Cities Outlook
2023

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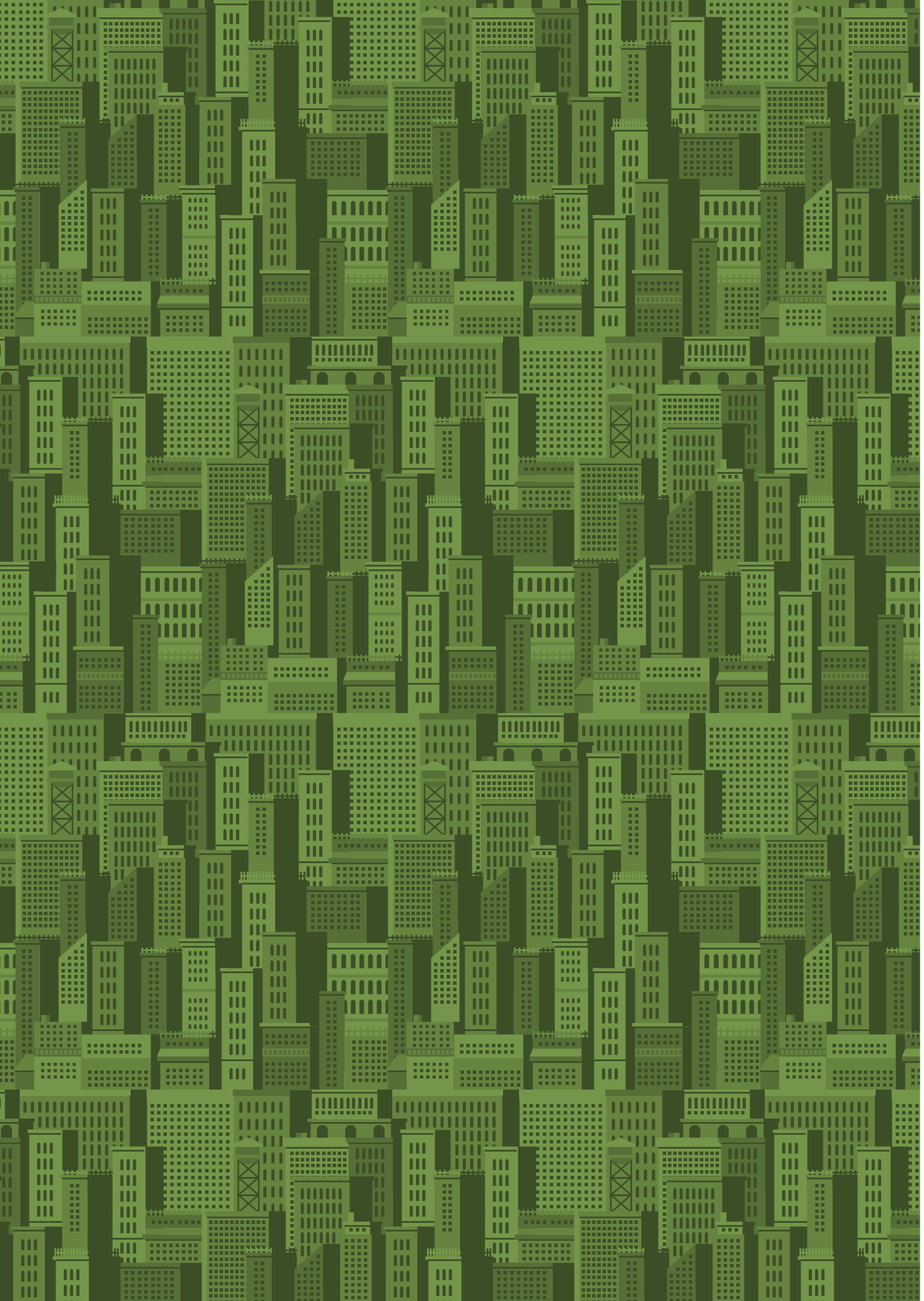

About Centre for Cities

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

The UK's economic inactivity problem is much larger than we think

1.2 million

people are officially classed as **unemployed**,
but **this is only the tip of the iceberg**.

Beneath the surface,
there's a much larger and more complex situation at play.

Adding in those who are **involuntarily inactive**,
reveals an army of up to

3.5 million

missing workers.

This **triples** the unemployment rate from **3.7%** to **12.1%**

1.2M official unemployed + **3.5M** involuntary inactive = **4.7M** hidden unemployed

Hidden unemployment is an urban problem which shows a striking North-South divide

Urban areas are home to about **60%** of **hidden unemployed people**.

But the state of play is not the same across all UK cities.

9 out of 10 cities with the highest **hidden unemployment rates** are located in the **North.**

In **Blackburn** and **Hull** the hidden unemployment rate is

20%

While in **southern cities** like **Gloucester** and **Reading** it is around

8%

What is driving economic inactivity?

In recent months, a lot of focus has been placed on:

- Worsening health
- Early retirement

Economic factors have been less widely discussed but play a major role. Such as:

- Skills
- Strength of the labour market

The Levelling Up White Paper pledged to tackle **regional inequalities** through improving jobs, skills, and health prospects. But almost a year on there has been next to **no policy action.**

2023 must be the year that Government delivers on its levelling up promises

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Testimonials

Testimonials

The Centre for Cities annual Cities Outlook report is highly valuable reading. Our organisation exists to Connect, Support and Grow Greater Birmingham's businesses. We need high quality data and intelligence to enable our work to both communicate the specific needs and experiences of local businesses to stakeholders and directly offer relevant support that adapts to emerging trends. The Cities Outlook provides us with meaningful insights into the major trends affecting Birmingham, and, critically, how it compares to other cities across the UK.

