Cities Outlook

2025

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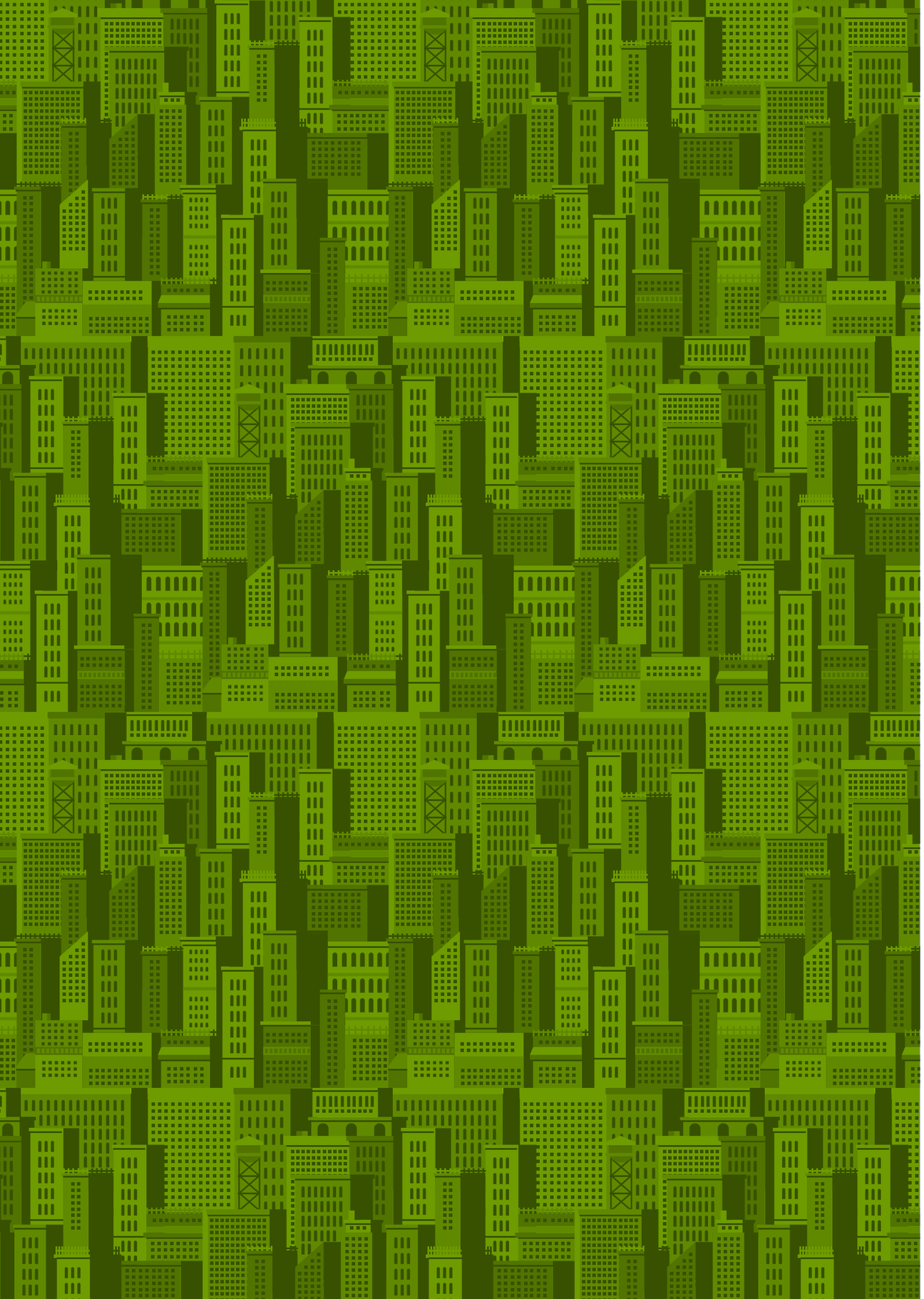

About Centre for Cities

The UK's economy is driven by the success of its largest cities and towns, which generate opportunities and prosperity for people in all parts of the country.

Our mission is to help the UK's largest cities and towns realise their economic potential.

We produce rigorous, data-driven research and policy ideas to help cities, large towns and Government address the challenges and opportunities they face – from boosting productivity and wages to preparing for the changing world of work.

We also work closely with urban leaders, Whitehall and business to ensure our work is relevant, accessible and of practical use to cities, large towns and policy makers.

For more information, please visit www.centreforcities.org/about

Partnerships

Centre for Cities is always keen to work in partnership with like-minded organisations who share our commitment to helping cities to thrive, and supporting policy makers to achieve that aim.

As a registered charity (no. 1119841) we rely on external support to deliver our programme of quality research and events.

To find out more please visit: www.centreforcities.org/about/partnerships

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Testimonials

Cities Outlook 2025 offers a comprehensive and data-driven analysis of the current economic landscape, providing a detailed overview of key trends, challenges, and opportunities facing urban centres, especially during the post-pandemic recovery period.

It is extremely helpful to be able to benchmark Milton Keynes against our fellow UK cities across such a broad range of economic indicators, and this will enable us to take better informed policy decisions as a result. I recommend this report to any city leader seeking a data-driven approach to urban development.

Cllr Pete Marland
Leader of Milton Keynes Council

I want to make the North East the home of real opportunity, tackle child poverty and give everyone in our region the opportunity to find good jobs and training that will help them thrive, so they don't need to leave the North East to enjoy a rewarding career. To achieve that, we need clear, robust evidence about the challenges we need to address in our regions and across the country. The Cities Outlook is an authoritative report and essential reading. It provides clear insights on where we need to target our efforts and how we go about unlocking the potential of our people and places.

Mayor Kim McGuinness
Mayor of the North East

The UK's potential for growth lies in our cities; the challenge for us as city leaders is to create the environment for this to flourish. In a national context of advancing devolution and a return to industrial strategy, Cities Outlook's objective insights are particularly timely, providing national and local policy makers with a strong evidence base to tackle challenges and increase economic opportunities in their areas.

By providing a big picture perspective, Cities Outlook is valuable in understanding the health and performance of the UK's cities and helps ensure that Manchester continues to be the driving force for increasing the prosperity of the wider North West.

Cllr Bev Craig
Leader of Manchester City Council

The Centre for Cities' Cities Outlook 2025 shines a spotlight on the deep-rooted regional inequalities that continue to impact communities across the UK. While it's clear there's still work to do to close wage gaps and raise living standards, this report shows us a way forward.

Devolution and collaboration are key to unlocking the potential of places like the Liverpool City Region. By working hand in hand with the government, local leaders can deliver the high-quality jobs and thriving economies our communities deserve. Together, we can ensure cities are at the heart of the UK's growth agenda and drive the change needed to build a fairer, more prosperous future for everyone.

Mayor Steve Rotheram
Mayor of Liverpool City Region

The annual Cities Outlook report by the Centre for Cities is always a must-read for politicians and policy makers alike, and continues to provide an important independent and evidence-based assessment of the economic wellbeing of large towns and cities right across the UK.

Cities like Cardiff recognise their role and responsibility for driving forward regional and national economies, but we need the powers and flexibilities to be able to do so effectively. Likewise, we recognise the importance of working in partnership with national governments and the private sector to maximise investment and support economic growth that can deliver essential new housing and transport infrastructure improvements, as well as creating jobs and tackling poverty within our communities.

Cllr Huw Thomas
Leader of Cardiff City Council

01

Cities Outlook 2025

A year when delivery is crucial

A year when delivery is crucial

The Labour Government was elected on the platform of change. If people are to see the impact of that change by the next election, then 2025 will be the year to deliver policy action.

The next 12 months will be important for both urban and economic growth policy through the Government's focus on devolution, planning and the Industrial Strategy. Politicians have identified the right areas to concentrate their efforts on. But they will need to be bold, focused and proactive to make progress and avoid drift brought about by inevitable resistance and reluctance in these policy areas.

Devolution

In the first half of the year the Government will bring forward two bills. One will be on English devolution. For many years a key policy recommendation in *Cities Outlook* has been to devolve more power to our biggest cities. This Government is set to continue in the direction set by previous governments, with two welcome recent announcements being the awarding of single spending settlements to a number of mayoral areas and spatial planning powers across England.

The opportunity is to put the structures in place – through local government reform – to create a system that enables deeper devolution. This will be important to give UK cities the same freedoms afforded to international comparators and to create the opportunity for substantial reform to local government funding and local public services.

The challenge is that reform will be contentious, requiring the Government to take unpopular decisions on the merging of local authorities so that they better reflect the areas in which people live and work. As the only institution that is able to determine how the whole system needs to work, it should be proactive in setting out what areas these new structures should cover.

Planning

The second bill will be on planning. The country's planning system is long overdue reform:

its discretionary, case-by-case nature, which makes it an outlier amongst international comparators, has left the UK short of an estimated 4.3 million homes and has the UK economy in a headlock.[1]

While the Government has put itself squarely in the 'YIMBY' camp, there will be a great deal of resistance and scepticism from vested interests in the current system. The country cannot afford for it to back down in the face of this resistance, and the Government should be bold by moving the system to one that is focused on growth.

Industrial Strategy

Finally, the Government will also publish its Industrial Strategy White Paper this year. Following on from last year's Green Paper, it will set out the strategic choices it is willing to make on the economy, on both sectors and places. Industrial strategy has long been looked at through the lens of sector. But the modern economy organises itself as much by place as it does by sector. The success of the strategy will be determined by how it brings these two perspectives together, recognising that the way to encourage tomorrow's growth sectors is by making sure cities in particular offer the benefits that these sectors are looking for.

There will be calls for special help from many different parts of the economy. The Government must stay focused on supporting the parts that are best placed to deliver growth and where there is a clear reason why public policy must intervene.

The success of all three, and particularly the Industrial Strategy, will be determined by this year's Spending Review. History shows that strategy documents have little impact if not backed up with money. How serious the Government is about delivering will be revealed by its funding commitments.

A central objective of the industrial strategy will be to encourage growth outside of the Greater South East. This is the focus of the next chapter of Cities Outlook 2025. It looks at the determinants of a key factor of prosperity – wages. And it sets out what this means for both the national Industrial Strategy and the Local Growth Plans that places are preparing that will aim to bring about the economic change needed to put more money in people's pockets.

Box 1: Defining cities

Centre for Cities research focuses on the UK's 63 largest cities and towns, defined as primary urban areas (PUAs). Unless otherwise stated, Centre for Cities uses data for PUAs in its analysis – a measure of the 'built-up' area of a large city or town, rather than individual local authority areas. You can find the full definitions and a methodological note at www.centreforcities.org/puas.

1 Watling S and Breach A (2023), The housebuilding crisis: The UK's 4 million missing homes, London: Centre for Cities

02

Pocketing a pay rise

What policy must do to boost wages across the country

Pocketing a pay rise: What policy must do to boost wages across the country

The Government wants to put more money in people's pockets across the country. Doing so requires an understanding of what determines pay in different places.

One of the Government's six milestones is that it will deliver higher living standards in every region of the country. A central part of this will be increasing local wages. This chapter sets out the variation in wages across the country, what drives this variation, and what policy will need to do for the Government to achieve its aim of raising living standards everywhere.

Wages vary across the country, but have flatlined everywhere since 2008

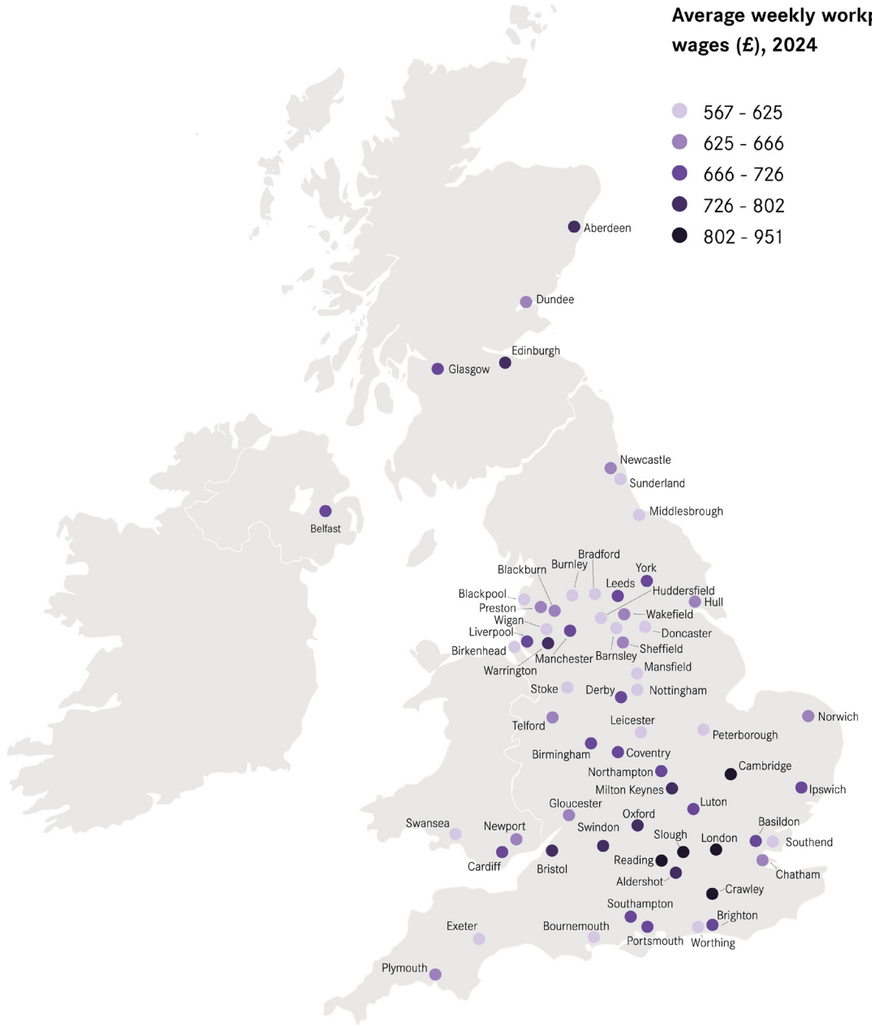
There are large differences in wages across the country. These differences are mainly driven by differences in the performance of cities. Figure 1 shows that:

- **Workplace wages in cities and large towns are higher than non-urban areas in all parts of the country.** This is because of the inherent benefits that a city location offers (discussed in Box 2).
- **Differences in regional pay result from differences in the performance of urban areas.** There is a much greater amount of variation between cities than non-urban areas across the country. If a region is underperforming it is largely because its cities are underperforming.

London has the highest workplace wages of any city or large town in Britain, with pay being 33 per cent higher than the national average, and 68 per cent higher than Burnley (the place with the lowest workplace pay). That's an annual difference of almost £20,000, and means that by August the average worker in London has earnt what the worker in Burnley earns in a full year (see Figure 2).

Eight of the ten cities with the highest wages are in the Greater South East, the best performing region in the country. Meanwhile, wages across the rest of the country tend to be lower, with only Bristol, Swindon, Derby, Edinburgh, Aberdeen, Leeds and Warrington having weekly pay above the national average. Addressing this underperformance is why the Government has identified improving 'regional growth' as a key aim of its forthcoming Industrial Strategy.

Figure 1: Workplace wages in the Greater South East are much higher than the rest of the country



Average weekly workplace wages, 2024

Source: ONS

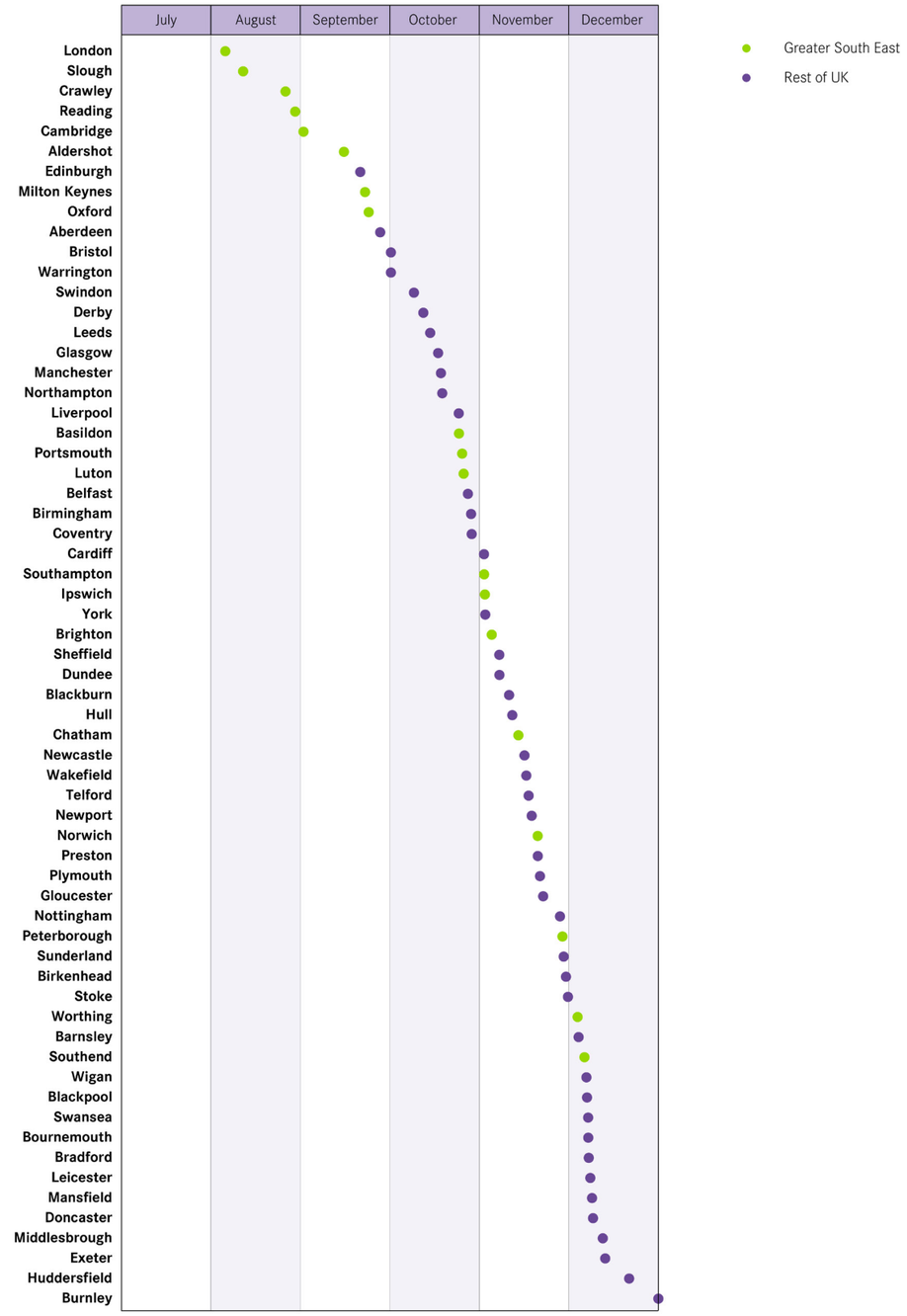
Box 2: Why cities are more attractive to exporters than non-urban areas

Cities inherently offer three main benefits to exporting companies: **learning**, which reflects the ability to share ideas and information (this is especially the case in dense city centres); the **sharing** of inputs such as roads and broadband; and the **matching** of workers to jobs and jobs to workers.[2]

These benefits are particularly attractive to exporting companies, especially those in services sectors. In principle, because exporting companies are not focused on any one market (unlike local services) they could locate anywhere. In practice, they disproportionately locate in cities because of the benefits urban areas offer. Given the higher productivity of exporting companies, cities tend to have higher wages than their non-urban neighbours.

