. Scottish Neighbourhood Statistics 2014, Mean house prices, 2013 and 2014 data. Note: 2014 prices in Scotland are an average of the first three quarters of 2014. House prices in England and Wales are an average of January to November prices.

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Environment

Accounting for over 80 per cent of total greenhouse gas emissions, CO₂ emissions are one way to gauge how 'green' a city is and the size of its carbon footprint.

- Most cities saw a rise in carbon emissions per capita between 2011 and 2012, with only three cities experiencing a decrease (Blackburn, Derby, Newport) and two remaining the same (Sheffield, Telford). This is reflected in the UK national average which rose from 6.8 to 7.1 tonnes per capita in the year to 2012.
- Despite these increases, only eight cities had CO₂ emissions per capita above the national average.
- Whilst large cities are significant emitters of CO₂, they are very efficient when emissions are considered on a per capita basis. This is made clear in the case of London which accounted for 12 per cent of all UK emissions, but came 16th out of 64 cities with a CO₂ emission of 5.4 tonnes per capita.
- Middlesbrough is by far the biggest emitter of CO₂ with emissions of 25.6 tonnes per capita, a significant increase from 15 tonnes per capita in 2011.

Table 15:
Total CO₂ emissions per capita

Rank	City	Total CO ₂ emissions per capita, 2012 (t)	Total CO ₂ emissions per capita, 2011 (t)
10 cities with the lowest emissions per capita			
1	Hastings	4.2	3.9
2	Chatham	4.4	4.2
3	Ipswich	4.5	4.2
4	Luton	4.5	4.3
5	Southend	4.6	4.3
6	Worthing	4.6	4.5
7	Brighton	4.7	4.4
8	Plymouth	4.9	4.7
9	Gloucester	5.1	4.9
10	Bournemouth	5.1	4.8
10 cities with the highest emissions per capita			
55	Crawley	6.9	6.7
56	Preston	7.0	6.7
57	Barnsley	7.2	6.7
58	Aberdeen	7.3	6.9
59	Wakefield	7.7	7.3
60	Doncaster	8.1	7.6
61	Warrington	8.3	7.8
62	Grimsby	9.4	9.2
63	Newport	9.4	10.5
64	Middlesbrough	25.6	15.0
United Kingdom		7.1	6.8

Source: Department of Energy & Climate Change (DECC) 2014, CO₂ emissions per capita, 2012 data. NOMIS 2014, Mid-year population estimates 2013 data.

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Figure 14:
CO₂ emissions per capita

City	Emissions per capita, 2012 (t)	City	Emissions per capita, 2012 (t)
Hastings	4.2	Manchester	6.1
Chatham	4.4	Sheffield	6.1
Ipswich	4.5	Belfast	6.1
Luton	4.5	Mansfield	6.1
Southend	4.6	Sunderland	6.1
Worthing	4.6	Rochdale	6.1
Brighton	4.7	Bristol	6.2
Plymouth	4.9	Cambridge	6.2
Gloucester	5.1	Dundee	6.2
Bournemouth	5.1	Oxford	6.3
Portsmouth	5.1	Cardiff	6.4
Birkenhead	5.1	Stoke	6.4
Bradford	5.2	Norwich	6.5
Southampton	5.2	Edinburgh	6.5
Coventry	5.3	Blackpool	6.5
London	5.4	Aldershot	6.5
Birmingham	5.6	Liverpool	6.6
Bolton	5.6	Telford	6.6
York	5.6	Leeds	6.7
Huddersfield	5.7	Peterborough	6.7
Northampton	5.7	Milton Keynes	6.8
Wigan	5.7	Swindon	6.9
Hull	5.7	Crawley	6.9
Derby	5.8	Preston	7.0
Reading	5.8	Barnsley	7.2
Newcastle	5.8	Aberdeen	7.3
Leicester	5.8	Wakefield	7.7
Nottingham	5.9	Doncaster	8.1
Blackburn	5.9	Warrington	8.3
Glasgow	6.0	Grimsby	9.4
Burnley	6.0	Newport	9.4
Swansea	6.0	Middlesbrough	25.6

CO₂ emissions per capita, 2012 (t)

- 4.2 - 5.6 (low)
- 5.7 - 6.3 (medium)
- 6.4 - 25.6 (high)



Source: Department of Energy & Climate Change (DECC) 2014, CO₂ emissions per capita, 2012 data. NOMIS 2014, Mid-year population estimates 2013 data.

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Digital connectivity

Broadband connection is a key component of the infrastructure offer that a city can make to attract businesses and people, as well as support the growth of the existing business base.

- The percentage of fixed-line connections reaching super-fast speeds across cities in England, Scotland and Wales in 2014 was 72.9 per cent.
- This was over 1.5 times more super-fast connections, on a proportional basis, than in non-city areas, which achieved 42.8 per cent, over 16 percentage points more than the national average of 56.5 per cent.
- Seven of the top 10 cities – those with the highest percentage of postcodes achieving super-fast speeds – are situated in the South.
- At the other end of the table nine out of the 10 cities with the lowest percentage of fixed-line connections reaching super-fast speeds are situated in the North and Scotland, with cities in Yorkshire accounting for four of these.

Box 6:

Defining digital connectivity

Cities Outlook uses Super-Fast Broadband (SFBB) as the indicator for measuring digital connectivity.