Henrietta Brealey
Chief Executive | Greater Birmingham Chambers of Commerce

There's still a significant divide between the North and South, which is having a hugely negative economic impact on the communities of West Yorkshire and beyond - particularly now, during the worst cost of living crisis in decades. Further devolution and investment in our region are urgently needed to level up the country and provide support to those who need it most.

The regional data that this research provides is invaluable, with further analysis allowing us to make key decisions to achieve our vital goals.

Tracy Brabin
Mayor of West Yorkshire

Centre for Cities has been a powerful advocate for the role that city-regions can play in addressing the major policy challenges facing the UK, so I'm pleased to see Cities Outlook 2023 continue this work.

This report shines a spotlight on pressing questions of economic inactivity and persistent regional inequalities, and sets out clear recommendations for what Government could do to support local leaders to tackle them. We welcome the call for an Innovation and Growth Package for Greater Manchester, the West Midlands and Greater Glasgow, which would help to unlock the full potential of our places for the benefit of the whole UK economy.

Clear and comprehensive reporting like this helps local leaders and policymakers to address the challenges they face. It also reflects the impact of what places like Greater Manchester are already doing to make a difference for our residents using the devolved powers and resources at our disposal – and offers an insight into what more we could do with even greater support.

Andy Burnham
Mayor of Greater Manchester

As the Leader of a Levelling Up city and one of the UK's fastest growing economies, I rely on Cities Outlook for its objective insights and detailed analysis. As well as providing a vital annual health check for our sector, Cities Outlook's invaluable big picture perspective helps us to gauge how far we've progressed and get to grips with the key challenges and opportunities for our city in the year ahead.

Councillor Abi Brown
Leader | Stoke-on-Trent City Council

For anyone with an interest in urban economies, Cities Outlook is essential reading. Cambridge Ahead finds the report's data extremely valuable in understanding Cambridge's position relative to other cities, and providing the strong, reliable and credible data that we need to influence local and national decision-making on key issues for the city region. All of this supports us in our mission to demonstrate that the growth of the Cambridge economy, particularly in world-leading innovation sectors, will drive regional prosperity and the success of the UK economy.

Jane Paterson-Todd
Chief Executive | Cambridge Ahead

This year's Outlook sets out clearly that behind the headlines of record vacancies, labour shortages and rising 'economic inactivity', the UK labour market is moving at different speeds and with very different challenges and opportunities across the country. It also reminds us that many of these issues are not new: particularly around how we better support people who want to work but aren't looking for a job, but also how we create more and better jobs in our major cities, ex industrial areas and coastal towns. As the report shows, in too many places it's still a lack of decent jobs, rather than a lack of potential workers, that is holding us back. The one potential bright spot, however, is that there is also now a growing consensus that we need to do far more to support full employment and decent work – across government, business and public services. It's an opportunity that we need to take.

Tony Wilson
Director | Institute of Employment Studies

The data presented in Cities Outlook - including both the good and rather less good news about levels of economic activity - is a useful tool for myself and fellow local leaders.

The insights provided by the Centre for Cities team will help to inform the action we take here in the West Midlands as we seek to unleash our economic potential in order to improve quality of life for our citizens.

The UK's City Regions are the real engine rooms of growth and Central Government is increasingly recognising that local leaders are the ones best placed to make decisions about their areas so empowering them further will benefit us all in the months and years ahead.

Andy Street
Mayor of the West Midlands

The Cities Outlook data and insight provides a robust and independent view of the performance of the UK's cities and largest towns, making it valuable for myself and partners across our city in understanding how Bristol is performing across benchmarks.

Place-based leaders strive to balance competing priorities and interdependent crises. In my role as Chair of both Core Cities and the LGA City Regions Board, I see how leaders across the country use the data as a means of tracking trends across other urban areas. Having the evidence base to support these decisions and track their impact is key for our long-term policy goals.

Marvin Rees
Mayor of Bristol | Chair of LGA City Regions Board | Chair of Core Cities UK

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Cities Outlook 2023

A lost year of levelling up

A lost year of levelling up

2022 was another lost year for levelling up. But with Labour setting out a more detailed position in December, 2023 should finally see a competition between the two main parties for who can deliver a programme of policies to improve economic growth across the country.

Levelling up has never been about tackling short-term issues; the agenda is attempting to address deep-rooted challenges that have been at least 100 years in the making. The past 12 months have been dominated by short-term problems such as the cost of living crisis, NHS backlogs, worker shortages and strikes, all compounded by political turmoil. And this is before the impact of the predicted recession in 2023 is felt.

Quite rightly, this has been the focus of policy attention. But it has come at the expense of any meaningful progress on levelling up, which highlights the inherent weakness of the UK's centralised political system.

We are now a year on from the publication of the Levelling Up White Paper and very little has happened. Much time was lost in the period it took the Government to produce the white paper itself, which was published more than two years into its term. This further delay has exacerbated the inaction and makes achieving targets with a deadline of 2030, as set out in the white paper, even less likely than it was 12 months ago.

The Conservative leadership contest proved to be deeply unhelpful for the levelling up agenda, with both candidates seemingly ignoring the detailed plan their own Government had published only months earlier. This culminated with Liz Truss' ill-fated investment zones idea – a debacle that was particularly frustrating for several reasons.