2 For example, see Rosenthal S and Strange W (2004), Chapter 49 – Evidence on the Nature and Sources of Agglomeration Economies, Handbook of Regional and Urban Economics, Volume 4, Pages 2119-2171

Figure 2: At what point of the year an average worker earns £29,500 (the average yearly wage in Burnley), 2024



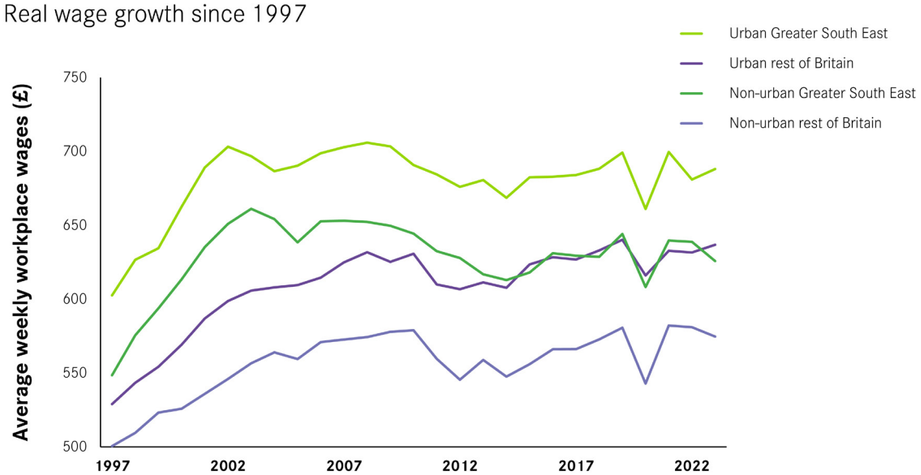
Source: ONS, Centre for Cities calculations

While workplace wages in urban areas are higher than in non-urban areas across the country, all cities have struggled since the financial crisis. Most places have not seen a pay increase (once adjusted for inflation) since 2008. Even for those that have, this increase has been small. In Coventry, the city with the largest increase, wages are just 11 per cent higher in 2023 than they were 15 years earlier.[3] By comparison, between 1997 and 2008, wages in Coventry grew by 31 per cent. Figure 3 shows how wages in cities both north and south have flatlined since 2008. People in some places now are paid less than they were sixteen years ago: workplace wages in Aldershot, the place that has seen the largest fall, are 17 per cent lower in real terms today than they were in 2008.

This means that despite much recent policy rhetoric to close gaps, such as 'regional development policy', 'rebalancing the economy', 'Northern Powerhouse' and 'Levelling Up', there has been no change based on wages. More alarmingly for the UK economy, the reason why it has not widened further is because of flatlining of wages in previously buoyant cities and large towns, rather than an improvement in poorly-performing places.

Figure 3: Wages have flatlined across the country since 2008

Real wage growth since 1997



Source: ONS • Note: Wages deflated using the GDP deflator.

The 'export base' of a city is the key determinant of wages

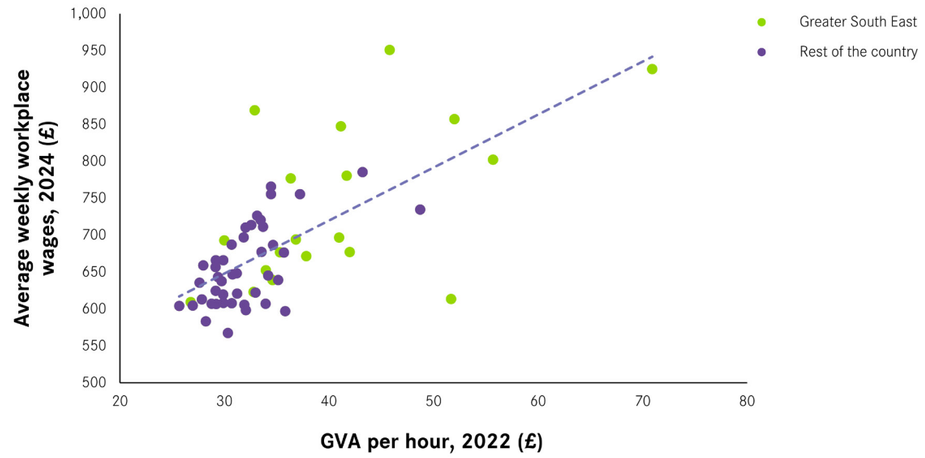
If the industrial strategy is to turn this around then it needs to focus on improving the part of the economy that determines wages.

This is productivity. As Figure 4 shows, where cities and large towns have high productivity they also tend to have high wages.

3 Real terms data for 2024 was not available at the time of going to print.

Figure 4: Places with higher productivity have higher wages

The relationship between output per hour and average weekly workplace wages



Source: ONS

Not all companies or sectors contribute to productivity equally. In fact, the productivity differences observed between places are mostly determined by 'exporting' activities. Exporters, such as manufacturing plants or software developers, generate income by selling their outputs to customers beyond their immediate vicinity. This contrasts with local services, such as barbers or mechanics which generally serve local residents.

National data show that exporting activities are the drivers of UK productivity growth, with sectors like IT, chemicals, pharmaceuticals and finance leading growth since 1997 while productivity fell in local services such as food services and arts and culture.[4] This is because exporting activities have greater ability to absorb new innovations and use creativity to create value.

For example, whereas new technology means that a car factory can produce far more cars today than it could 30 years ago or CGI has increased what is possible in film production, hairdressing or serving in a bar has changed far less. Online tools may make bookings more efficient, but a person can only cut so many heads of hair in an hour.

While using different language, the Government's Industrial Strategy Green Paper broadly identifies the export base as the part of the economy to focus on. The eight broad sectors it has chosen, based on their levels of productivity in 1997 and 2022, have a large overlap with the definition of exporters used in this chapter.

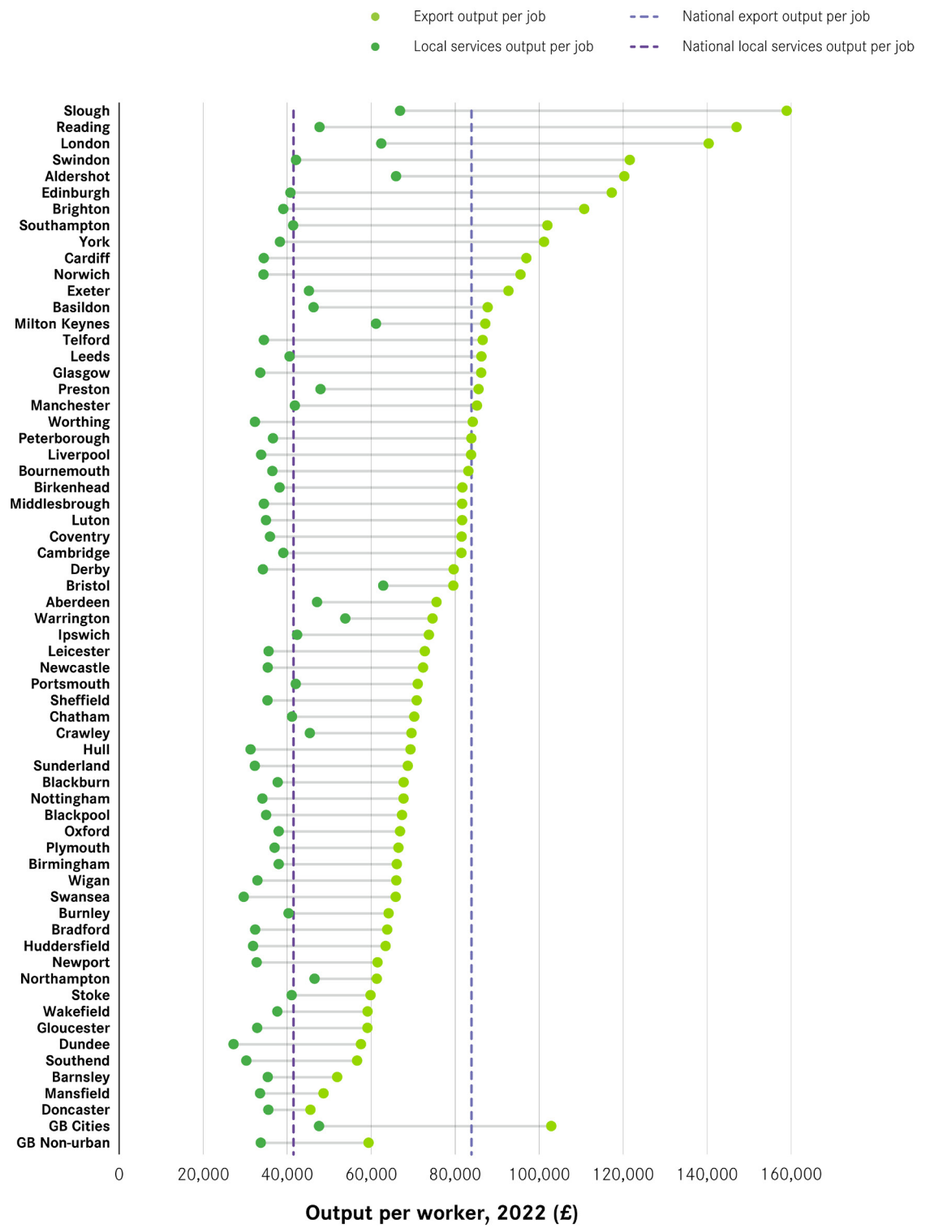
4 ONS (2024), Productivity flash estimate and overview, UK: July to September 2024 and April to June 2024

Local data show how the performance of exporters affects productivity across the country. The productivity of local service activities is relatively constant across the country: across urban and non-urban areas, and between cities there is relatively little difference in the productivity of local service activities (see Figure 5). Box 3 sets out the definition of exporting sectors used, and Box 4 sets out adjustments made to the data.

This is not the case for exporter productivity. Urban areas are more productive than non-urban areas on average. There is also a much greater amount of variation between urban areas, with cities in the Greater South East tending to have higher exporter productivity than elsewhere. For example, exporter productivity in Slough, Reading and London is around three times higher than Barnsley, Mansfield and Doncaster.

Figure 5: It is the performance of the export base that explains differences in wider economic performance across the country

Productivity of exporters and local services, 2022

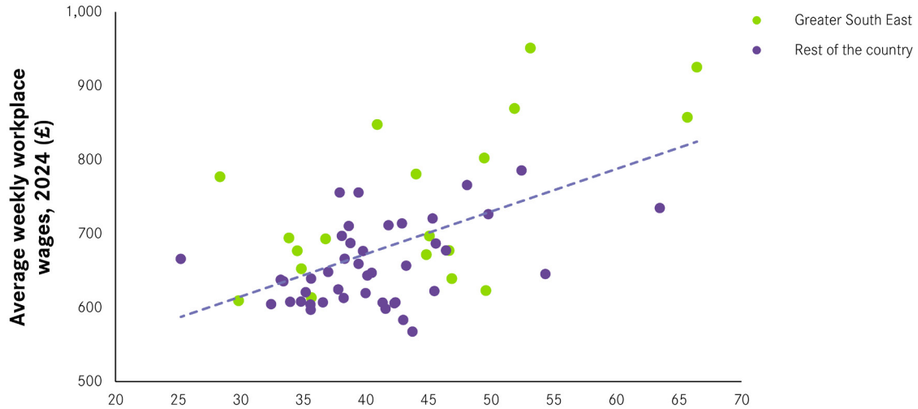


Source: ONS; Centre for Cities' calculations • Note: Variation in local services is likely due to blurred lines where some local services activities are actually exporting. An example of this would be international law firms in central London which are grouped by standard industrial codes in the same category as local solicitors.

All this has an impact on wages. Jobs in exporting activities (especially those that depend on skills rather than machines), tend to pay better than those in local services. Figure 6 shows the impact of this across local economies – places where the exporting sector accounts for a greater share of local output tend to have higher wages compared to places with relatively less exporting activity.

Figure 6: Places with larger export sectors tend to have higher workplace wages

Impact of the size of a local export sector on wages



Source: ONS; Centre for Cities' calculations

Box 3: Defining exporters and local services

Local services are defined as activities that principally sell to local customers, such as cafes, hairdressers and gyms. Exporters are activities that are more likely to sell beyond this local market to regional, national or international customers. Examples of this are car manufacturers, financial services and IT.

Data on output at the local level is at broad sector level only. Exporting sectors in this data are defined as sections A-E (agriculture, energy, water, and manufacturing), H (transport and storage), J and K (information and communication, financial and insurance activities), and M (professional, scientific, and technical services). The one exception to this is in relation to the concentration of place's export bases around specific industries. Here, employment data at the two-digit level are used. The definition used is at: https://www.centreforcities.org/reader/trading-places/appendix/

Box 4: Correcting Gross Value Added (GVA) data

The ONS uses firm level data to create local level GVA data. For firms with a number of locations this output is shared out across these locations dependent on the number of employees at each site. This assumes that all employees in a company are equally productive. In an organisation like Barclays, which does investment banking in Canary Wharf but back office functions in Sunderland and Liverpool, this assumption breaks down. This methodology means that the data shows financial services in Sunderland to be more productive than it is in Tower Hamlets.

To attempt to correct for this problem, Centre for Cities has adjusted the GVA data using industry-level data on wages and skills by region. First, places where productivity in an industry is more than 1.5 standard deviations from the regional average are flagged. If the proportion of workers with degrees in that industry and place are also below the regional average, the original productivity estimate is adjusted using the ratio of regional wages in that industry to the national average. The adjusted productivity estimate for an industry in a place is then multiplied by the number of jobs in that industry in that place in order to provide a new GVA estimate. While imperfect, the approach strips out most of the problematic outliers in the ONS data.

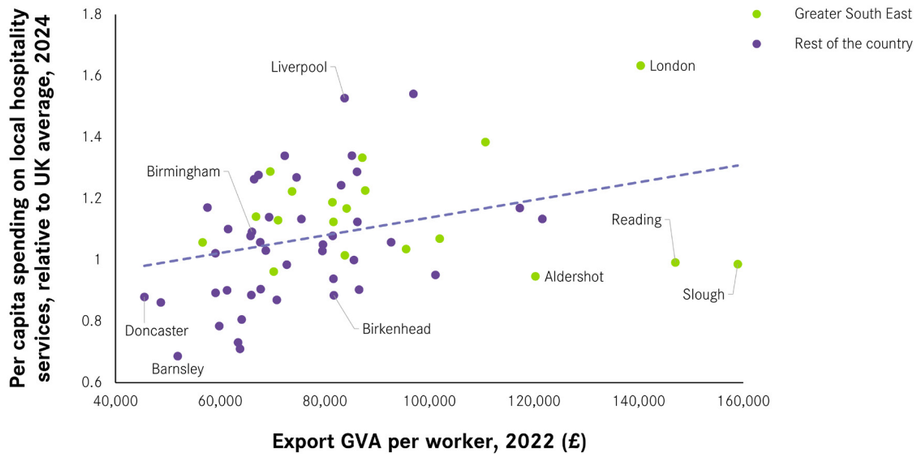
Supporting the export base helps the broader economy of a place

Choosing particular parts of an economy to focus on raises questions about what this means for other parts of the economy. The good news is that it should benefit them.

The export base of an economy sells its goods and services to regional, national and international markets. This brings money into an economy which can then be spent on local services through higher wages. Figure 7 shows that those places with more productive exporters – especially outside of the orbit of London – have higher spend on food and beverage activities, e.g. cafés, bars and restaurants. In turn this increases jobs in an area (although it is unlikely to have an impact on wages as it will not have an impact on productivity). This is an important point to remember for any place looking to support its 'everyday' or 'foundational' economy.

Figure 7: Places with stronger export bases have higher spend on local services

The relationship between productivity of the export base and per capita spend on food and beverage activities relative to the UK average



Source: ONS; Centre for Cities' calculations; Fable Data

How the export bases of cities across the country measure up

Given the importance of the export base to workplace wages, how should places assess its performance? There are a number of factors that places should consider when writing Local Growth Plans or other economic strategies: size, cutting edge; adaptation; diversification and location.

1. **Size – Cities in the Greater South East tend to have larger export bases**

The larger the export base, the more opportunity there is for people to directly benefit from it by working in it.

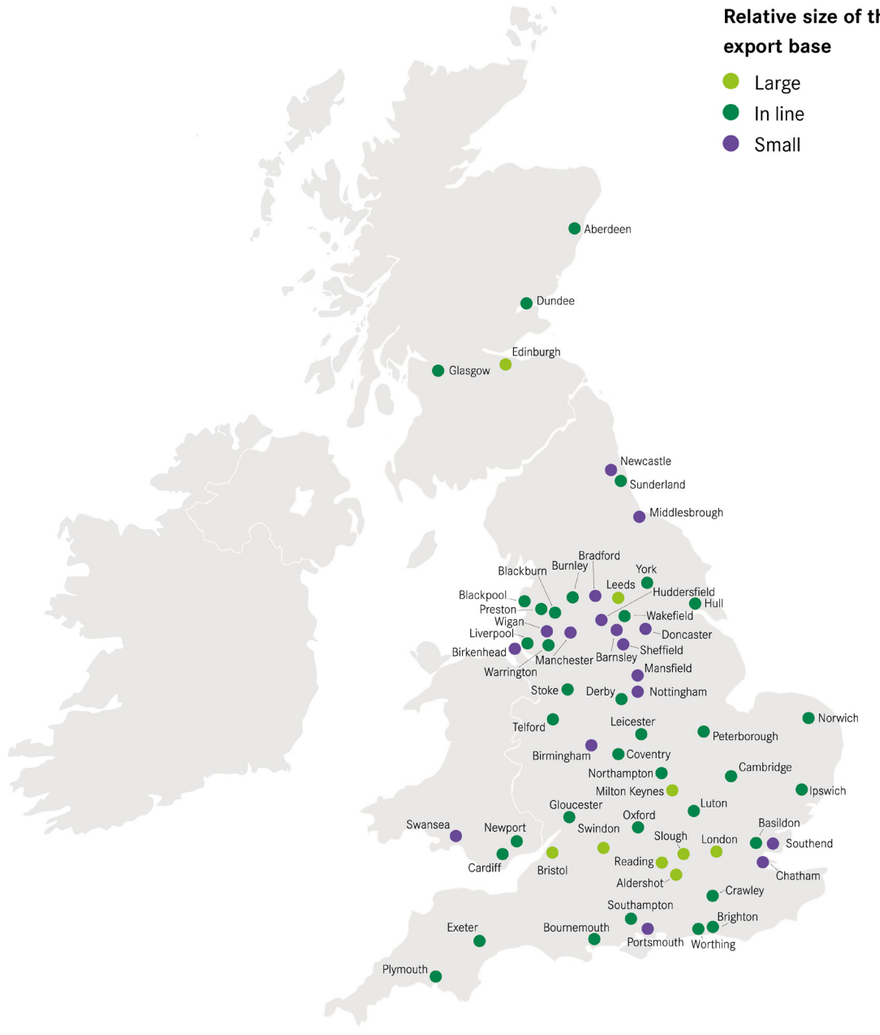
There is a great deal of variation in this. Figure 8 shows whether the size of the export base is larger, broadly in line with, or smaller than expected given the city's share of national population. Of the nine cities that have a larger than expected export base, five are in the Greater South East. London leads this list by some distance. It is home to 16 per cent of Britain's population but 35 per cent of output from exporter industries. And of the 18 cities that have smaller than expected export bases, just three (the coastal cities of Chatham, Southend and Portsmouth) are in this part of the country.