SFBB is defined by the Office of Communication (Ofcom) as 30 MB/s.* This is in line with European Union Digital Agenda's standard that sets the threshold for SFBB.

Data for maximum broadband speed for each postcode is available from Ofcom. Some postcodes do not have data due to insufficient data or no premises, and these have been excluded from the analysis.

*Ofcom (2014), *2014 Infrastructure Report*, London: Ofcom



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Table 16:
Cities' postcodes achieving super-fast broadband speeds

Rank	City	Postcodes achieving SFBB speeds, 2014 (%)*
10 cities with the highest SFBB penetration rate		
1	Luton	88.9
2	Brighton	86.3
3	Derby	85.5
4	Worthing	84.6
5	Bournemouth	82.8
6	Portsmouth	82.3
7	Nottingham	82.3
8	Cardiff	82.1
9	Aldershot	81.7
10	Plymouth	81.5
10 cities with the lowest SFBB penetration rate		
54	Glasgow	62.4
55	Doncaster	61.4
56	Huddersfield	60.9
57	Norwich	58.7
58	Blackpool	57.9
59	Barnsley	57.0
60	Burnley	57.0
61	Aberdeen	54.9
62	Blackburn	52.8
63	Hull	12.9
Great Britain		56.5

Source: Ofcom 2014, Broadband data, postcode level, 2014 data. Postcode data are allocated to PJAs. Note: Due to variations in broadband performance over time, the file should not be regarded as a definitive and fixed view of the UK's fixed broadband infrastructure. However, the information provided may be useful in identifying variations in broadband performance by geography and the impact of super-fast broadband on overall broadband performance.

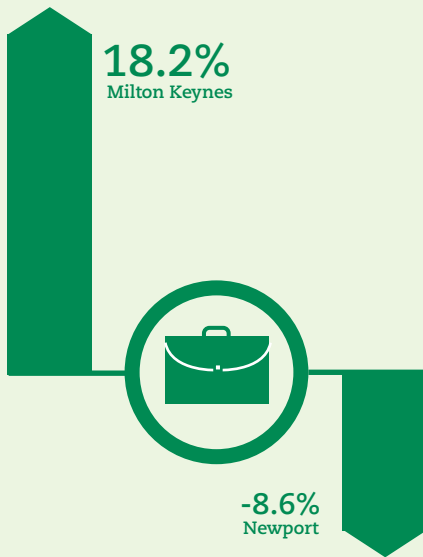
*Postcodes with available data

Over the last decade, the variation between cities has increased....

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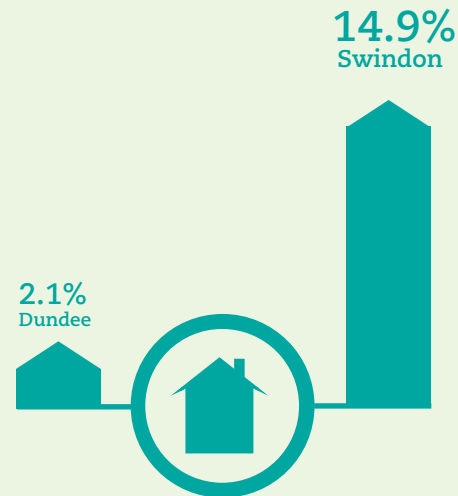
Jobs growth

2004-2013



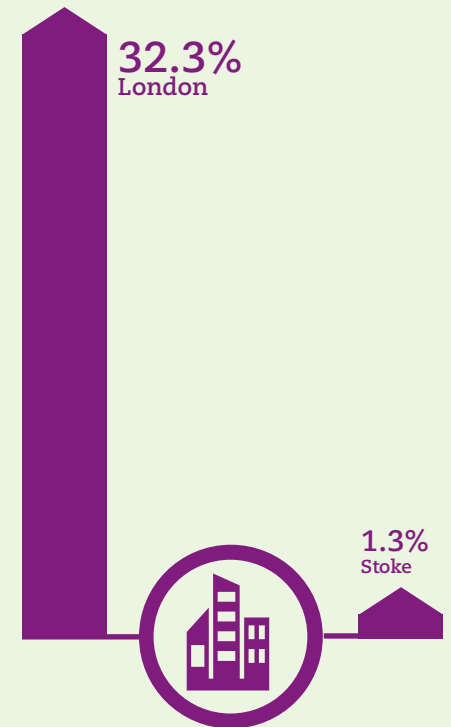
Housing growth

2004-2013



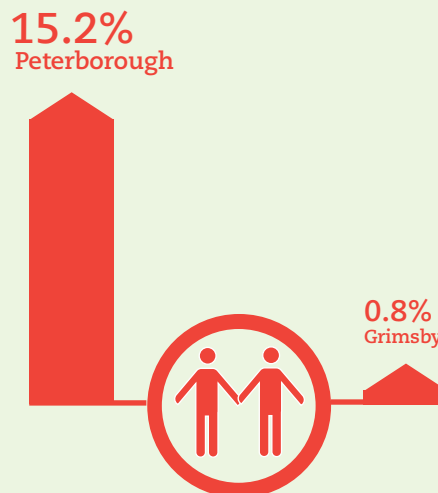
Business growth

2004-2013



Population growth

2004-2013





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