Firstly, it was in no way linked to the thinking set out in the white paper in February. Secondly, evidence suggested that investment zones would not have had the impact anticipated. Perhaps worst of all, it once more marched local authorities up the competitive bidding hill in double-quick time to make submissions for a policy that was abolished when Rishi Sunak became prime minister.

Despite Sunak's seemingly lukewarm views on levelling up during the summer, his words and actions since have offered better news. Most notable has been the reinstatement of Michael Gove to the Department of Levelling Up, Homes and Communities as he, of course, oversaw the production and publication of the white paper.

Gove finds himself in a fiscally more constrained position given what has happened since it was published a year ago. Much focus has been placed on the Levelling Up Fund and how inflation has seen this modest pot of money shrink even further, and he is very short on time. Because of this, what needs to happen from now on must be split into two periods – the two years before the next election, and the subsequent parliament and beyond.

In terms of the current parliament, the Government should focus on:

- **Expanding and deepening devolution.** This is an area where there has been progress. Some new deals have been announced in the past six months, and an announcement on the 'trailblazers' that will increase powers for the mayors of Greater Manchester and West Midlands is expected imminently. This should be done alongside further deals that bring mayors to areas that currently do not have them.
- **Getting royal assent for a Levelling up and Regeneration Bill that is fit for purpose.** The bill has been subject to a series of challenges from backbench Conservative MPs that risk watering down key proposals around planning and the built environment to the point of making this part of the bill toothless.
- **Setting out a programme for delivering the white paper spending commitments in areas such as research and development.** In the Autumn Statement the chancellor recommitted to increase spending in areas like research and development (R&D), which runs into billions of pounds. This creates potential to start making the sorts of investments required to get parts of the country to where they should be relative to their international peers, and enable these places to make suitable contributions to the national economy.

The significance of levelling up in the next parliament may well depend on what Labour decides to do. Labour has been even later to the table than the Conservatives in setting out its vision but, thankfully, that changed in December 2022 with the publication of Gordon Brown's report on the Commission of the UK's Future. Keir Starmer subsequently put devolution at the centre of his pitch to Red Wall voters in a speech in early January 2023.

The core argument of the Brown report, and this is shared by the Levelling Up White Paper, is that national economic stagnation, high regional inequality and the centralisation of the British state are all connected. It recommends that Labour embraces greater devolution in England, while going further than the Government by saying the metro mayor model should be applied in Scotland.

If the recommendations are accepted, this will not only be a shift in Labour thinking, it will establish a consensus between the two main parties on devolution. It also raises the possibility that devolution, and how ambitious the political parties are prepared to be, could become an important political battleground in the run up to the next General Election.

Alongside this, the next Government will need to set out a policy programme to pull up the economic performance of those parts of the country that are not reaching their potential. As Centre for Cities has previously stated, and this was a key theme in the white paper, poor economic performance outside the Greater South East is mainly driven by the underperformance of its biggest cities that are furthest from their potential. And this doesn't just hold back the regions they sit within, it makes the UK economy an estimated £50 billion smaller each year.[1]

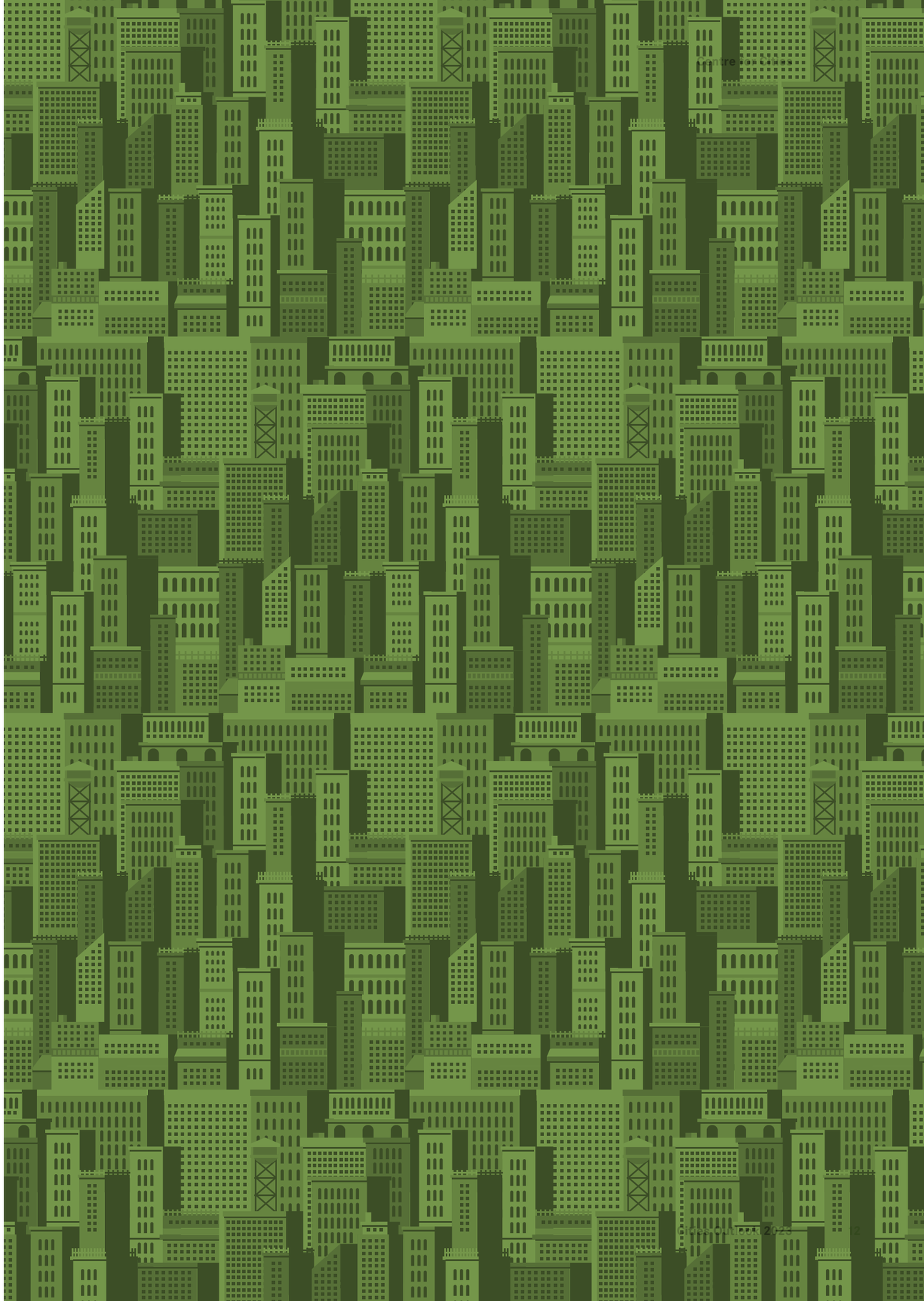
There is a national economic imperative to fix this through policies that should include:

- **A 10-year, £14.5 billion package** to pull up Birmingham, Glasgow and Manchester in particular, allocating funds that have already been earmarked to invest in R&D, local transport and city centres.
- **Transport for London-style powers** for all large cities.
- **An increase in national skills funding** from 5 per cent to 7 per cent of GDP, as is the case in Sweden.

The centenary of the first levelling up policy is just five years away and governments are still attempting to address sub-national divides. The current parliament was formed with a mission of levelling up the country but, sadly, it is likely that this will be a lost parliament.

This cannot be repeated. Whoever is in power after the next General Election needs to have a levelling up policy programme ready to go if we are to stop talking about this underperformance in decades to come.

1 Swinney P and Enenkel K (2020), Why big cities are crucial to 'levelling up', London: Centre for Cities.



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Cities Outlook 2023

The UK’s army of hidden unemployed people

The UK's army of hidden unemployed people

Official unemployment figures mask substantial numbers of hidden workers in cities and large towns in the North of England, in particular. This underscores, once again, the need for a set of levelling up policies to tackle the struggles of places outside the Greater South East.

Big increases in economic inactivity – those people not searching for work – since the onset of Covid have grabbed headlines and led to the prime minister asking for a review to look at the causes.

While it is right to be concerned about recent rises, the debate has been largely blind to how this plays out across the country. This chapter shows there is a much greater, longer-term problem with inactivity that has a very clear North-South split.

Box 1: Methodology

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

Data used for this research

Most of the research uses data from the Annual Population Survey for 2022, which provides information on economic inactivity and unemployment at the local authority level. When this was conducted, the latest data available covered the 12 months to June 2022. Data for Belfast was not available.

Box 2: Defining labour market terms

People are generally grouped into two broad categories:

- Those who are economically **active**, so individuals who are either **employed** (currently in paid work) or **unemployed** (without a job but actively seeking work within the past four weeks).
- Those who are **economically inactive**, meaning they do not have a job but are not categorised as unemployed because they are not seeking work, or are not available (or both).

The **unemployment rate** measures the share of the economically active population that is out of work. The **inactivity rate** measures the share of the working-age population that is inactive.

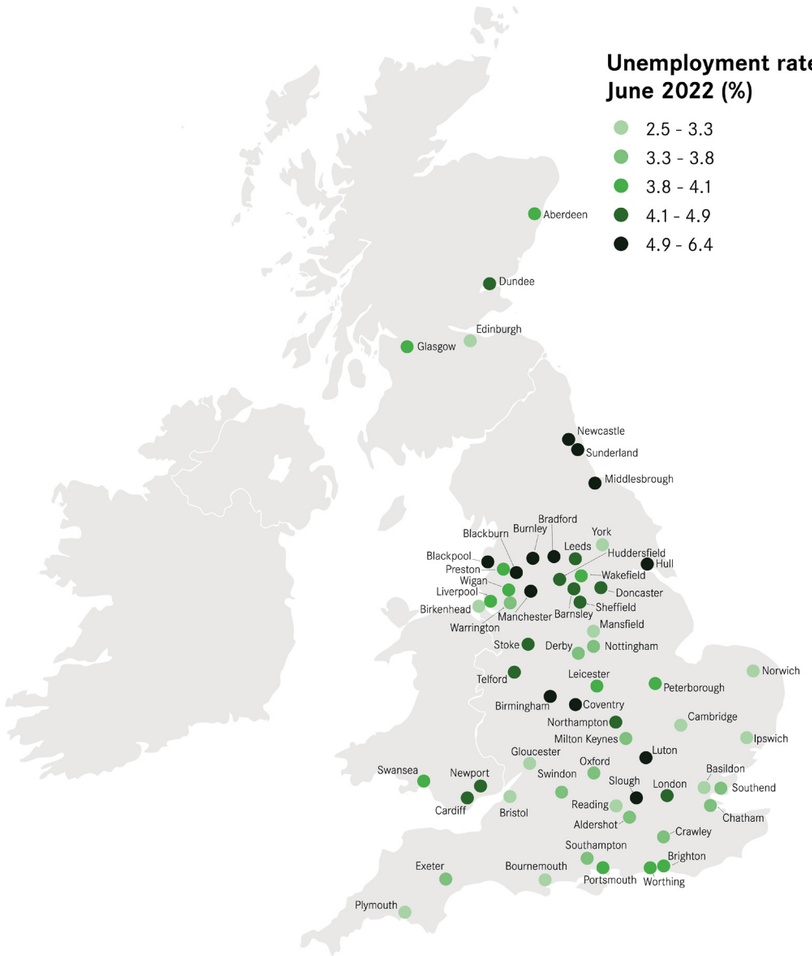
Unemployment is at historically low levels

At first glance, the UK jobs market appeared buoyant in 2022. Unemployment was at record lows, with only 3.7 per cent of the working-age population (1.2 million people) classed as unemployed by October. That is not only less than pre-pandemic levels, it is the lowest rate Britain has seen since the early 1970s. And it is a picture that played out across the country.