Meanwhile six of the UK's nine largest cities outside of London have relatively small export bases. This is a problem for two reasons. The first is that, given they are large places, this weighs heavily on national economic performance. The second is that their size, and the benefits this brings to exporter activities (see Box 2) should mean that they make an outsized

contribution to the regional and national economy. Most don't.

As Figure 9 shows, those cities with larger relative export bases tend to have higher workplace wages. Not only are there more export jobs in these places, but they are also better paid.

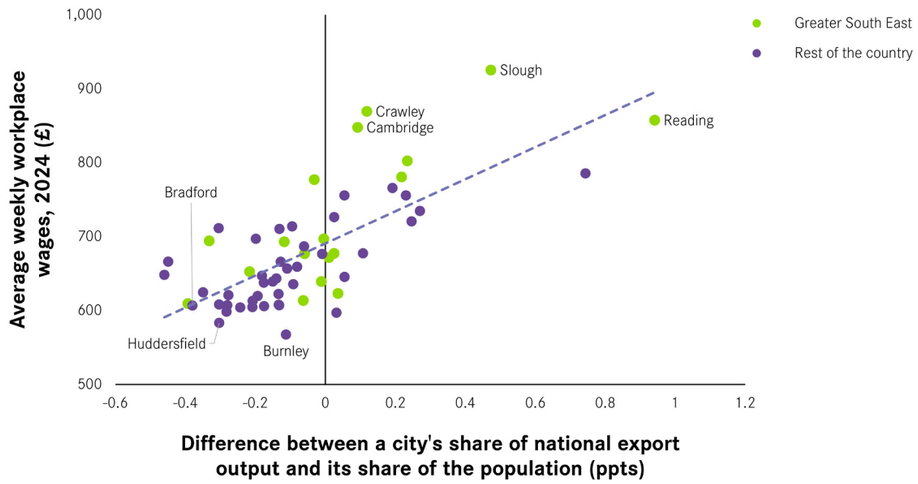
Figure 8: Cities in the Greater South East tend to have large exporting bases



Source: ONS; Centre for Cities' calculations

Figure 9: Cities with relatively large export bases have higher wages

The relationship between the relative size of a city's export base and its average weekly workplace wages



Source: ONS; Centre for Cities' calculations • Note: London and Birmingham are excluded from this chart due to them having a much larger differences than any other city. In London its share of export activity is 19.4 percentage points higher than its share of population. In Birmingham it is 1.4 percentage points lower.

2. Cutting edge – Cities in the Greater South East in particular are home to the innovative, cutting-edge part of the economy

It's not just the size of the export base that is important for the prosperity of a place - composition matters too. While exporting activities are, on average, more productive than local service activities, there is a large range in the productivity of exporting activities, from routinised jobs in call centres and assembly lines to innovative knowledge-intensive activities such as software development and AI.

Productivity growth will likely be driven by the cutting edge of the economy.[5] So a second factor to consider when assessing the performance of a city's export base is how successful it has been at attracting and growing this type of activity (Box 4 sets out how this is defined).

5 Andrews D, Criscuolo C and Gal P, (2015), Frontier Firms, Technology Diffusion and Public Policy: Micro Evidence from OECD Countries, Paris: OECD

Box 5: Defining the cutting edge of the economy

Identifying and measuring the emerging part of the economy is difficult to do in official statistics because of the nascent nature of such activities. Using data on how companies describe themselves on their websites does now mean that it is possible to see where companies in sectors like AI, wearables, and net zero are located.

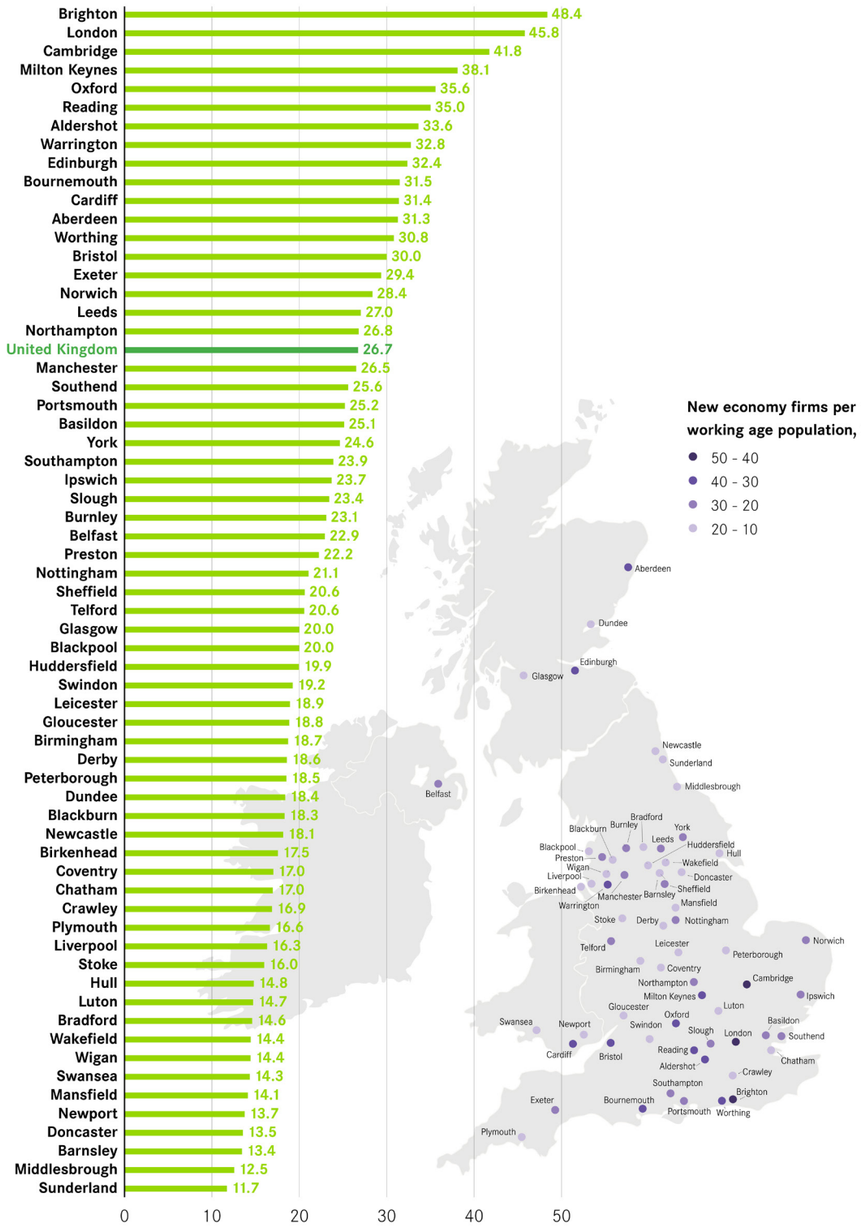
For the purposes of this chapter, the cutting edge of the economy is defined in terms of the number of 'new economy' firms per 10,000 people in a given place. New economy firms are identified by a company called The Data City, which uses 'web scraping' of websites to find companies engaged in cutting-edge activities and classify them according to a system of 'Real Time Industrial Classifications' (RTICs). Specifically designed to group firms in emerging sectors, RTICs provide a more precise overview than that which can be gleaned from the official Standard Industrial Classification (SIC). Examples of RTICs include FinTech, advanced manufacturing, software as a service, and neurotechnology.[6] Centre for Cities uses all but one of the upper-level RTICs identified by The Data City in calculations, yielding around 100,000 new economy firms in total.

Once again, it is cities in the Greater South East that tend to have the largest amount of new economic activity. Brighton has the highest share of new economy businesses per 10,000 population, four times as many as lowest-ranked Sunderland. And the top seven places are all located in the Greater South East (see Figure 10). In contrast, seven of the bottom 10 cities are in the North of England (Swansea, Newport and Mansfield are the remaining places).

6 For a complete overview of RTICs, see https://thedatacity.com/rtics/

Figure 10: The cutting edge of the economy tends to locate in the Greater South East

New economy firms per 10,000 working age population, 2024

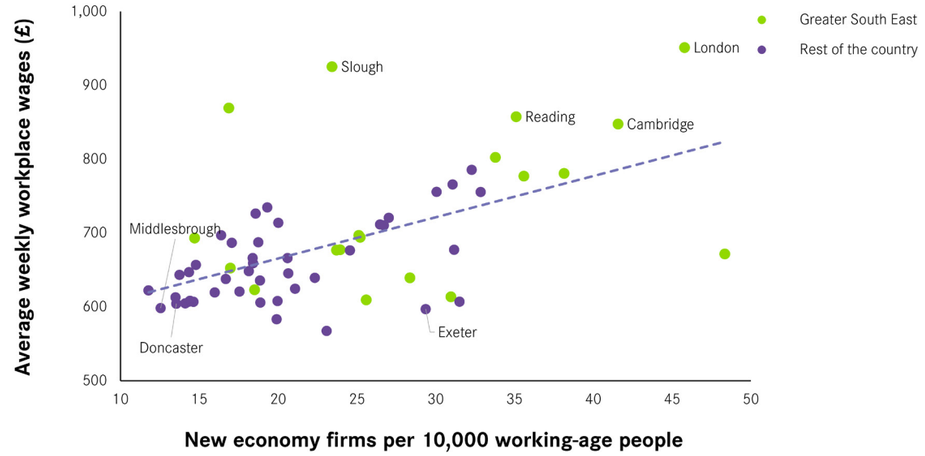


Source: The Data City; ONS

The location of these cutting-edge companies influences wages. Figure 11 shows that places with a larger number of new economy firms have higher workplace wages.

Figure 11: Cities with larger cutting-edge economies have higher wages

The relationship between the number of new economy firms and workplaces wages in cities, 2024



Source: ONS; The Data City

While economic policy making has long been keen on identifying sectoral clusters,[7] a key characteristic of new economy firms is how they co-locate next to other cutting-edge businesses in different sectors, rather than creating sectoral mono clusters.[8] (Often individual new economy firms operate across sectors e.g. advanced manufacturing and AI). This applies as much in the cutting-edge leaders of Cambridge and Brighton as it does in the laggards of Sunderland and Middlesbrough.

Places will need to attract more cutting-edge companies if they are to be more prosperous. But they do not need to become too prescriptive on what exactly these companies do – the data suggests that if they are an attractive to one part of the cutting edge, they will likely be attractive to other parts too.

3. Adaptation – Those that have better adapted to services have stronger export bases

Another common theme in industrial strategy policymaking has been the role of manufacturing. This is typified by George Osborne's call for the 'march of the makers' in his

7 For example, see Midlands Engine (2023), Exploring the Investment Potential of Midlands Clusters, Nottingham: Midlands Engine, DSIT (2024), Identifying and describing UK innovation clusters, London: The Stationery Office

8 Evans J (2023), Innovation hotspots: Clustering the new economy, London: Centre for Cities

2011 Budget speech,[9] and it has been highlighted as a key sector in the 2008, 2017 and 2024 national industrial strategies and in countless local plans and manifestos.[10]

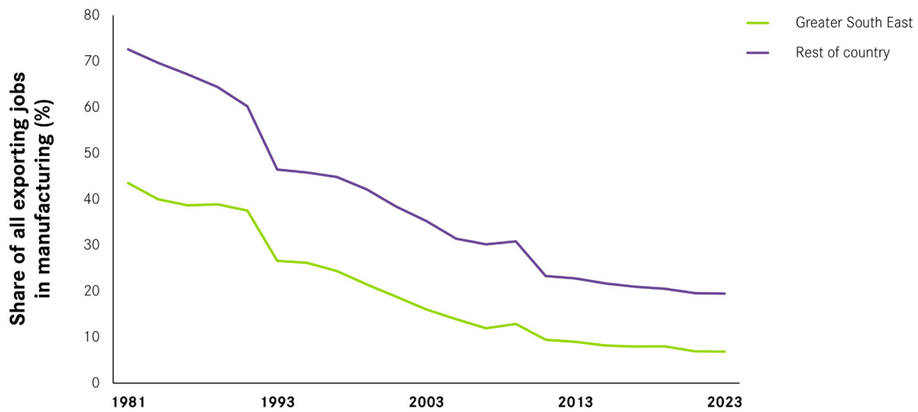
Advanced manufacturing will influence wages in a place, and the UK has some clear strengths. But there are three reasons why its role should not be over-emphasised.

The first is that the UK economy will likely continue to specialise in high-value service activities.[11] This specialisation isn't just something that has happened at the London level but has occurred across the country. At the start of the 1980s manufacturing made up at least 40 per cent of jobs in the export base of every city bar Exeter. This has declined rapidly since then in all cities, and services now make up the majority of the export base in every city except Burnley.

In Burnley one in two export jobs are in production. This is down from 86 per cent in 1981. Slough has undergone the biggest adjustment, falling from 86 per cent to 15 per cent today. Meanwhile Barnsley has seen the smallest shift, from 45 per cent to 35 per cent. Manufacturing will have a role to play in the future of most places. But the direction of travel over the last four decades and the ongoing changes in the global economy mean that this role will likely be an ever smaller one.

Figure 12: The export bases of all cities have strongly moved towards services in the last four decades

The share of the export base in manufacturing and services in cities since 1981



Source: ONS

9 UK Government, 2011 Budget: Britain open for business,

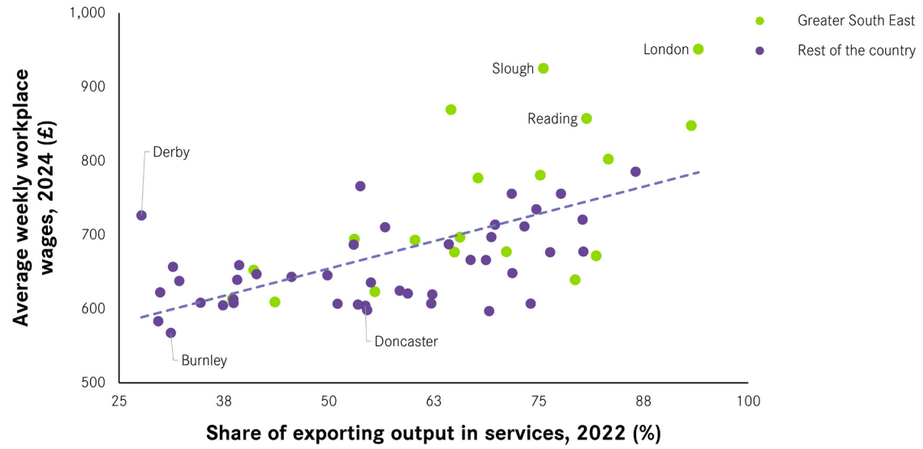
10 For example, see HM Government (2019), West Midlands Local Industrial Strategy, London: The Stationery Office, HM Government (2019), Greater Manchester Local Industrial Strategy, London: The Stationery Office

11 Resolution Foundation & LSE (2023), Ending Stagnation: A New Economic Strategy for Britain, London: Resolution Foundation

The second is that wages are higher in places where the export base is more service-oriented (see Figure 13). As always there are some exceptions, with Derby being one. But it is reasonable – given the relationship in Figure 13 – to expect that these exceptions will be few. Because of the intense mechanisation of the sector, manufacturing today tends to create small numbers of highly-paid jobs and a residual set of lower-paid jobs. Services offer a clearer path to high wages both because the valuable part of the production process is people and not machines and because it is larger and more likely to continue to grow export jobs.[12]

Figure 13: More services-oriented export bases tend to have higher productivity

The relationship between the productivity of the export base and the share of it accounted for by service activities



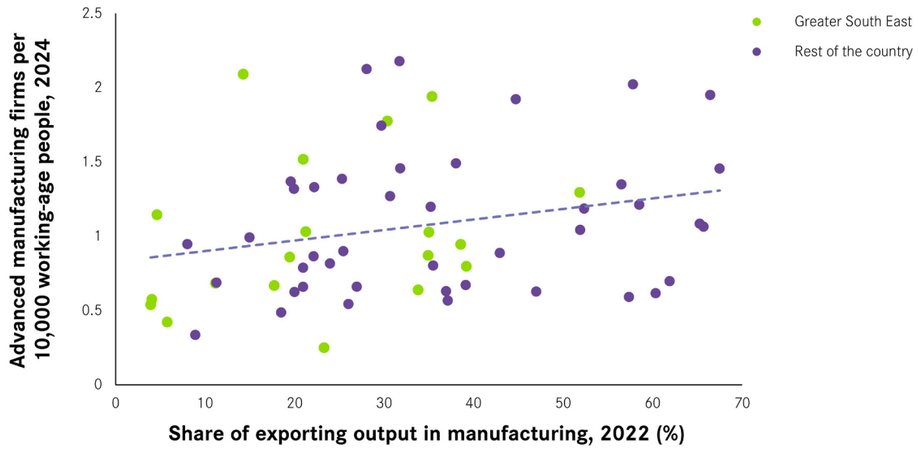
Source: ONS

The third is that places with existing manufacturing activities do not always have strengths in innovative advanced manufacturing. Indeed, as Figure 14 shows, the relationship between the importance of manufacturing to a local export base and the number of advanced manufacturing firms is weak. Of the 10 cities with more than 1.5 advanced manufacturing businesses per 10,000 people, four are in the Greater South East (compared to none for overall manufacturing).

12 Breach A and Swinney P (2024), Climbing the summit: Big cities in the UK and the G7, London: Centre for Cities

Figure 14: Having a large share of the economy in manufacturing rarely means a place has a specialism in advanced manufacturing

Share of all exporting sector output in manufacturing and number of advanced manufacturing firms per 10,000 population



Source: The Data City; ONS

Where cities are attractive locations for advanced manufacturing activity, this sector will likely make an important contribution to future prosperity. But the ability of places to attract or grow such activity, and the size of its contribution, must be put in the context of the ongoing evolution of the UK economy. It is unlikely that a place will see a sustained improvement in the performance of its export base that is not led by high-value service activities.

While the first three factors all have an impact on wages today, the following fourth and fifth factors don't necessarily. They may though have an impact on future wages, and so should also be a part of thinking when a place is assessing its export base.