There is a geography to unemployment – cities and large towns in the North or the Midlands had higher rates than those in the Greater South East, as Figure 1 shows. But even in places that fared the worst, like Birmingham and Middlesbrough, the unemployment rate was around six per cent, which is very low in the context of the last four decades.[2]

2 While time series data on unemployment at the local level starts in 2004, claimant count data shows that the claimant rate is close to its lowest point since the data series began in 1986.

Figure 1: While unemployment is higher in cities and large towns in the North, it is relatively low by historical standards



Source: ONS, Annual Population Survey 2022.

The cause of such low unemployment was not a booming jobs market – the UK is one of the only countries in the OECD not to have returned to pre-Covid employment rates.[3] It was the result of rising numbers of people being classed as 'inactive' because they were withdrawing from the jobs market despite an increase in vacancies. And this spurred the prime minister's request for a review.

Not all forms of economic inactivity should be a worry for policymakers. Some of it is driven by individuals making positive choices, such as enrolling in higher education or retiring early if they are financially secure enough to do so. These types of inactivity are unrelated to the economic performance of the local area in which people live and work. Instead, they are more closely tied to the benefits and characteristics that different places offer, such as universities in cities, or amenities that particularly appeal to retirees. This partly determines where people who are inactive choose to live (see Box 3).

Box 3: Cities have higher levels of overall inactivity, mostly driven by students

The inactivity rate is around 1 percentage point higher in cities. In total, they are home to 5 million inactive people compared with 3.6 million in non-urban areas.

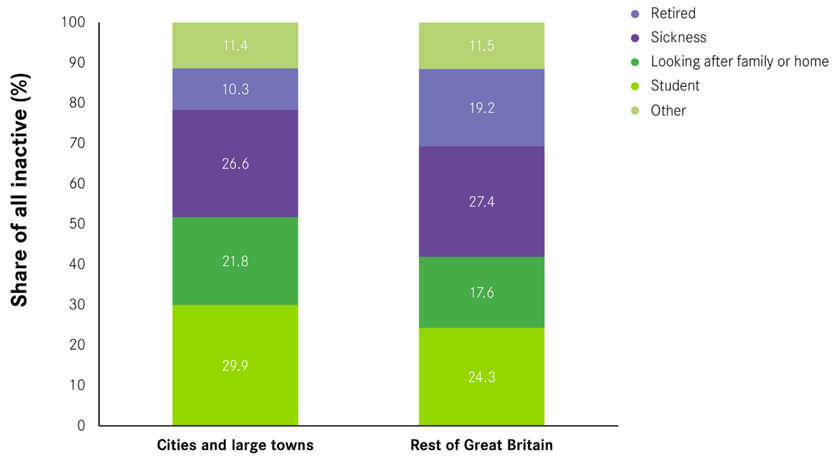
This is mostly driven by the distribution of some specific types of inactivity, and students in particular (Figure 2). In urban areas, nearly 30 per cent of all inactive people are students, compared with 24 per cent in non-urban areas. Meanwhile, about 65 per cent of inactive students live in cities, and these places also have a higher share of people looking after a family or home.

In contrast, early retirement is less of an urban issue, with retirees much more likely to live outside of cities and large towns.

3 Between 2019 and the first quarter of 2022, levels of inactivity fell by 0.7 percentage points in the median OECD nation, while rising in the UK over the same period. Also see **Financial Times, 'UK lags behind developed nations on post-Covid employment recovery,' 9 November 2022.**

Figure 2: In cities, economic inactivity is largely driven by students, while early retirement is less of an urban issue

Reasons for inactivity, June 2022



Source: ONS, Annual Population Survey 2022.

Other forms of inactivity are less likely to be the result of positive choice. For example, people may leave the labour market and stop looking for work if they are discouraged, believe there are no jobs available (or no good positions) or cannot work because of health issues. These should all be concerns for policymakers.

There is an army of hidden workers in northern cities and large towns

By discounting those for whom inactivity is more likely to be a choice, it is possible to compute an 'adjusted' inactivity rate.[4] This more accurately measures the share of the working-age population that is likely to be involuntarily inactive and, in principle, could work or look for a job if they had adequate support or better employment prospects.

Nationally, there are 3.5 million people who are involuntarily inactive – almost three times the number who are unemployed. Nearly two million live in cities, which is about 60 per cent of the total.