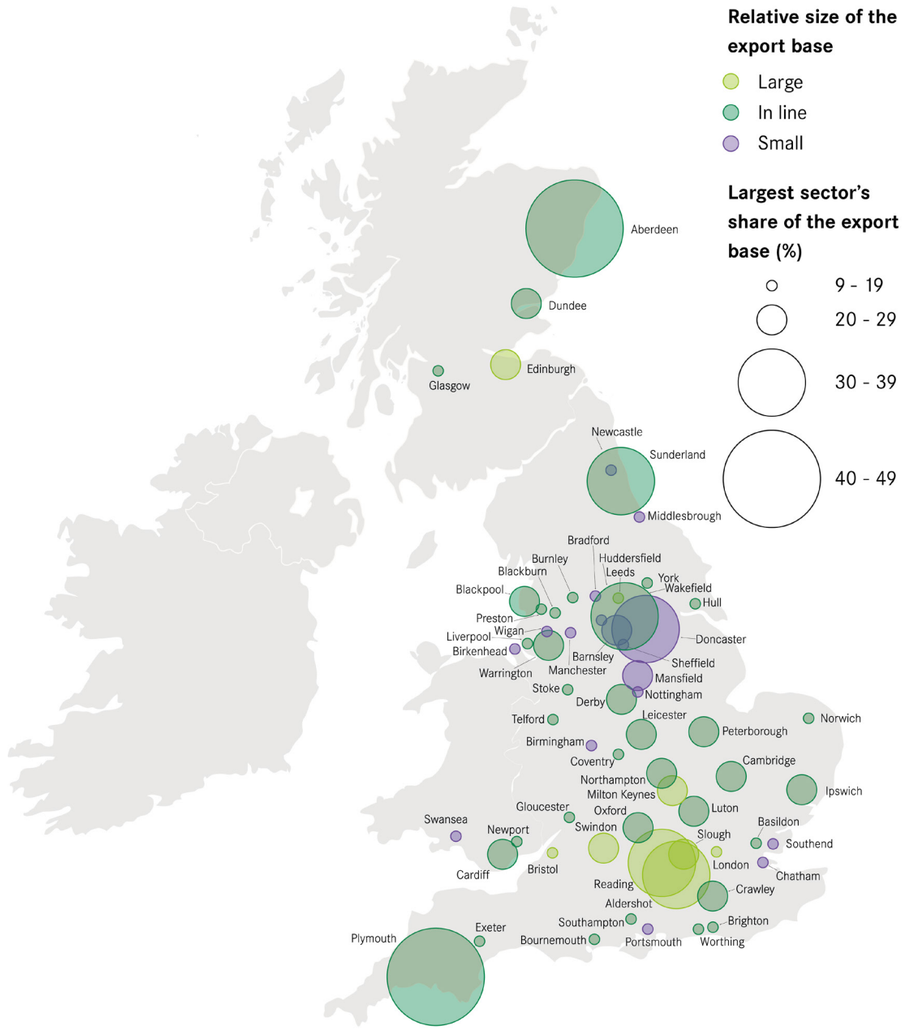
4. Diversification – Those that are over specialised today may have problems tomorrow

A frequent rallying call in many economic strategy documents is to 'build on our strengths'. The challenge in struggling economies in particular is not though what a place does have, but what it does not.

One way to measure this is through the dependence places have on a particular sector. This is not necessarily a bad thing for prosperity today if that sector is doing well – there is no relationship between the reliance a city has on a particular sector and wages. It is bad for future performance if the fortunes of that sector decline. Previous work by Centre for Cities has shown that those places heavily reliant on one sector in 1981 have struggled since.[13]

There are a number of places today that are heavily reliant on one industry (see Figure 15). Aberdeen has the largest reliance – almost half of its output from its export base comes directly from oil and gas exploration. It is followed by Plymouth, Reading, Doncaster, Wakefield, Aldershot and Sunderland, where at least 30 per cent of exporting output is produced by one sector. Box 5 discusses Sunderland's attempts to diversify its economy.

Figure 15: A number of cities are very dependent on single industries



Source: ONS • Note: Sectors are defined here as 2-digit SIC codes, with the exception of Aberdeen, where 06: Extraction of crude petroleum and natural gas and 09.1: Support activities for petroleum and natural gas extraction are added together.

13 Rodrigues G and Breach A (2021), What levelling up really means: changing the geography of knowledge, London: Centre for Cities

Calls to build on these strengths would be understandable. But having a concentration of an activity is not necessarily the same as having a strength. A cluster of low-value activity will have a limited impact on prosperity.

And looking at other indicators gives cause for concern in a number of these places. Plymouth, Doncaster, Wakefield and Sunderland all have few new economy businesses and poor productivity and wage levels. In addition Doncaster in particular has a small export base.

The big issue for these cities is not what they have got, but what they haven't got. Any action to offer support to existing industries – which is understandable given the existing role they play in their economies – must at the very least be balanced with action to attempt to diversify their economies.

This holds even in Reading, which has a strong performing export base. Its specialisation in computer programming has served it well, helping to create a high-skill, high-wage economy. Should the fortunes of this sector falter, it is not clear currently what this would mean for the city's future performance. Aberdeen illustrates this: the next section shows how it has had the slowest-growing population of any city or large town in the UK, while productivity and house prices have fallen in recent years. This is likely the result of the changing fortunes of the oil and gas sector.

Box 6: Sunderland's moves to diversify its economy

Sunderland has long been a city dominated by individual industries. Once it was shipbuilding and coal mining, which together directly accounted for close to half of its export base in 1911. That has been replaced by automotive, with Nissan and other companies in this sector accounting for a third of all exporter jobs, making it the 4th most dependent city on a single industry in Britain.

There are several projects underway that are attempting to change this. The local authority has built three new office blocks and a new city hall in partnership with L&G as part of a broader plan to improve the attractiveness of the city centre to exporter companies as a place to do business. One office block is already open, and the other two are due to complete in 2025. It is also working to bring film studios to an ex-industrial site that is projected to make a £450 million investment in the city.[14]

Nissan is likely to continue to play an important role in the city's economy, but recent moves are attempting to address what Sunderland doesn't have, and diversify its export base, rather than simply doubling down on what it has got.

14 Chancellor confirms £25m for landmark film studios, BBC News 30 October 2024

Given this, for those places that are very dependent on one sector, they should be asking what activities they have not got, and how they can change this, rather than focusing on their sectoral 'key strengths'.

5. Location – Different parts of a city (and city region) play different roles in the economy

Exporting activities generally, and new economy businesses in particular, prefer a city-centre location. Figure 16 shows that British city centres account for 0.1 per cent of all land but 18 per cent of the cutting-edge economy. This results from the 'knowledge spillover' benefits of a city-centre location, as discussed in Box 2. Just as different parts of the country play different roles in the national economy, different parts of a city and city region play different roles too.

Figure 16: The cutting-edge economy has a preference for a city centre location

Share of new economy businesses accounted for by city centres, suburbs, hinterland around cities and deep rural areas

Source: ONS; The Data City • Note: For cities with population under 560,000, their city centres are defined as a circle with a radius of 0.5 miles. For cities with populations up to 3 million, the radius is 0.8 miles. London's is 2 miles. Suburbs are the rest of the primary urban area of a place. Hinterland is defined as the land around a city that falls within the average distance a commuter travels into a city according to the 2011 census. Rural is all other land.

As is the case between cities, there is much variation between city centres. In some cities, such as London, Exeter and Glasgow, more than 40 per cent of their new economy firms are city-centre based. But in places like Aldershot and Stoke it is less than 4 per cent.

This does not necessarily determine the overall ability of a place to attract and retain new economy businesses - Figure 17 shows there to be no relationship between the two:

- Those in the top right of the chart have a large number of new economy firms and many are city-centre based e.g. London and Bristol. Their city centres are functioning as expected.
- The opposite is the case for those in the bottom left, such as Stoke and Middlesbrough. Their city centres aren't functioning, which is likely affecting the cities' overall ability to grow their cutting edge.
- The bottom right quadrant shows cities with a small cutting edge, but what they do have is concentrated in the city centre. Glasgow and Liverpool are examples. This suggests that their city centres are showing signs of attracting this type of activity, but aren't doing it anywhere near the extent they should be, which limits the performance of their overall export bases.
- Finally, the top left are the true exceptions, with very little of their large number of new economy firms locating in their city centre. Oxford, Cambridge and Aldershot are examples where the suburbs dominate.

Figure 17: Some city centres are more attractive to the cutting edge of the economy than others

The relationship between the size of the cutting-edge economy and share of it located in the city centre of a city, 2024

Source: The Data City • Note: Horizontal dash is national average, vertical dash is unweighted city centre average

The latter group show that it is possible to be attractive to the cutting-edge economy without having a strong city centre economy. But, given the overall preference for these companies to locate in a city centre location (as Figure 16 shows) these are generally the exception, and could benefit further from a stronger city centre. Box 6 shows how Cambridge – a pioneer of out-of-town employment parks – has embraced this. The developments around its train station in recent years have effectively created a second central business district given the challenges of redeveloping its historic centre.

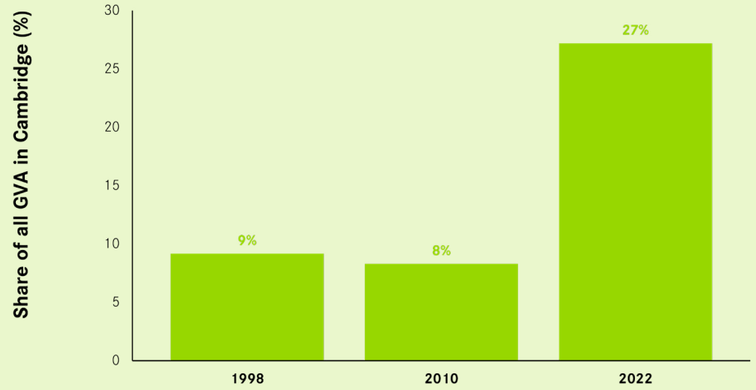
Box 7: Development around Cambridge station

For decades Cambridge has been the poster child for edge-of-town business parks. But even here the economy has started to concentrate in a central hub. This though has not happened in its traditional city centre, where its many historic buildings make regeneration difficult, but instead around its main train station where redevelopment has been much easier.

Regeneration began in the early 2010s. Car parks, low-rise buildings, and a derelict mill were (partially) cleared to make way for mid-rise buildings (up to eight storeys) containing housing, hotels, and office space.[15] The development has attracted a number of high-profile tenants, including Microsoft Research and Astrazeneca.

Figure 18: The rise of a new central business district around Cambridge Station

Share of all GVA in Cambridge, 1998-2022 (%)



Source: ONS • Note: LSOAs used are Cambridge 008A and 012F (2011 definitions)

The redevelopment has shifted the economic geography of the city. Whereas the area around the station accounted for around 8 per cent of output in Cambridge before the redevelopment programme, the area now accounts for more than a quarter. Today nearly 16,000 people work in the area, most of them in the highly productive IT and professional, scientific, and technical services activities.

15 https://www.cb1cambridge.co.uk/about/history

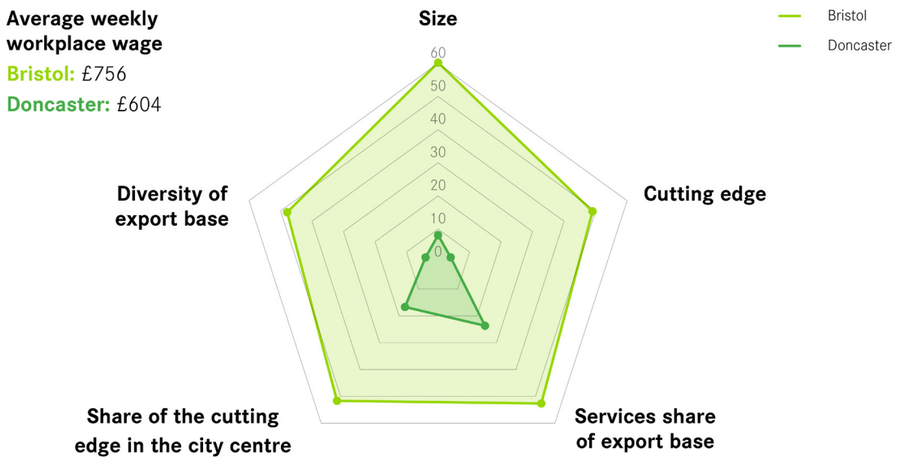
Where city centres are not functioning as they should be, local and national policy should look at addressing why this is the case. Given the unique set of benefits they in principle offer to the cutting edge economy, city centres should be national economic assets. Many are not currently.

Putting this together – a scorecard for cities

The five factors above provide a guide for how places should both think about and measure their export bases. Figure 19 pulls this together by showing how two places – Doncaster and Bristol – rank across the different measures. Bristol, which has some of the highest weekly wages in the country, performs well across the different measures. Doncaster, which has some of the lowest weekly wages, struggles. The Centre for Cities website has a tool that compares all cities in this manner, available at www.centreforcities.org/publication/cities-outlook-2025/.

Figure 19: Bristol has a much stronger performing export base than Doncaster.

How cities rank across measures of their export bases



Source: ONS; The Data City; Centre for Cities calculations

Size of the prize: What is the potential

The purpose of a Local Growth Plan (or other economic strategy) should be to make a place the best possible version of itself. But this potential will vary across places. Box 2 sets out that as a place gets larger it should become more productive because the benefits it offers firms and workers expand. This means that while both Manchester and Mansfield can both perform better than they currently are, the best version of Manchester should generate more prosperity than the best version of Mansfield.

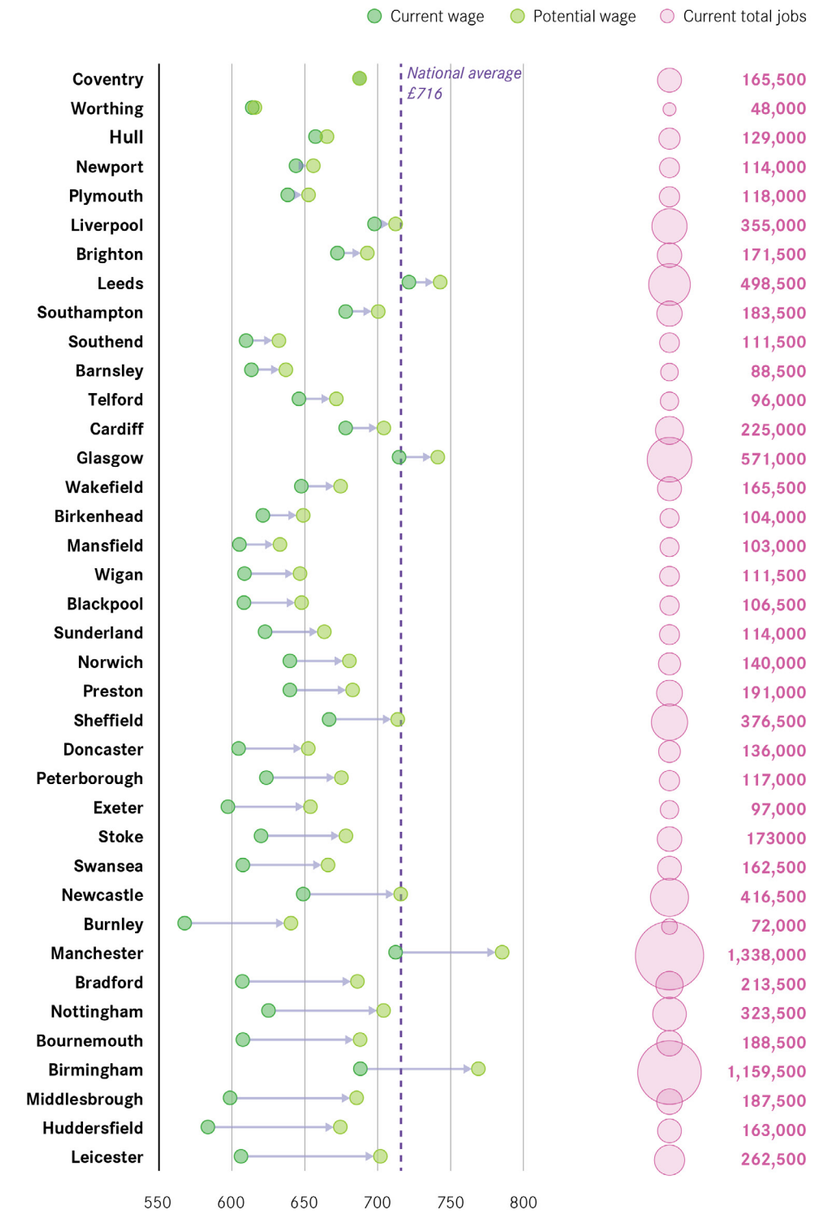
Looking at the relationship between the size of the export base and workplace wages in a place gives a rule of thumb measurement of how far places are from their potential. Figure 20 sets out the results of this modelling, showing the current wage and the potential wage for all underperforming places. It shows that Leicester is furthest from its potential wage, followed by Huddersfield and Middlesbrough. Average annual salaries would be at least £4,500 higher if these cities performed as well as their size would suggest.

As discussed above, it also shows that the potential of places varies. Of all the cities that underperform on wages, only four cities have the potential to raise wages above the national average – Leeds, Glasgow, Manchester and Birmingham. The scale of the impact of these changes varies across places too. The average pay increase in Burnley and Manchester would be similar if they were to reach their potential. But such an increase in Manchester would affect 19 times as many jobs as it would in Burnley.

Local plans should attempt to make Burnley the best possible version of itself. But when it comes to improving regional prosperity and national economic performance, it is clear that addressing the underperformance of big cities, as identified in the Industrial Strategy Green Paper, would have a bigger impact than for smaller ones.

Figure 20: Many places are below their potential, but that potential varies

Current and potential wage based on city size



Source: ONS; Centre for Cities' calculations • Note: The difference in current and potential weekly workplace wage is the gap in the trendline produced when correlating wages against total export output of a city.

What this means for Local Growth Plans and other economic strategies

The Government has asked mayoral authorities to develop Local Growth Plans as part of its broader Industrial Strategy. And it is likely that at least some areas that have not been invited to submit a Local Growth Plan will still revise their local economic strategy in light of the national strategy. The following principles emerge from the findings of this chapter to guide those plans and give them the best chance of increasing prosperity in their areas.

1. **Do focus on the exporting part of the economy.** It is the export base that largely determines wages in an area. Growth policies should focus on improving the size and performance of this part of the economy.
2. **Do focus on cities and city centres.** The cutting edge of the economy locates in cities and city centres in particular because of the inherent benefits they offer to this type of activity. For those areas that write a strategy document that contain both urban and rural in them, they should **recognise the different roles that these different places play in generating prosperity,** and tailor policy appropriately.
3. **Be wary of identifying 'key strengths'.** Focusing on apparent strengths is always more comfortable than identifying what a place doesn't have. But bringing about change can't mean supporting more of the same. In struggling areas, the focus should be on why they aren't attracting cutting edge businesses and what scope policy has to change that. This is especially the case in areas that are overly dependent on a single industry.
4. **Be wary of being overly guided by the Government's sectoral choices.** The Government intends to narrow its sectoral choices down to a handful of sub sectors when it produces the Industrial Strategy White Paper later this year. At the national level there are policy choices around regulation, tax and subsidy that will influence the performance of specific sectors. But at the local level, these sectors may not be relevant, and even if they are, it isn't clear what it is that local policy would do to help these sectors to the exclusion of others. Instead, they should focus on place-based interventions around commercial and residential space (and increasing the density of these in city centres in particular), transport and skills.
5. **Understand how to achieve inclusive growth.** Given how the fortunes of the wider local economy are influenced by the export base, inclusive growth cannot happen without export-led growth. Policies aiming to achieve the former cannot be done in absence of policies to improve the latter.

03

City Monitor

The latest data

City monitor:

The latest data

There is considerable variation in the economic performance of cities and large towns across the UK. The purpose of this chapter is to show the scale and nature of this variation by highlighting the performance of the 63 largest urban areas* on 17 indicators covering:

- **Population**
- **Employment**
- **Productivity**
- **Skills**
- **Business dynamics**
- **Living standards**
- **Innovation**
- **Housing**
- **Wages**
- **Environment**

For all indicators, the 10 strongest and 10 weakest performing places are presented.

Scan for all city data

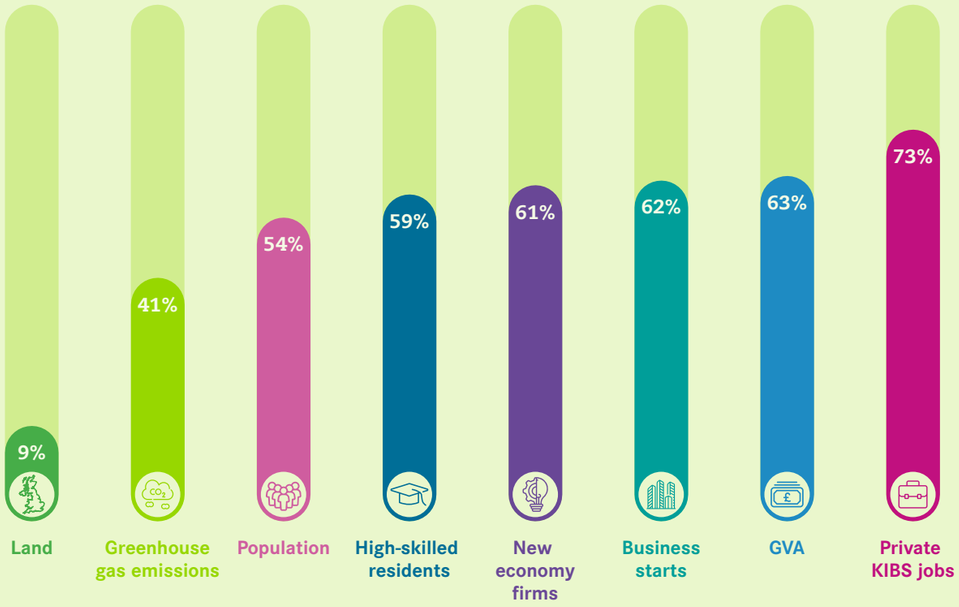
www.centreforcities.org/data/data-tool/

The national picture

The national economy clusters in cities and large towns.

Figure 21 shows that they account for 9 per cent of land but 63 per cent of output and 73 per cent of knowledge-based jobs in the private sector – the sorts of jobs that the UK will need more of if it is going to see productivity growth throughout the rest of this decade.

Figure 21: Cities as a share of the national total



Sources:
Land area: ONS 2024, Open Geography Portal.
Greenhouse gas emissions: Department for Energy Security and Net Zero 2024, greenhouse gas emissions per capita, 2022 data.
Population: ONS 2024, Population estimates, 2022 and 2023 data.
New Economy Firms: The Data City, accessed December 2024
High-skilled residents: ONS 2024, Annual Population Survey, 2023 data. NISRA 2024, Labour Force Survey, 2023 data.
Business starts: ONS 2024, Business Demography, 2023 data.
GVA (£bn): ONS 2024, Regional Gross Domestic Product: local authorities, 2022 data.
Private KIBS jobs: ONS 2024, Business Register and Employment Survey, 2023 data.

Population

Table 1: Population growth

Rank	City	Population percentage change, 2013-2023 (%)	Population, 2013	Population, 2023	Population absolute change, 2013-2023
10 fastest-growing cities by population					
1	Cambridge	17.3	127,819	149,963	22,144
2	Exeter	15.2	118,994	137,050	18,056
3	Milton Keynes	14.9	259,672	298,270	38,598
4	Peterborough	14.0	192,488	219,509	27,021
5	Telford	13.5	169,014	191,915	22,901
6	Reading	12.6	321,461	362,066	40,605
7	Northampton	12.6	385,699	434,349	48,650
8	Coventry	12.0	322,146	360,702	38,556
9	Leicester	11.2	489,957	544,681	54,724
10	Slough	10.9	144,880	160,713	15,833
10 slowest-growing cities by population					
54	Warrington	3.1	205,905	212,389	6,484
55	Swansea	3.0	378,330	389,640	11,310
56	York	2.8	201,168	206,780	5,612
57	Sunderland	2.1	275,247	281,058	5,811
58	Ipswich	1.9	136,760	139,378	2,618
59	Brighton	1.8	338,344	344,324	5,980
60	Portsmouth	1.7	523,435	532,519	9,084
61	Birkenhead	1.5	319,965	324,852	4,887
62	Dundee	0.5	147,570	148,350	780
63	Aberdeen	0.1	224,060	224,190	130
	United Kingdom	6.1	63,710,843	67,603,461	3,892,618

Source: ONS 2024, Population estimates, 2013 and 2023 data. • Note: Due to delays to publication of the Scottish and Northern Irish data, values for Scottish cities and Belfast are for 2012 and 2022.

Productivity

- Gross Value Added (GVA) per hour is a measure of labour productivity that estimates the value of goods and services produced per hour worked, and can be used to assess regional economic performance, highlighting disparities in productivity across different locations.
- There is a clear geographic divide in productivity. With the exception of Edinburgh, all 16 cities with productivity higher than the national average are in the South.
- In the Greater South East, GVA per hour was £42 in 2022, 15 per cent above the national average. This is driven by the high productivity of London as well as smaller cities such as Slough and Reading.
- In contrast, with the exception of Bristol, all other large cities lag behind the UK productivity average. Their size means they should be the most productive parts of the national economy, like large secondary cities in other G7 countries.[16] It is this underperformance that is the main cause of the wider underperformance of the economy outside of the Greater South East.

Table 2: GVA per hour

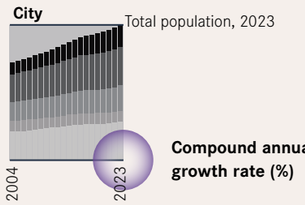
Rank	City	GVA per hour, 2022 (£, 2019 prices)	Rank	City	GVA per hour, 2022 (£, 2019 prices)
10 cities with the highest GVA per hour			10 cities with the lowest GVA per hour		
1	Slough	70.9	54	Nottingham	29.2
2	Aldershot	55.7	55	Hull	29.1
3	Reading	52.0	56	Swansea	28.8
4	Worthing	51.7	57	Huddersfield	28.2
5	Swindon	48.7	58	Blackburn	28.0
6	London	45.8	59	Barnsley	27.8
7	Edinburgh	43.2	60	Gloucester	27.6
8	Southampton	42.0	61	Mansfield	27.0
9	Milton Keynes	41.7	62	Southend	26.8
10	Cambridge	41.1	63	Doncaster	25.7
	United Kingdom				36.0

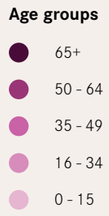
Source: ONS 2024, Regional gross domestic product: local authorities; ONS 2024, Subregional productivity: labour productivity indices by local authority district, 2022 data. • Note: Reported in 2019 prices using regional GVA deflators. GVA measures the contribution of each individual producer, industry or sector to the economy of the United Kingdom excluding Value Added Tax (VAT); other taxes on products and subsidies on products.

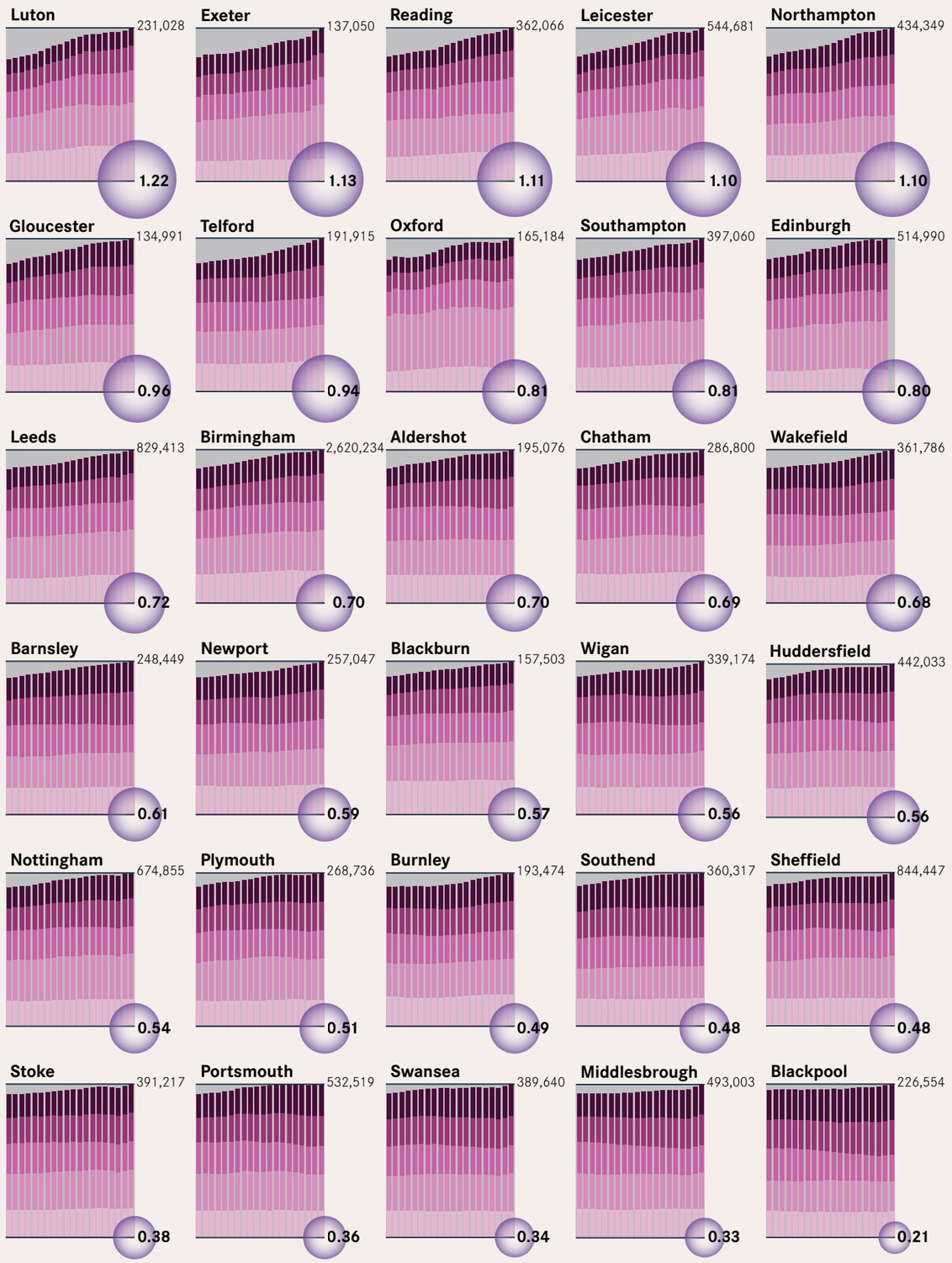
16 Breach A and Swinney P (2024): Climbing the Summit: Big Cities in the UK and the G7, London: Centre for Cities.