Reflecting the geography of unemployment, involuntary inactivity is greater in the

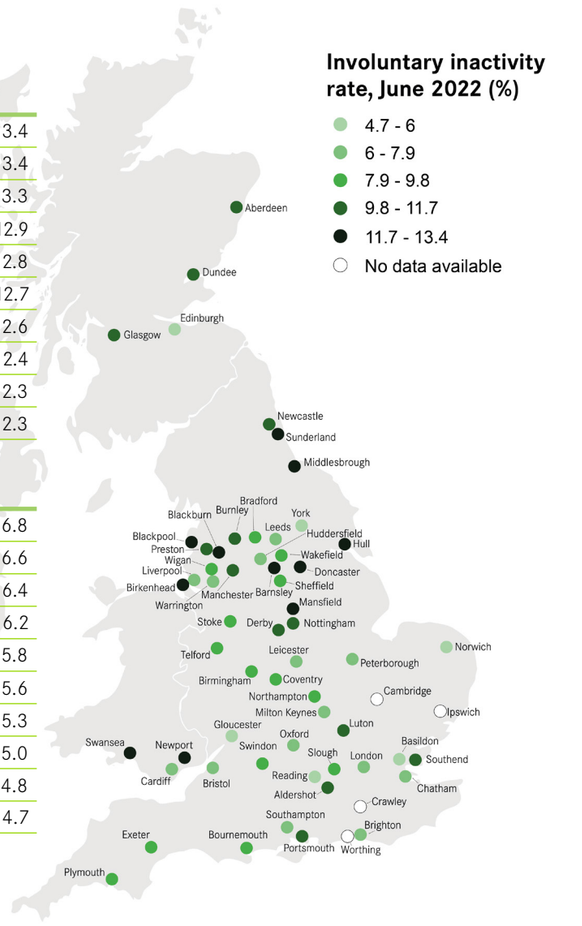
4 This is computed by removing students, retirees and people looking after family and home from inactivity figures.

North (Figure 3). In fact, eight of the 10 places with the highest rates are northern cities. More than one in eight working-age people in Barnsley and Sunderland, for example, fall into this category compared with around one in twenty in Reading or Basildon. And this pattern has persisted for many decades, as Box 4 shows.

Figure 3: Cities in the North have higher involuntary inactivity rates

Top and bottom 10 involuntary inactivity, June 2022 (%)

1	Barnsley	13.4
2	Sunderland	13.4
3	Hull	13.3
3	Middlesbrough	12.9
5	Blackburn	12.8
6	Mansfield	12.7
6	Newport	12.6
8	Doncaster	12.4
9	Swansea	12.3
10	Birkenhead	12.3
49	Oxford	6.8
50	Chatham	6.6
51	Brighton	6.4
52	Bristol	6.2
53	York	5.8
54	Edinburgh	5.6
55	Gloucester	5.3
56	Norwich	5.0
57	Basildon	4.8
58	Reading	4.7



Source: ONS, Annual Population Survey 2022. Note: Crawley, Cambridge, Ipswich and Worthing have been removed from the analysis because of missing data.

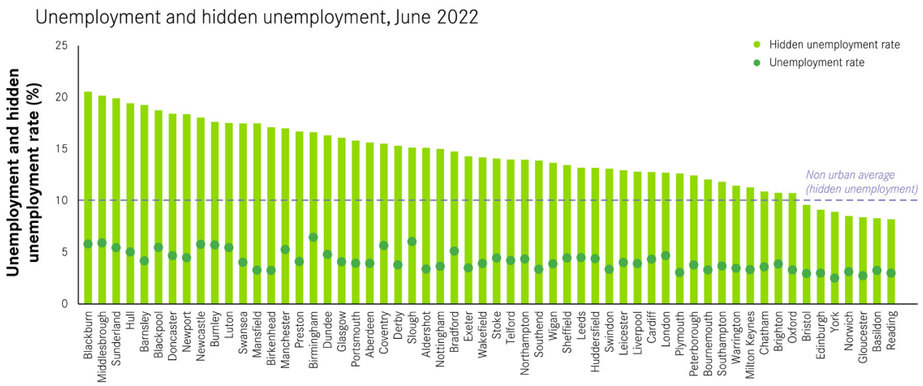
Hidden unemployment is up to four times higher in some northern cities and towns than official figures suggest

Combining those who are registered as unemployed and those who are involuntarily inactive takes the national rate from 3.7 per cent to 12.1 per cent. That is an increase from 1.2 million to 4.7 million people, nearly the population of Manchester and Birmingham urban areas combined.

These shifts are even larger at the local level and reveal a much greater North-South divide than unemployment figures on their own suggest. Of the 10 places with the highest hidden unemployment rates, nine are in the North. In Middlesbrough, Hull and Blackburn, accounting for that group increases the rate from 5 per cent to 20 per cent – a four-fold rise. In Liverpool, it takes the total number of unemployed people from 13,000 to more than 46,000 people, which is almost enough to fill Anfield stadium. This is a strong contrast with cities like Gloucester, Reading and York where the hidden unemployment rate is around 8 per cent, which is much closer to the headline unemployment figures.

The result is much greater disparities between cities than those headline figures suggest, as Figure 4 shows. The gap between cities with the lowest and highest unemployment rate is 4 percentage points. But for hidden unemployment, this increases to 12 percentage points.