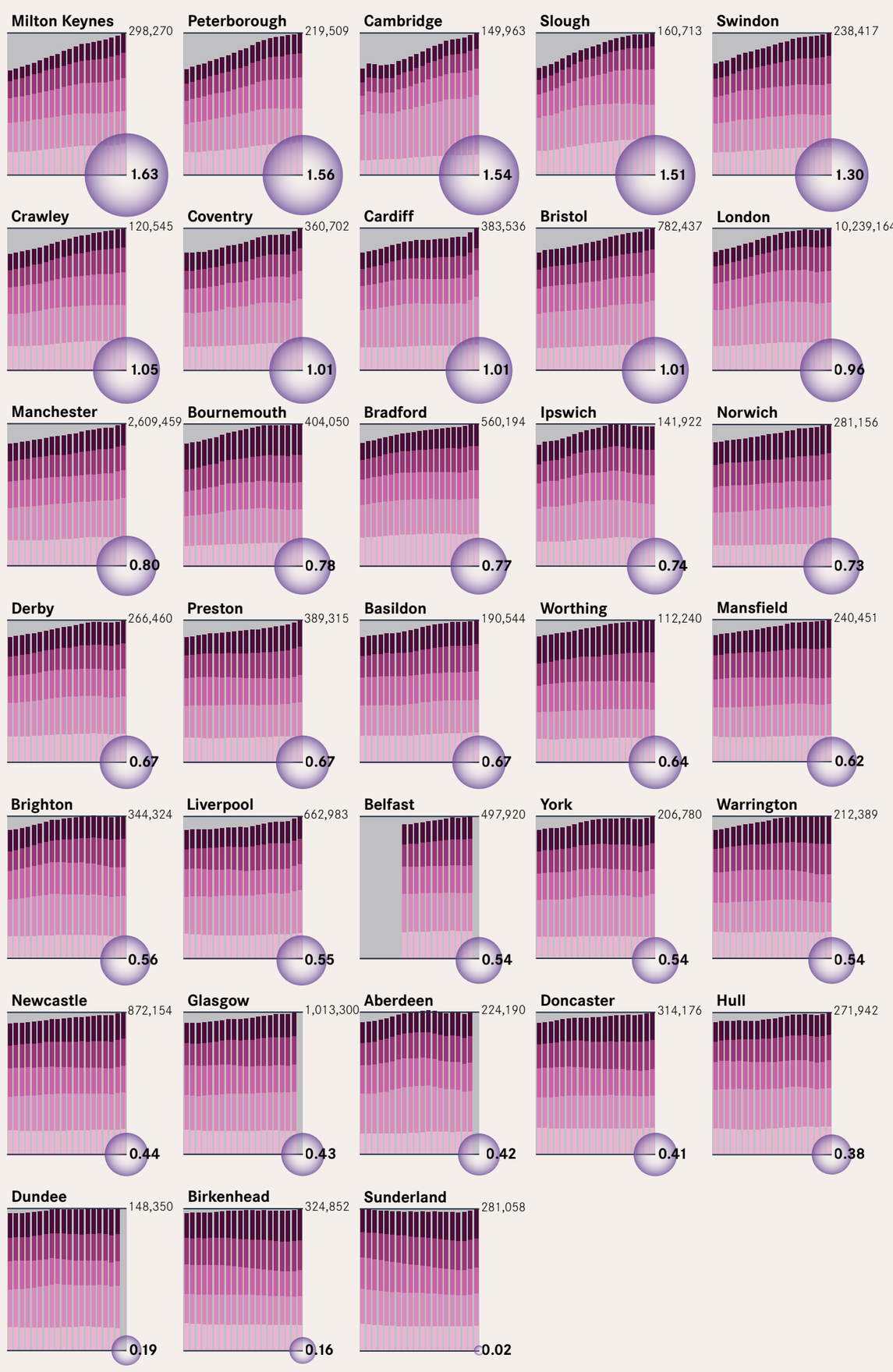
Population

Total population by age group, 2004 - 2023



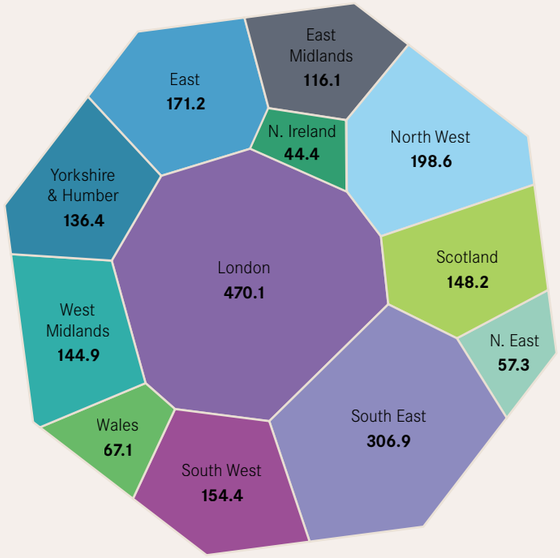




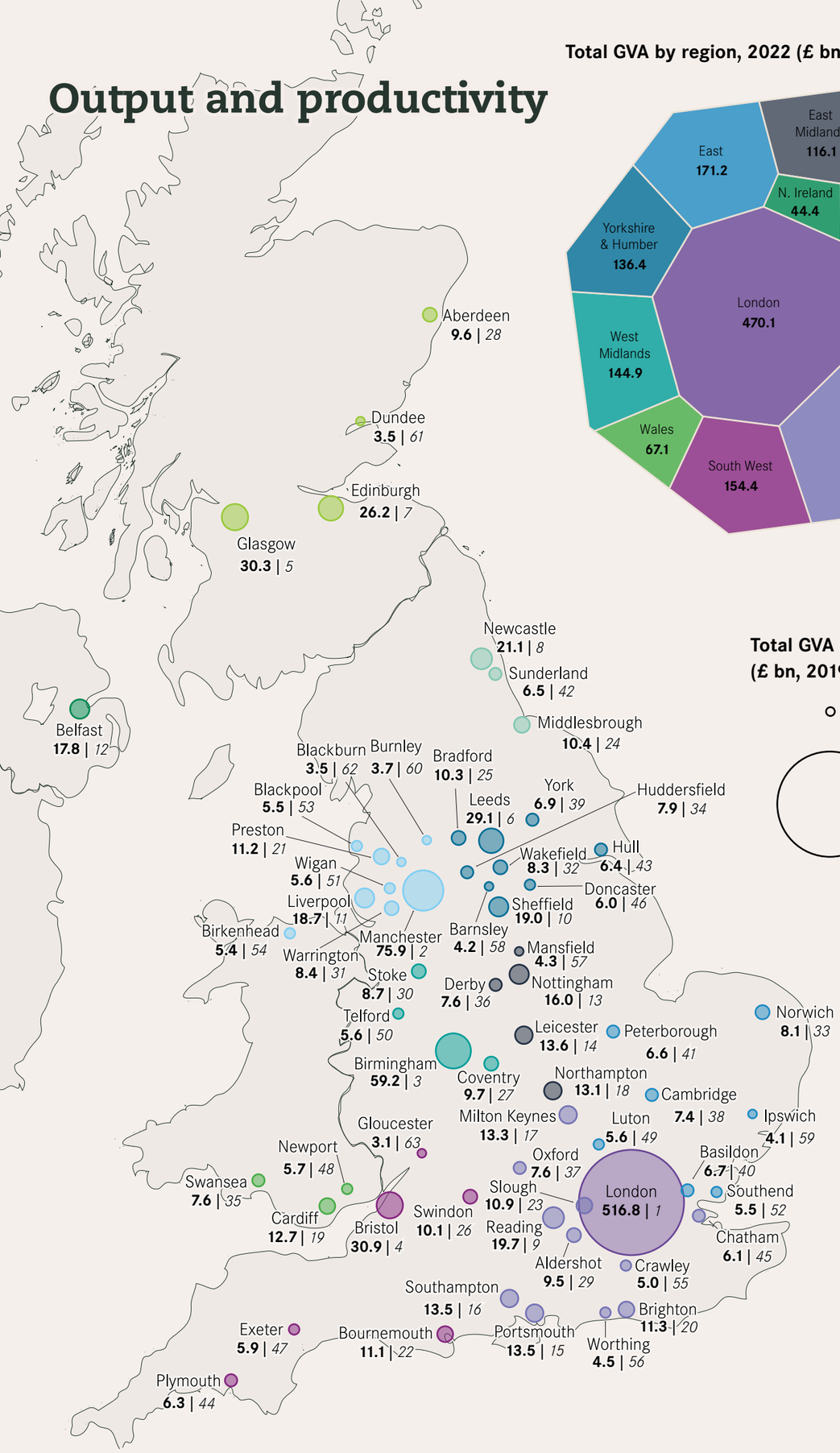


Output and productivity

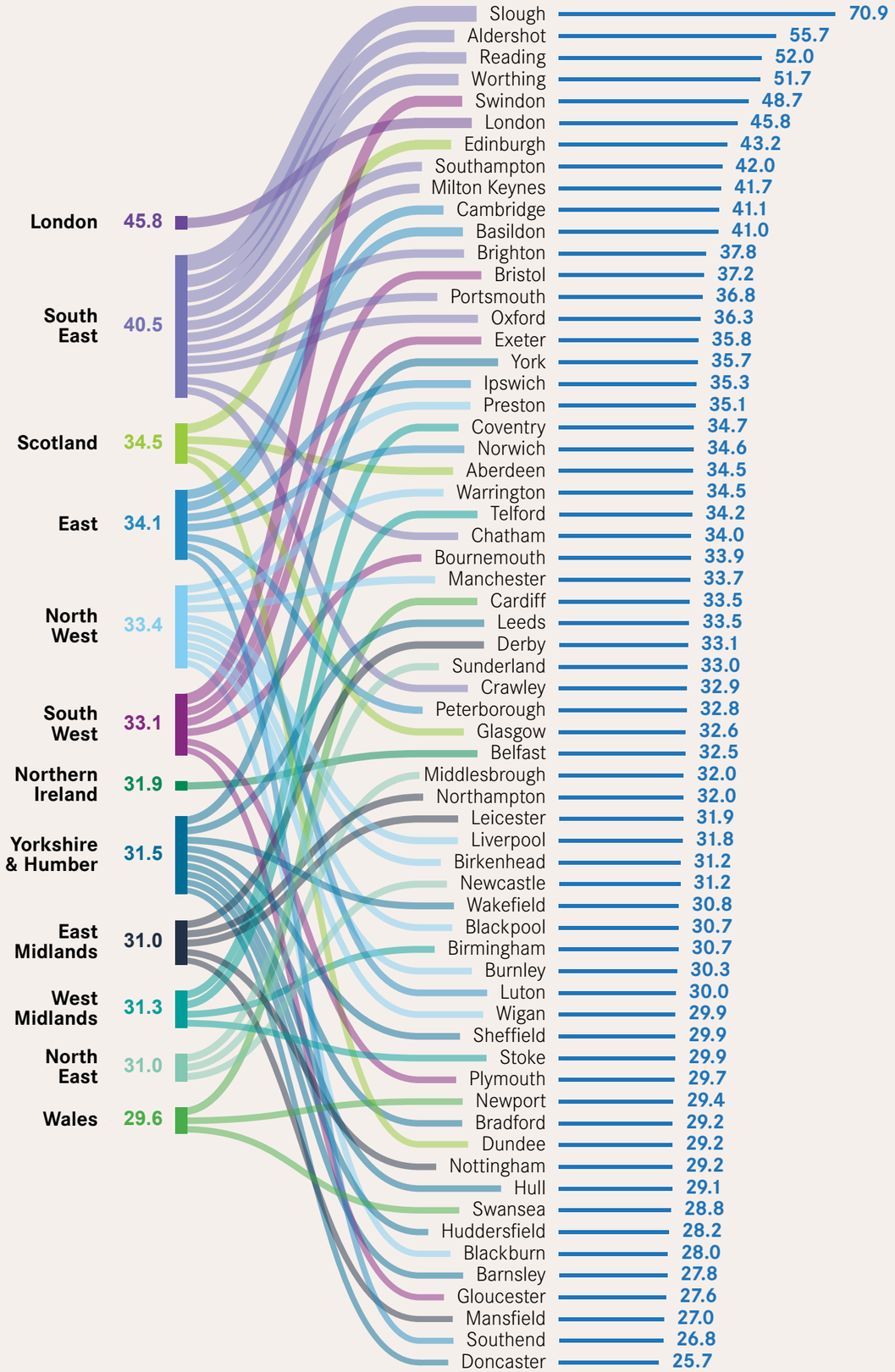
Total GVA by region, 2022 (£ bn, 2019 prices)



Total GVA by city, 2022 (£ bn, 2019 prices | *rank*)



GVA per hour, 2022 (£, 2019 prices)



Business dynamics

Table 3: Business starts and closures per 10,000 population

Rank	City	Business start-ups per 10,000 population, 2023	Business closures per 10,000 population, 2023	Churn rate*
10 cities with the highest start-up rate				
1	London	80.5	71.3	1.6
2	Slough	61.9	53.2	2.2
3	Milton Keynes	56.7	50.8	1.4
4	Luton	56.1	58.2	-0.6
5	Brighton	54.5	62.6	-1.7
6	Northampton	53.4	54.8	-0.3
7	Peterborough	52.8	63.3	-3.0
8	Ipswich	50.9	49.1	0.5
9	Manchester	50.7	49.5	0.4
10	Basildon	50.4	47.2	0.8
10 cities with the lowest start-up rate				
54	Telford	33.6	32.3	0.4
55	Exeter	33.2	34.7	-0.5
56	Stoke	32.1	34.3	-0.9
57	Plymouth	31.3	31.4	-0.1
58	Swansea	31.2	33.0	-0.7
59	Oxford	30.9	29.4	0.5
60	Gloucester	30.7	38.2	-2.7
61	Dundee	30.0	29.0	0.4
62	Belfast	29.8	28.0	0.6
63	Sunderland	28.5	31.5	-1.4
	United Kingdom	46.3	45.3	0.3

Source: ONS 2024, Business Demography, 2023 data; ONS 2024, Population estimates, 2022 and 2023 data.

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

Business stock

Table 4: Business stock per 10,000 population

Rank	City	Business stock per 10,000 population, 2023	Business stock per 10,000 population, 2022	Change, 2022-2023 (%)
10 cities with the highest number of businesses				
1	London	577.1	582.1	-0.9
2	Brighton	475.3	492.4	-3.5
3	Northampton	409.5	419.7	-2.4
4	Milton Keynes	408.9	414.3	-1.3
5	Reading	405.5	415.1	-2.3
6	Slough	399.8	399.0	0.2
7	Basildon	398.9	402.0	-0.8
8	Warrington	388.9	393.5	-1.2
9	Aldershot	388.8	393.2	-1.1
10	Southend	381.3	386.8	-1.4
10 cities with the lowest number of businesses				
54	Mansfield	259.9	267.2	-2.7
55	Newcastle	259.1	264.1	-1.9
56	Newport	251.5	248.6	1.2
57	Stoke	251.0	258.9	-3.1
58	Swansea	241.5	251.3	-3.9
59	Middlesbrough	236.8	241.2	-1.8
60	Hull	235.5	250.1	-5.8
61	Plymouth	231.8	234.8	-1.3
62	Dundee	231.5	232.6	-0.4
63	Sunderland	209.0	216.0	-3.2
	United Kingdom	375.4	381.0	-1.5

Source: ONS 2024, Business Demography, 2023 data; ONS 2024, Population estimates, 2022 and 2023 data.

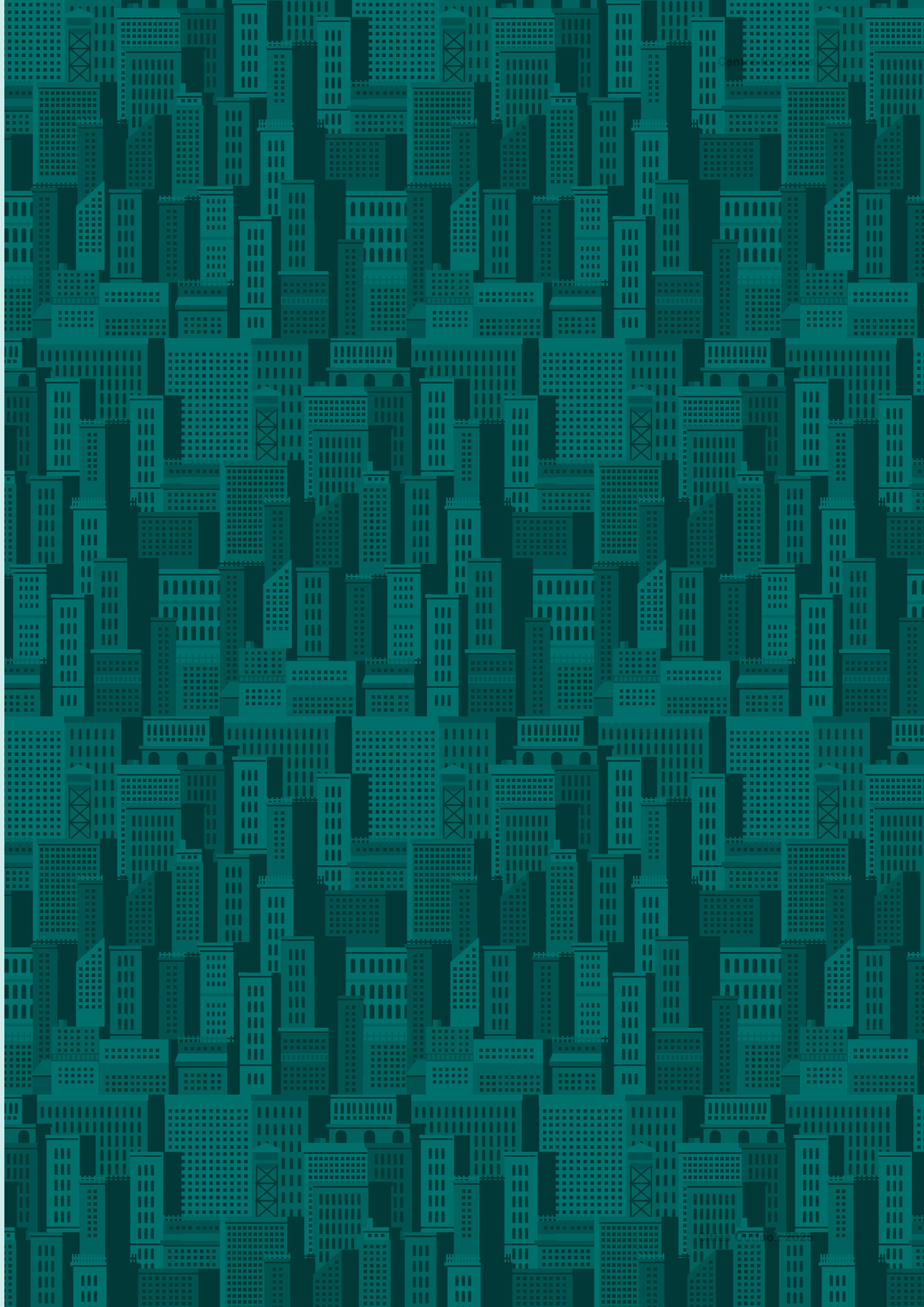
Public and private sector jobs

Table 5: Ratio of private sector to publicly-funded jobs

Rank	City	Private to public ratio, 2023	Private sector jobs, 2023	Publicly funded jobs, 2023*
10 cities with the highest proportion of private sector jobs				
1	Crawley	6.5	77,500	12,000
2	Warrington	4.7	130,000	27,500
3	Slough	4.0	66,000	16,500
4	Swindon	3.8	88,500	23,500
5	Luton	3.6	89,000	24,500
6	London	3.6	5,020,000	1,395,000
7	Aldershot	3.5	85,000	24,000
8	Milton Keynes	3.5	147,500	42,000
9	Reading	3.4	166,500	48,500
10	Telford	3.4	73,500	21,500
10 cities with the lowest proportion of private sector jobs				
53	Plymouth	1.8	76,500	42,500
54	Liverpool	1.7	223,500	131,000
55	Gloucester	1.7	43,500	25,500
56	Swansea	1.7	102,000	60,000
57	Birkenhead	1.7	65,500	39,500
58	Exeter	1.5	59,500	39,000
59	Worthing	1.5	30,000	20,500
60	Cambridge	1.4	69,500	48,500
61	Dundee	1.4	47,000	33,500
62	Oxford	0.9	62,000	66,000
	Great Britain	2.8	23,708,950	8,548,690

Source: ONS 2024, Business Register and Employment Survey, 2022 and 2023 data. • Note: Northern Ireland data not available, so the figure for Great Britain is shown.

*Publicly-funded jobs are defined as those jobs that fall into the sectors of public administration and defence, education, and health. This means that this definition captures private sector jobs in these sectors but also captures jobs such as GPs and those in universities that the standard ONS definition does not.



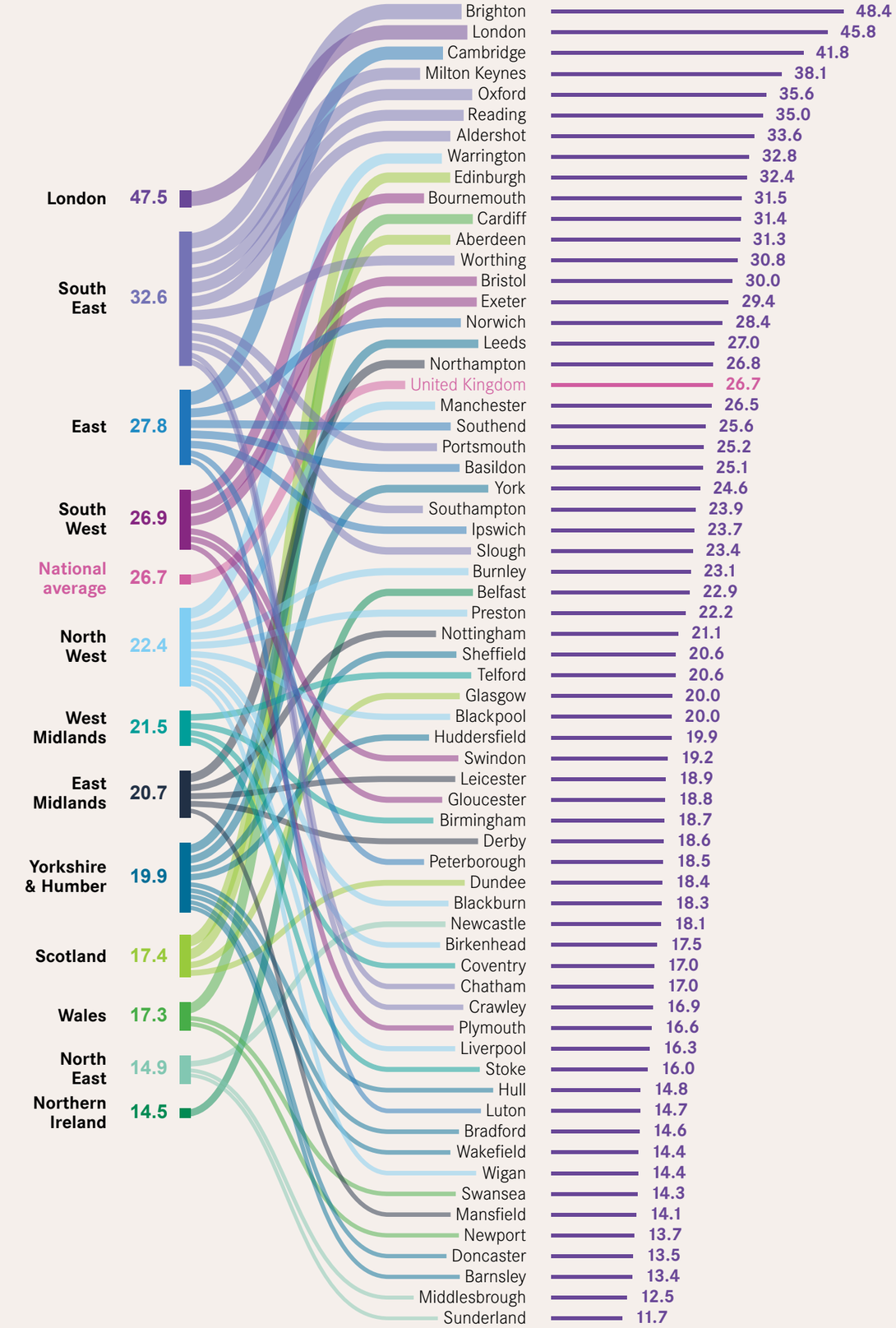
Innovation

Table 6: New economy firms per 10,000 working age population

Rank	City	NEFs per 10k working age population, 2024
10 cities with the highest NEFs per 10k working age population		
1	Brighton	48.4
2	London	45.8
3	Cambridge	41.8
4	Milton Keynes	38.1
5	Oxford	35.6
6	Reading	35.0
7	Aldershot	33.6
8	Warrington	32.8
9	Edinburgh	32.4
10	Bournemouth	31.5
	United Kingdom	26.7
10 cities with the lowest NEFs per 10k working age population		
54	Bradford	14.6
55	Wakefield	14.4
56	Wigan	14.4
57	Swansea	14.3
58	Mansfield	14.1
59	Newport	13.7
60	Doncaster	13.5
61	Barnsley	13.4
62	Middlesbrough	12.5
63	Sunderland	11.7

Source: The Data City, accessed December 2024; ONS 2024, Population estimates, 2022 and 2023 data. • Note: New Economy Firms (NEFs) are companies in emerging knowledge-intensive sectors at the forefront of new technologies and innovations. These firms are identified based on the Data City's Real Time Industrial Classifications (RTICs). Firms solely with RTICs 'Business Support Services' and 'B2B Services' were excluded. For more information see: Rodrigues G, Vera O, and Swinney P (2022), At the frontier: The geography of the UK's new economy, London: Centre for Cities.

New economy firms per 10,000 working age population, 2024



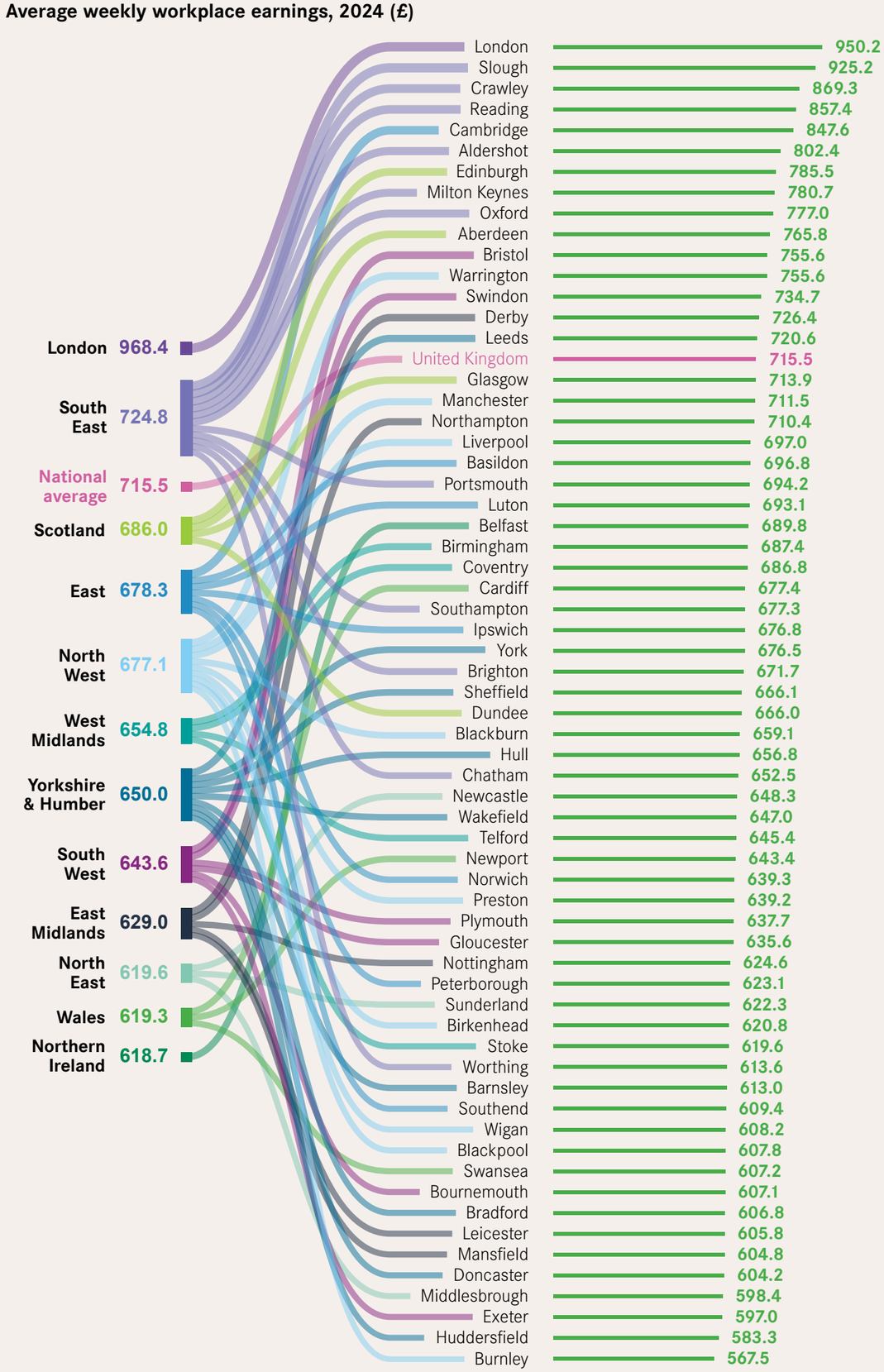
Wages

- Average weekly workplace wages in cities in 2024 were £764, higher than the UK average of £716. But this was driven by a few high-performing cities – only the top ten cities had wages higher than the UK city average. London leads the pack, and 8 of the top ten cities are in the Greater South East.
- There are large regional differences. Average workplace wages in the Greater South East are 30 per cent higher than those in Wales, East Midlands, and the North East.
- Though many large cities are below the national average, many are still leaders in their regions. Leeds, Manchester, and Birmingham are examples. This underscores the importance of large cities in their regional context, even if they underperform nationally.

Table 7: Average weekly workplace earnings

Rank	City	Average weekly workplace earnings, 2024 (£)	Rank	City	Average weekly workplace earnings, 2024 (£)
10 cities with the highest average weekly workplace earnings			10 cities with the lowest average weekly workplace earnings		
1	London	950.2	54	Swansea	607.2
2	Slough	925.2	55	Bournemouth	607.1
3	Crawley	869.3	56	Bradford	606.8
4	Reading	857.4	57	Leicester	605.8
5	Cambridge	847.6	58	Mansfield	604.8
6	Aldershot	802.4	59	Doncaster	604.2
7	Edinburgh	785.5	60	Middlesbrough	598.4
8	Milton Keynes	780.7	61	Exeter	597.0
9	Oxford	777.0	62	Huddersfield	583.3
10	Aberdeen	765.8	63	Burnley	567.5
	United Kingdom				715.5

Source: ONS 2024, Annual Survey of Hours and Earnings (ASHE), average weekly workplace-based earnings, 2024 data. • Note: Earnings data is gross pay for all employees (full-time and part-time).



Employment

Employment rate

Table 8: Employment rate

Rank	City	Employment rate 2023-2024 (%)	Employment rate 2022-2023 (%)	Percentage point change
10 cities with the highest employment rate				
1	Gloucester	90.7	74.0	16.7
2	Aldershot	87.0	82.9	4.1
3	Reading	84.2	81.7	2.5
4	Crawley	82.7	72.3	10.4
5	Swindon	82.5	75.4	7.1
6	Worthing	80.9	71.9	9.0
7	Bristol	80.3	79.0	1.3
8	Southend	80.3	78.2	2.1
9	Exeter	79.4	76.7	2.7
10	Stoke	78.9	76.0	2.9
10 cities with the lowest employment rate				
53	Burnley	69.6	65.8	3.8
54	Wigan	69.3	75.1	-5.8
55	Middlesbrough	69.2	71.9	-2.7
56	Birmingham	69.0	69.5	-0.5
57	Bradford	68.5	67.6	0.9
58	Luton	67.4	72.1	-4.7
59	Blackburn	67.0	69.0	-2.0
60	Dundee	66.7	62.8	3.9
61	Blackpool	66.4	75.3	-8.9
62	Liverpool	66.3	68.3	-2.0
	United Kingdom	75.4	75.5	-0.1

Source: ONS 2024, Annual Population Survey, resident analysis mid-year estimates, July 2022 - June 2024 data. • Note: Belfast excluded as Northern Ireland data unavailable at a Local Government District level.

Unemployment benefit claimant count

Table 9: Unemployment benefit claimant count

Rank	City	Claimant count rate, Nov 2024 (%)
10 cities with the lowest claimant count rate		
1	York	1.9
2	Cambridge	2.1
3	Exeter	2.2
4	Edinburgh	2.6
5	Aldershot	2.7
6	Warrington	2.7
7	Oxford	2.7
8	Worthing	3.0
9	Bristol	3.1
10	Reading	3.2
10 cities with the highest claimant count rate		
54	Liverpool	5.7
55	Coventry	5.8
56	Peterborough	5.9
57	Hull	6.2
58	Slough	6.4
59	Blackburn	6.5
60	Burnley	6.8
61	Luton	7.3
62	Bradford	8.2
63	Birmingham	8.2
	United Kingdom	4.1

Source: ONS 2024, Claimant Count, November 2024 data; ONS 2024, Population estimates, 2023 and 2022 data. • Note: Due to the gradual roll out of Universal Credit, there is variation in the definition of claimants across different cities. Despite this, the claimant count rate serves as a good indicator for the strength of demand for workers across cities.

Skills

- Cities are hubs of knowledge-intensive activity and so attract high skilled workers. Half of the working age population in UK cities have high-level qualifications (above A Level or equivalent), compared to 44 per cent outside of cities. This rises to 56 per cent in cities within the Greater South East.
- Places with highly-skilled residents are more productive. Cities such as London, Edinburgh, Reading and Cambridge are in the top ten for both high-level qualification shares, and GVA per hour.
- Cities with more highly-skilled residents also tend to have fewer residents with no formal qualifications (below GCSE or equivalent). For every resident with no qualifications, Reading has 27 residents who are highly qualified. For Cambridge the ratio is 1 to 20, and Edinburgh 1 to 17. There are some exceptions to this rule – Glasgow has a high proportion of highly qualified residents (60 per cent) but also high proportion with no qualifications (10 per cent).
- Cities with more low-skilled residents have lower labour market participation rates. Cities such as Luton, Bradford, and Blackpool are in the top ten for share of residents with no formal qualifications and have some of the lowest employment rates of all UK cities.

High-level qualifications

Table 10: Residents with high-level qualifications

Rank	City	Working age population with high skills (RQF4 or above) qualifications, 2023 (%)	Rank	City	Working age population with high skills (RQF4 or above) qualifications, 2023 (%)
10 cities with the highest percentage of people with high-level qualifications			10 cities with the lowest percentage of people with high-level qualifications		
1	Oxford	74.3	54	Mansfield	33.8
2	Edinburgh	69.9	55	Plymouth	33.4
3	Cambridge	63.7	56	Barnsley	33.4
4	Reading	61.9	57	Wigan	33.2
5	Aberdeen	61.0	58	Hull	33.0
6	London	60.0	59	Burnley	31.9
7	Glasgow	59.9	60	Doncaster	29.9
8	Dundee	56.8	61	Wakefield	28.8
9	Brighton	56.0	62	Sunderland	28.3
10	Norwich	55.0	63	Basildon	19.7
	United Kingdom				47.1

No formal qualifications

Table 11: Residents with no formal qualifications

Rank	City	Working age population with no formal (RQF0) qualifications, 2023 (%)	Rank	City	Working age population with no formal (RQF0) qualifications, 2023 (%)
10 cities with the highest percentage of people with no formal qualifications			10 cities with the lowest percentage of people with no formal qualifications		
1	Doncaster	19.6	54	Chatham	4.4
2	Belfast	15.2	55	Gloucester	4.4
3	Mansfield	14.7	56	Edinburgh	4.2
4	Leicester	13.1	57	Bristol	4.1
5	Sunderland	13.0	58	Birkenhead	3.9
6	Telford	11.8	59	Ipswich	3.7
7	Bradford	11.8	60	Warrington	3.3
8	Cardiff	11.4	61	Cambridge	3.2
9	Luton	10.7	62	Reading	2.3
10	Blackpool	10.6	63	Aberdeen	2.1
	United Kingdom				6.6

Source (Table 10): ONS 2024, Annual Population Survey, resident analysis, 2023 data; NISRA 2024, Labour Force Survey Annual Tables, 2023 data. • Note: Regulated Qualifications Framework (RQF) is the classification given to different qualifications and replaces the National Vocational Qualifications (NVQ) measure historically reported by ONS. RQF level 4 plus captures qualifications from Higher National Certificates through to doctorates.

Source (Table 11): ONS 2024, Annual Population Survey, resident analysis, 2023 data; NISRA 2024, Labour Force Survey Annual Tables, 2023 data. • Note: Some data supressed at the local authority level. These local authorities are ignored when calculating the average for affected cities. Regulated Qualifications Framework (RQF) is the classification given to different qualifications and replaces the National Vocational Qualifications (NVQ) measure historically reported by ONS. RQF level 0 indicates no qualifications equivalent to GCSE or higher.

Skills and economic performance

Working age population with high level (top) and no formal qualifications (bottom), 2023 (%)

10 20 100

GVA per hour, 2022 (£, 2019 prices)

1. Slough 70.9
2. Aldershot 55.7
3. Reading 52.0
4. Worthing 51.7
5. Swindon 45.8
6. London 45.8
7. Edinburgh 43.2
8. Southampton 42.0
9. Milton Keynes 41.7
10. Cambridge 41.1
11. Basildon 41.0
12. Brighton 37.8
13. Bristol 37.2
14. Portsmouth 36.8
15. Oxford 36.3
16. Exeter 35.8
17. York 35.7
18. Ipswich 35.3
19. Preston 35.1
20. Coventry 34.7
21. Norwich 34.6
22. Aberdeen 34.5
23. Warrington 34.5
24. Telford 34.2
25. Chatham 34.0
26. Bournemouth 33.9
27. Manchester 33.7
28. Cardiff 33.5
29. Leeds 33.5
30. Derby 33.1
31. Sunderland 33.0
32. Crawley 32.9
33. Peterborough 32.8
34. Glasgow 32.6
35. Middlesbrough 32.1
36. Northampton 32.0
37. Leicester 31.9
38. Liverpool 31.8
39. Birkenhead 31.2
40. Newcastle 31.2
41. Wakefield 30.8
42. Blackpool 30.7
43. Birmingham 30.7
44. Burnley 30.3
45. Luton 30.0
46. Wigan 29.9
47. Sheffield 29.9
48. Stoke 29.9
49. Plymouth 29.7
50. Newport 29.4
51. Bradford 29.2
52. Dundee 29.2
53. Nottingham 29.2
54. Hull 29.2
55. Swansea 28.8
56. Huddersfield 28.2
57. Blackburn 28.0
58. Barnsley 27.8
59. Gloucester 27.6
60. Mansfield 27.0
61. Southend 26.8
62. Doncaster 25.7

Slough 50.0 6.8
Cambridge 63.7 3.2
Ipswich 47.8 3.7
Coventry 49.0 7.6
Telford 35.6 11.8
Manchester 47.8 7.0
Leeds 53.9 6.3
Peterborough 36.9 6.6
Glasgow 59.9 9.9
Middlesbrough 36.8 8.0
Liverpool 41.9 10.2
Newcastle 45.6 8.0
Birkenhead 48.2 3.9
Blackpool 39.7 10.6
Birmingham 40.5 9.2
Burnley 31.9 5.9
Luton 41.9 10.7
Wigan 33.2 10.4
Sheffield 42.8 8.3
Dundee 56.8 7.8
Bradford 37.5 11.8
Newport 40.5 9.7
Nottingham 41.8 8.4
Hull 33.0 6.0
Swansea 43.6 9.2
Huddersfield 41.2 6.6
Blackburn 35.4 10.2
Barnsley 33.4 9.5
Mansfield 33.8 14.7

62. Liverpool 66.3
61. Blackpool 66.4
60. Dundee 66.7
59. Blackburn 67.0
58. Luton 67.4
57. Bradford 68.5
56. Birmingham 69.0
55. Middlesbrough 69.2
54. Wigan 69.3
53. Burnley 69.6
52. Leeds 69.7
51. Cambridge 69.7
50. Newcastle 69.9
49. Peterborough 70.0
48. Sheffield 70.6
47. Manchester 70.9
46. Glasgow 70.9
45. Swansea 71.7
44. Barnsley 72.5
43. Hull 72.6
42. Mansfield 72.9
41. Ipswich 73.1
40. Nottingham 73.2
39. Coventry 73.2
38. Newport 73.6
37. Huddersfield 73.6
36. Birkenhead 73.9
35. Slough 74.0
34. Telford 74.0

London 60.0 5.7
Milton Keynes 48.9 4.7
Brighton 56.0 6.0
Basildon 19.7 7.6
Southampton 41.5 8.4
Edinburgh 69.9 4.2
Reading 42.4 10.0
Worthing 61.9 2.3
Swindon 48.8 7.7
Aldershot 37.4 5.8
Oxford 74.3 4.6
Portsmouth 40.3 7.2
Bristol 53.3 4.1
York 53.8 4.9
Exeter 43.6 5.4
Preston 39.4 5.7
Norwich 55.0 5.0
Warrington 50.6 3.3
Aberdeen 61.0 2.1
Chatham 39.7 4.4
Bournemouth 44.5 4.6
Cardiff 50.7 11.4
Derby 49.6 7.2
Sunderland 28.3 13.0
Crawley 42.8 8.9
Leicester 35.5 13.1
Northampton 44.6 6.4
Wakefield 28.8 6.8
Plymouth 33.4 9.4
Stoke 37.0 8.4
Doncaster 29.9 19.6
Southend 35.7 5.4
Gloucester 43.9 4.4

33. Sunderland 74.1
32. Norwich 74.2
31. Derby 74.6
30. Leicester 74.7
29. Plymouth 74.7
28. Bournemouth 74.7
27. Wakefield 74.9
26. Warrington 75.3
25. London 75.5
24. Cardiff 75.5
23. Aberdeen 75.9
22. Brighton 76.0
21. Milton Keynes 76.1
20. Basildon 76.5
19. Preston 77.1
18. Doncaster 77.2
17. Oxford 77.8
16. York 77.8
15. Southampton 78.0
14. Portsmouth 78.2
13. Chatham 78.3
12. Northampton 78.4
11. Edinburgh 78.6
10. Stoke 78.9
9. Exeter 79.4
8. Southend 80.3
7. Bristol 80.3
6. Worthing 80.9
5. Swindon 82.5
4. Crawley 82.7
3. Reading 84.2
2. Aldershot 87.0
1. Gloucester 90.7

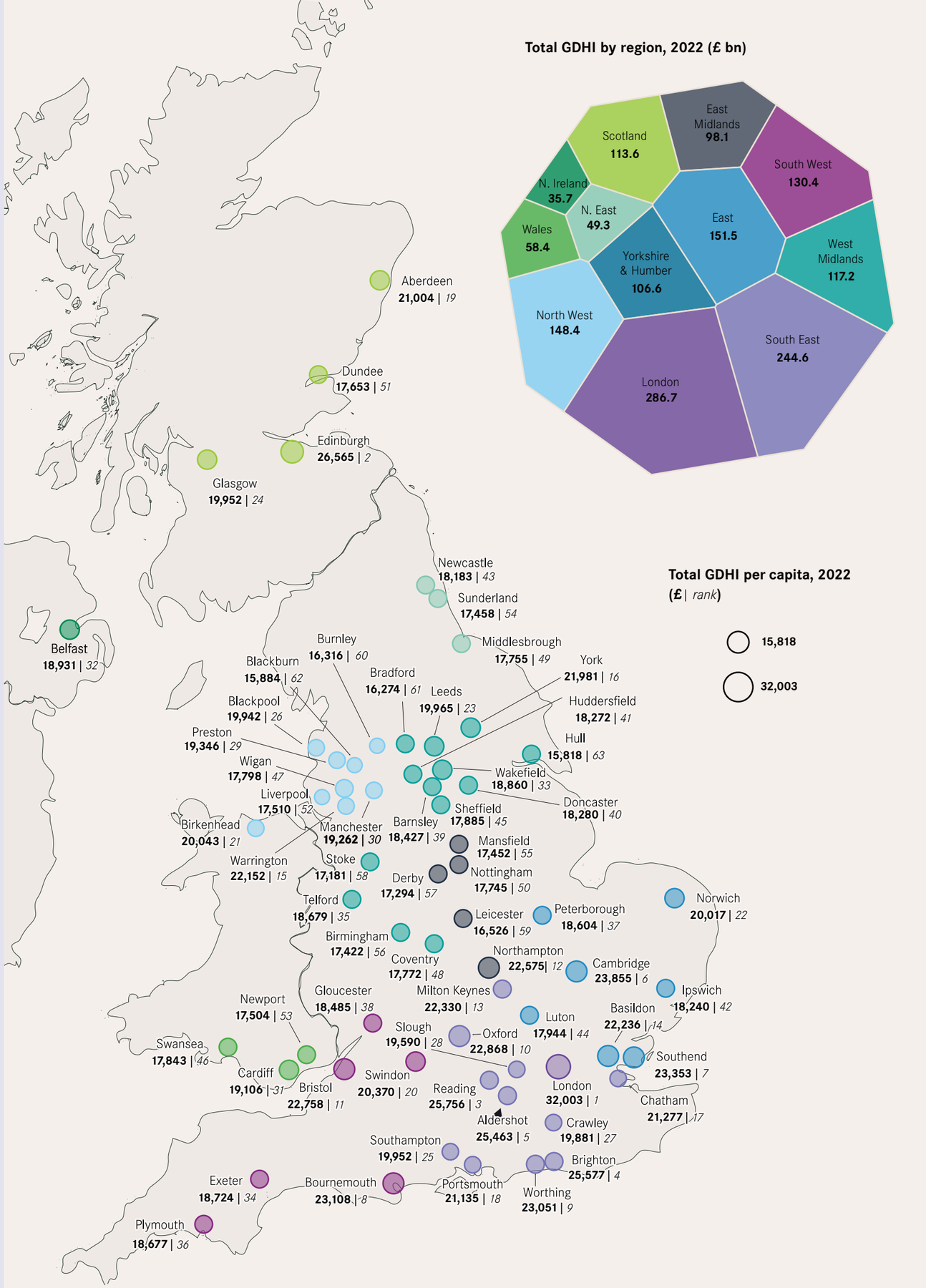
Employment rate, 2024 (%)

Living standards

Table 15: Gross disposable household income per capita

Rank	City	GDHI per capita, 2022 (£)
10 cities with the highest GDHI per capita		
1	London	32,003
2	Edinburgh	26,565
3	Reading	25,756
4	Brighton	25,577
5	Aldershot	25,463
6	Cambridge	23,855
7	Southend	23,353
8	Bournemouth	23,108
9	Worthing	23,051
10	Oxford	22,868
10 cities with the lowest GDHI per capita		
54	Sunderland	17,458
55	Mansfield	17,452
56	Birmingham	17,422
57	Derby	17,294
58	Stoke	17,181
59	Leicester	16,526
60	Burnley	16,316
61	Bradford	16,274
62	Blackburn	15,884
63	Hull	15,818
	United Kingdom	22,789

Source: ONS 2024, Gross Disposable Household Income per capita, 2022 data.