Figure 4: There is a large gap between official unemployment and hidden unemployment



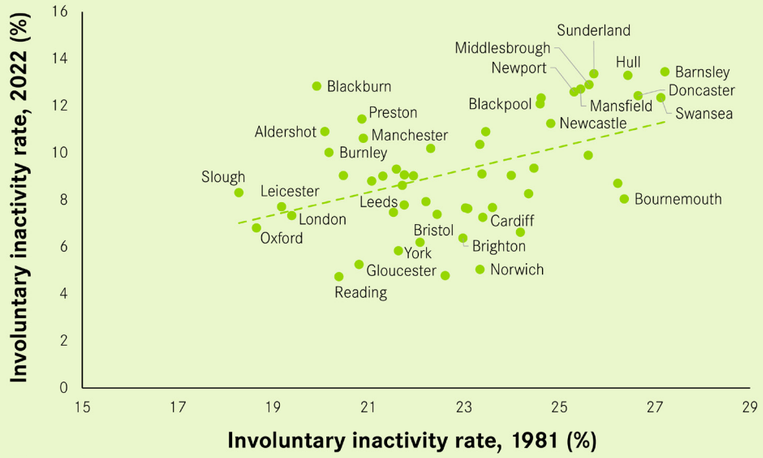
Source: ONS, Annual Population Survey 2022. Note: Crawley, Cambridge, Ipswich and Worthing have been removed from the analysis because of missing data for 2022. The hidden unemployment figure here is computed as the number of people unemployed and involuntary inactive (as defined above) as a percentage of the labour force plus the involuntary inactive.

Box 4: The scars of deindustrialisation are still visible on today's labour market

Cities and large towns in the North, like Middlesbrough, Hull and Blackburn, have long grappled with high levels of economic inactivity and this is, in part, a legacy of their industrial past. Most had a significant proportion of work in mining and manufacturing in the mid-20th century, but they experienced large-scale job losses in the 1970s, 1980s and 1990s owing to industrial decline. In those places, the main labour market response was not an increase in unemployment; instead workers – mostly men – withdrew into economic inactivity.[5] The impact of this is still visible today.

Figure 5 compares involuntary inactivity now and in 1981. It shows that those cities with the greatest inactivity in 1981 are still the most affected. Of the 10 with the highest 1981 rates, six are still in the top 10 in 2022 – Barnsley, Swansea, Doncaster, Hull, Sunderland and Middlesbrough.

Figure 5: The legacy of the 1980s is still visible on today's labour market



Source: ONS, Annual Population Survey 2022, Census 1981.

Note: the 1981 Census data does not allow to isolate the 'looking after family or home' factor, which likely explains why values are relatively high across all cities.

5 Beatty, C et al (2022). The real level of unemployment 2022, Sheffield Hallam University.

This though cannot simply be explained by high numbers of former miners or factory workers among those who are currently economically inactive, as few are still of working age. Instead, Figure 5 shows the impact of deindustrialisation on subsequent generations – the children and grandchildren of those withdrawing from the labour market in the 1970s, 1980s and 1990s. This is explored in greater detail below.

Recent increases in inactivity rates have created new problems in some southern cities, in addition to compounding existing ones in the North

The well-documented recent rises in inactivity have compounded this picture at the national level, but they have not been evenly spread across the country.

Inactivity had generally been declining since the turn of the 21st century, mostly driven by more women joining the labour force.[6] But the Covid-19 pandemic has reversed this trend. Between December 2019 and October 2022, the total number of people in the jobs market shrunk by 370,000, despite low unemployment and worker shortages. This moved the inactivity rate from 20.2 per cent of the working-age population to a six-year high of 21.7 per cent, making the UK a clear international outlier.

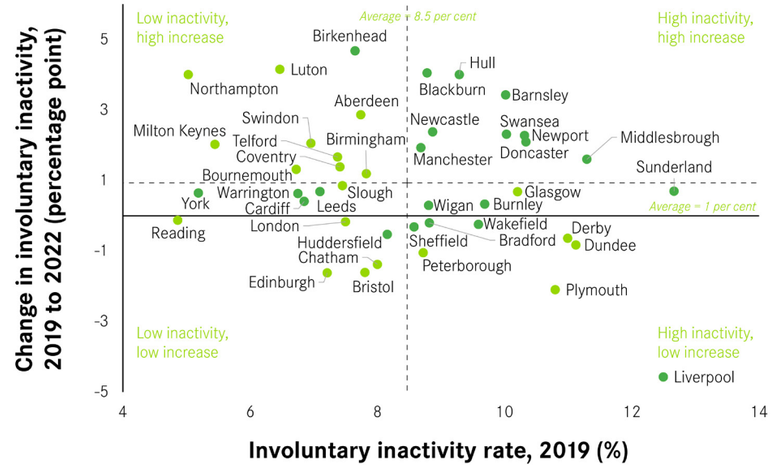
Some of this has been driven by a rise in students who may have delayed their entry into higher education because of the pandemic. More older workers retiring early, either in response to redundancies and dismissals or as a result of post-pandemic lifestyle changes, may have played a role too. National data for October 2022 suggests these two reasons combined explain, at most, a third of the overall increase. This means, therefore, that it has largely been made up of involuntary inactivity.

Perhaps surprisingly, despite the national focus, involuntary inactivity has not gone up across the country. Figure 6 looks at the performance of cities and large towns in 2019 and changes in involuntary inactivity since then, and there are four things to note:

- Not all cities saw a rise; in places like Derby, Edinburgh and Wakefield rates actually decreased.
- Recent changes have not entirely followed the geography of inactivity set out above. Cities with large increases are located across the UK. For those in the top right quadrant of Figure 6, such as Barnsley and Hull, the rises have compounded high long-term rates. For mainly southern cities, such as Northampton, Swindon and Milton Keynes in the top left, this has posed a new problem for their economies.
- Similarly, places that have seen either low increases or decreases are geographically spread. For cities like Dundee and Liverpool (bottom right), recent falls have brought some relief to their inactivity challenge. For those in the bottom left, such as London, Edinburgh and Bristol, inactivity continues not to be a great concern.
- Despite the attention the recent increases have received, they are small relative to the much larger problem of stubbornly high levels of involuntary inactivity in many places. In a city like Swansea, the 2 percentage point rise over the past three years is a concern not because it has happened, but because it has added to the 10 per cent of working age people who were already involuntarily inactive.