Housing

- Average house prices declined across the UK between 2023 and 2024. Just 16 UK cities saw price rises over this period, compared to the 39 that did between 2022 and 2023.
- This has eased housing affordability. In 2024, the average house price was 8.4 times the average annual wage, down from 9.2 in 2023. This ratio declined in every UK city between 2023 and 2024
- Between 2022 and 2023, Milton Keynes and Telford saw the highest growth in housing stock, with increases of 2.4 per cent and 2.2 per cent. Other cities like Warrington, Cambridge, and Preston also experienced growth, ranging from 1.4 per cent to 1.6 per cent.

Table 12: House price growth

Rank	City	Annual growth, 2023-2024 (%)	Average price, 2024 (£)	Average price, 2023 (£)	Difference in average prices, 2023-2024 (£)
10 cities with the highest increases in house prices					
1	Belfast	6.0	185,300	174,800	10,500
2	Swansea	1.5	196,500	193,700	2,900
3	Slough	1.1	385,400	381,400	4,100
4	Dundee	0.9	165,300	163,700	1,500
5	Plymouth	0.9	232,500	230,400	2,100
6	Gloucester	0.7	255,400	253,700	1,800
7	Aberdeen	0.6	179,800	178,700	1,100
8	Luton	0.6	297,300	295,400	1,800
9	Wigan	0.6	188,300	187,200	1,100
10	Derby	0.6	215,300	214,100	1,200
10 cities with the greatest reduction house prices					
54	Norwich	-4.9	285,100	299,800	-14,700
55	Middlesbrough	-5.0	160,400	168,800	-8,400
56	Telford	-5.5	218,600	231,300	-12,700
57	Exeter	-5.5	332,100	351,500	-19,400
58	London	-5.7	656,400	695,800	-39,300
59	Ipswich	-5.9	238,100	253,000	-14,900
60	Warrington	-6.0	266,900	283,900	-17,000
61	Blackburn	-7.0	157,500	169,300	-11,800
62	Milton Keynes	-7.5	338,800	366,400	-27,600
63	Sunderland	-8.0	141,600	153,900	-12,300
	United Kingdom	-3.6	323,900	336,200	-12,200

Source: Land Registry 2024, Market Trend Data, Price Paid, 2023 and January to October 2024 data; Scottish House Price Statistics 2024, Mean House Prices, 2023 and Q1-Q3 2024 data; Northern Ireland Finance 2024, Land and Property Services, 2023 and Q1-Q3 2024 data. • Note: Outliers and commercial properties removed from Land Registry data.

Housing affordability

Table 13: Housing affordability ratio

Rank	City	Affordability ratio	Average house price, 2024 (£)	Annual wages, 2023 (£)
10 cities with the highest affordability ratio				
1	Oxford	13.6	571,300	42,000
2	London	12.3	656,400	53,400
3	Brighton	12.0	470,500	39,100
4	Bournemouth	11.5	395,900	34,500
5	Worthing	10.7	371,600	34,600
6	Slough	10.6	385,400	36,400
7	Cambridge	10.5	564,300	53,500
8	Bristol	10.4	375,200	36,100
9	Exeter	10.3	332,100	32,200
10	Aldershot	10.0	433,300	43,200
10 cities with the lowest affordability ratio				
54	Belfast	5.6	185,300	33,400
55	Barnsley	5.5	169,300	30,700
56	Blackburn	5.5	157,500	28,800
57	Stoke	5.5	163,600	29,900
58	Dundee	5.3	165,300	30,900
59	Middlesbrough	5.0	160,400	32,100
60	Hull	4.8	135,200	28,100
61	Burnley	4.6	133,500	28,800
62	Sunderland	4.6	141,600	30,800
63	Aberdeen	4.4	179,800	40,400
	United Kingdom	8.4	323,900	38,400

Source: Land Registry 2024, Market Trend Data, Price Paid, 2023 and January to October 2024 data; Scottish House Price Statistics 2024, Mean House Prices, 2023 and Q1-Q3 2024 data; Northern Ireland Finance 2024, Land and Property Services, 2023 and Q1-Q3 2024 data; ONS 2024, Pay As You Earn Real Time Information, UK: December 2024. • Note: Earnings data is residence-based gross annual pay for all employees (full-time and part-time).

Housing stock growth

Table 14: Housing stock growth

Rank	City	Annual growth, 2022-2023 (%)	Housing stock, 2023	Housing stock, 2022	Absolute change, 2022-2023
10 cities with the highest housing stock growth					
1	Milton Keynes	2.4	122,410	119,520	2,895
2	Telford	2.2	82,750	80,970	1,778
3	Warrington	1.6	96,360	94,890	1,473
4	Cambridge	1.5	57,860	57,020	839
5	Preston	1.4	170,740	168,320	2,418
6	Luton	1.4	83,510	82,370	1,146
7	Northampton	1.2	184,170	181,940	2,227
8	Reading	1.2	147,690	145,950	1,739
9	Leicester	1.1	205,480	203,240	2,242
10	Nottingham	1.1	296,870	293,660	3,203
10 cities with the lowest housing stock growth					
54	Birkenhead	0.5	152,260	151,550	708
55	Newport	0.4	113,400	112,900	500
56	Bournemouth	0.4	187,690	186,920	773
57	Crawley	0.4	47,260	47,070	190
58	Stoke	0.4	175,560	174,900	663
59	Ipswich	0.3	61,840	61,630	209
60	Plymouth	0.3	122,260	121,870	397
61	Basildon	0.3	80,000	79,780	222
62	Portsmouth	0.3	236,560	235,930	634
63	Swansea	0.1	181,500	181,300	200
	United Kingdom	0.9	30,424,300	30,155,910	271,721

Source: Ministry for Housing, Communities and Local Governnment 2024, Dwelling stock estimates in England: Table 125, 2022 and 2023 data; National Records of Scotland 2024, Housing and Dwellings in Scotland: Table 2, 2022 and 2023 data; Welsh Government dwelling stock estimates by local authority and tenure 2024, 2022 and 2023 data; Northern Ireland Department of Finance 2024, Annual housing stock statistics: Table 1.18, 2022 and 2023 data.

Environment

Greenhouse gas emissions

- Cities are greener than the rest of the country. They accounted for 54 per cent of the total population but only 41 per cent of the UK's greenhouse gas emissions in 2022.
- Cities' per capita emissions from industry and transport were just over half those of non-urban areas in the UK. Domestic emissions per capita were 16 per cent less in cities compared to non-urban areas.
- Swansea's industrial emissions make it the most polluting city in the UK, more than double Middlesbrough, the runner up. The Port Talbot works, being one of the largest steel production facilities in the UK, is a major source of the city's 15 tonnes of industrial emissions, which are three quarters of its emissions output.
- Other cities in the top ten, such as Warrington, Doncaster, Northampton and Newport, have high transport emissions. These cities all contain busy motorways within their boundaries. In these cities, transport accounts for almost half of total emissions, compared to less than a third on average across all UK cities.
- Domestic emissions make up a quarter of UK city emissions. These are related to the heating needs of different cities as well as the energy efficiency of the housing stock. Eight of the ten cities with the highest domestic emissions per capita are all in the North (Swansea and Southend are the exceptions). Meanwhile, all ten of the cities with the lowest domestic emissions are in the South.

Table 16: Total greenhouse gas emissions per capita

Rank	City	Greenhouse gas emissions per capita, 2022 (t)	Greenhouse gas emissions per capita, 2021 (t)	Rank	City	Greenhouse gas emissions per capita, 2022 (t)	Greenhouse gas emissions per capita, 2021 (t)
10 cities with the lowest emissions per capita				10 cities with the highest emissions per capita			
1	Worthing	2.6	2.8	54	Barnsley	5.8	5.5
2	Brighton	2.9	3.1	55	Wakefield	6.0	5.6
3	Southend	3.1	3.4	56	Preston	6.0	5.6
4	Chatham	3.1	3.3	57	Belfast	6.1	5.7
5	Bournemouth	3.1	3.4	58	Newport	6.2	5.9
6	Ipswich	3.2	3.4	59	Northampton	6.4	6.2
7	Plymouth	3.3	3.5	60	Doncaster	6.7	6.3
8	Luton	3.3	3.1	61	Warrington	6.7	6.3
9	Southampton	3.3	3.5	62	Middlesbrough	8.6	7.7
10	Portsmouth	3.4	3.6	63	Swansea	21.7	19.2
	United Kingdom					5.9	5.6

Source: Department for Energy Security and Net Zero 2024, Greenhouse gas emissions: local authority and regional, 2021 and 2022 data. • Note: Unit is tonnes of carbon dioxide equivalent emissions per capita. Emissions assigned to where production takes place, except energy emissions which are attributed to the place of consumption. Greenhouse gases covered are carbon dioxide, methane, and nitrous oxide.

Air quality

Table 17: Number of days a year of poor air quality

Rank	City	Number of days with poor air quality, 2024	Rank	City	Number of days with poor air quality, 2024
10 cities with the best air quality			10 cities with the worst air quality		
1	Sunderland	1	54	Birmingham	18
2	Aberdeen	2	55	Chatham	18
3	Belfast	2	56	Cardiff	19
4	Dundee	2	57	Swansea	20
5	Edinburgh	2	58	Bristol	24
6	Newcastle	3	59	Portsmouth	24
7	Burnley	4	60	Southampton	24
8	Hull	4	61	Bournemouth	25
9	York	4	62	London	28
10	Blackpool	7	63	Southend	28

Source: Met Office 2024, Daily Air Quality Index (DAQI), December 2023 – November 2024. • Note: DAQI measures pollutant concentrations ranging from Low (1-3) to Very High (10). A day of poor air quality is defined as having a maximum DAQI score of 4 or above (Moderate to Very High).

Environment

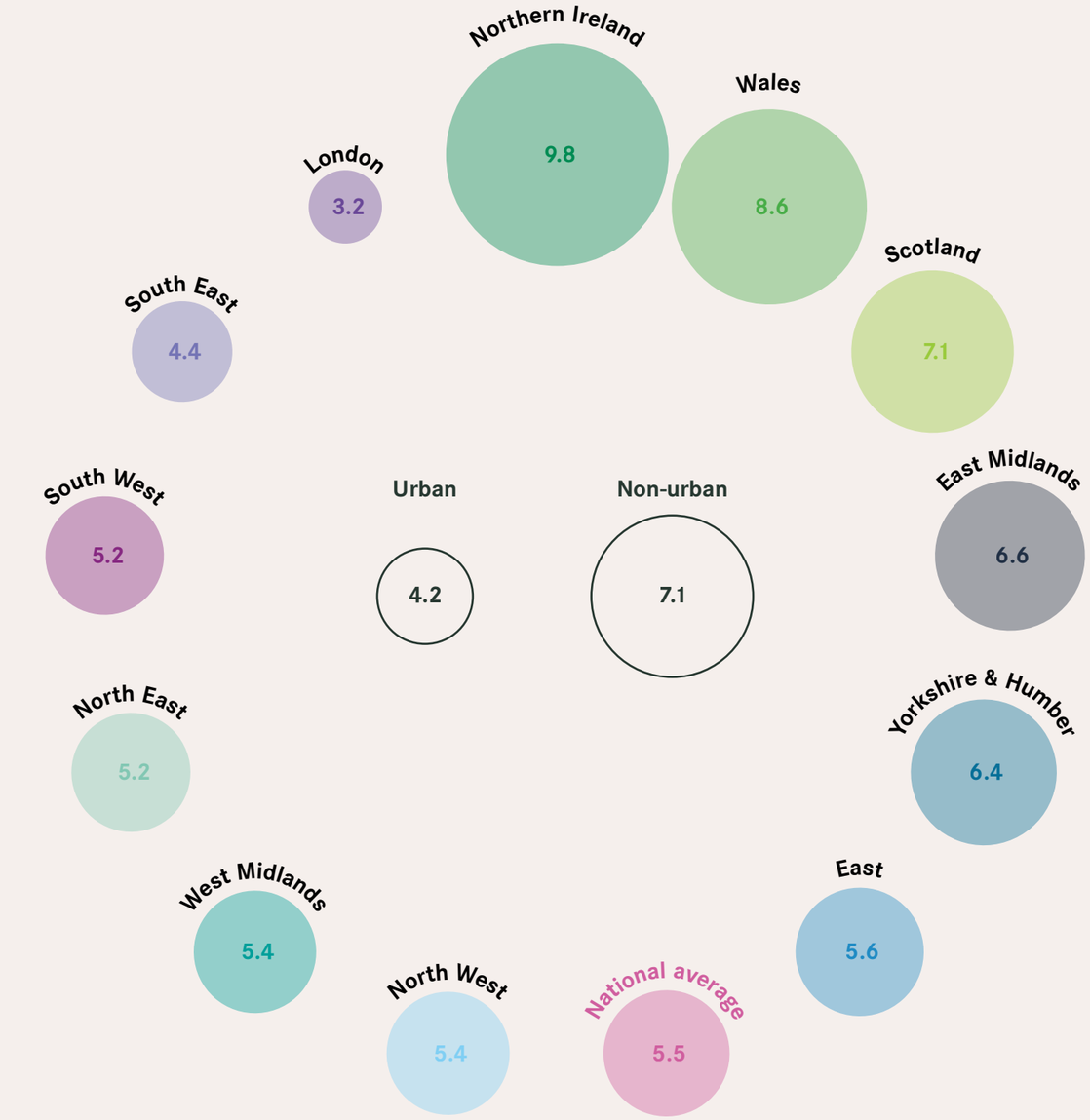
City greenhouse gas emissions per capita, 2022 (t, CO_2 equivalent)

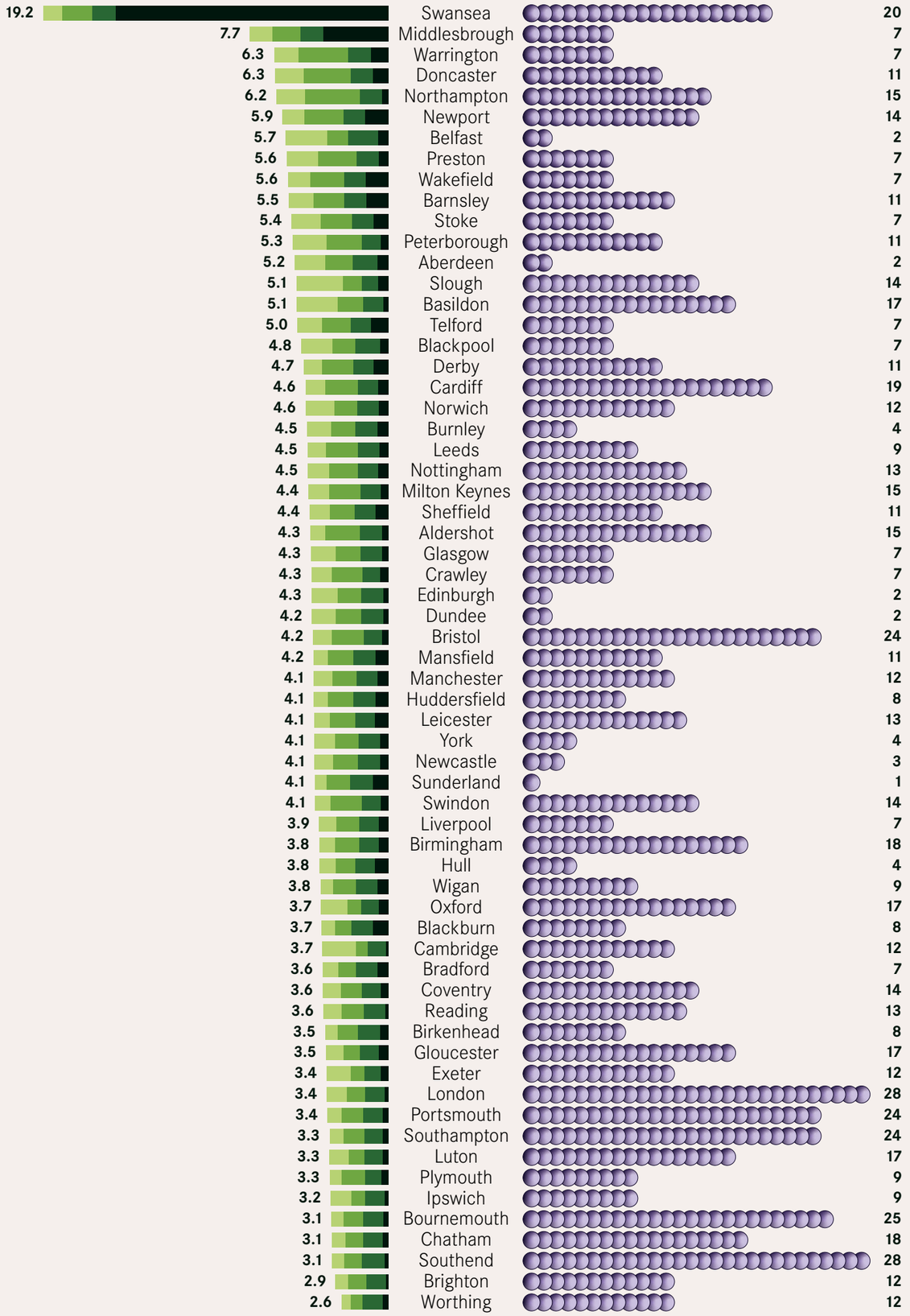
- Industry
- Domestic
- Transport
- Other

Air quality, 2024

- One day of poor air quality

Regional greenhouse gas emissions per capita, 2022 (t, CO_2 equivalent)





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