Figure 6: Recent increases in inactivity have not entirely followed the North-South divide

Involuntary inactivity in 2019 and change to 2022



Source: ONS Annual Population survey 2019 and 2022.

Note: this chart only includes 42 of the 62 cities as only those for which all data was available for both 2019 and 2022 were included.

6 In 1971, nearly 45 per cent of woman aged 16-64 were economically inactive. This fell in the decades that followed, to 24 per cent by December 2019.

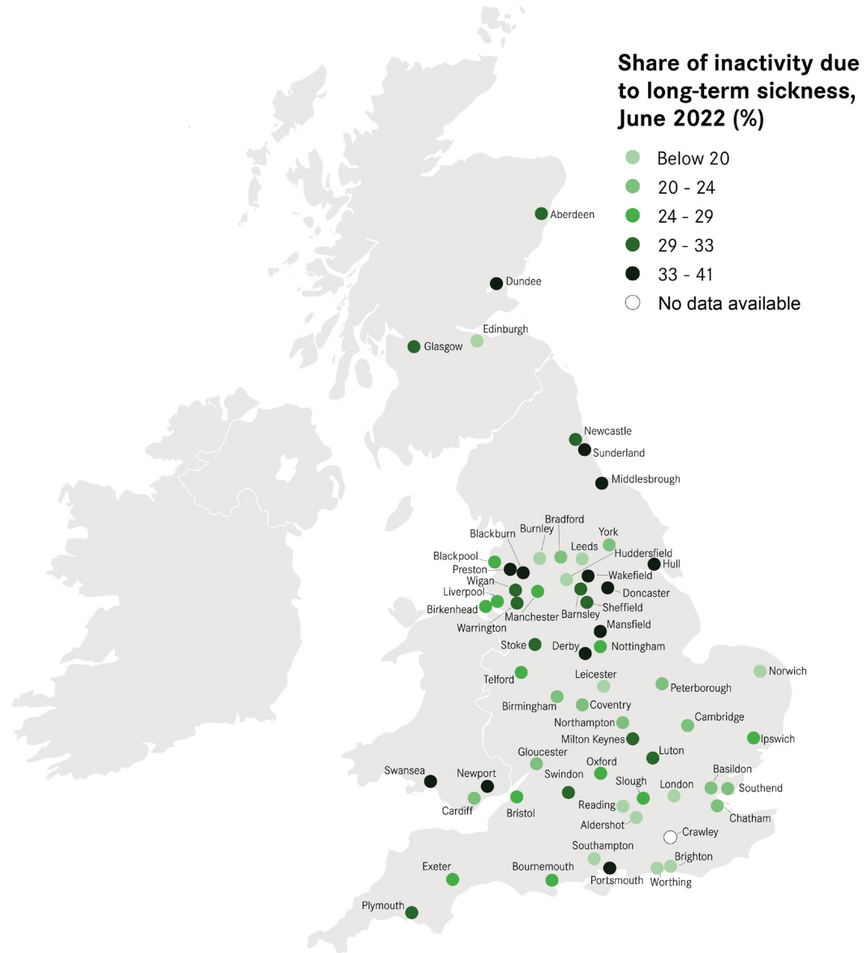
The recent focus has been on worsening health as a cause of economic inactivity

In recent months, national headlines have largely focused on the role that poor health plays in economic inactivity.[7] It is undoubtedly a concern, as long-term sickness is now given as the main reason why people are outside the labour force. Quarterly national data for October 2022 shows about 28 per cent of inactive individuals reported being outside the labour market for health reasons – that's about 2.5 million people.

Health does appear to be a driver of long-run patterns of involuntary inactivity. Looking at places with the highest share of inactivity driven by ill health shows, once again, a clear North-South divide, matching the geography of hidden unemployment (Figure 7). In Newport and Sunderland, for example, more than 40 per cent of all inactive people are not seeking work because of poor health compared with less than 15 per cent in Aldershot and Norwich.

7 For example, see Financial Times, 7 October 2022, 'Half a million missing workers show modern Britain's failings' and ONS, 'Half a million more people are out of the labour force because of long-term sickness' (10 November 2022).

Figure 7: Cities in the North have higher shares of inactivity due to poor health



Source: ONS, Annual Population Survey 2022.

In many places, particularly in the North, poor health among the workforce and the working-age population is not a new issue. Cities like Sunderland, Newcastle and Barnsley have historically had higher than average rates of inactivity because of sickness. In the 1980s and 1990s, it was especially acute among former coal miners, steelworkers and other industrial workers. Exposure to industrial injury led many to become inactive, often claiming incapacity benefits, when their industries shut down.[8]

8 Beatty C, Fothergill S and Gore T(2019), The State of the coalfields, Sheffield: Sheffield Hallam University.

These patterns have persisted.[9] ONS data for 2022 shows people who previously worked in wholesale retail and trade, transportation, construction and manufacturing were most likely to be inactive due to poor health.[10] And this could be for two reasons. Firstly, many of these jobs still tend to be physically demanding and are more likely to impair health than most white-collar roles. Secondly, jobs in these industries are harder to carry out while managing long-term sickness and are less adaptable to hybrid and homeworking, which compels workers to withdraw from the labour market.

What is less clear is the role of health in explaining more recent increases. While long Covid and NHS backlogs have been put forward as explanations, data on NHS waiting times doesn't correlate very well with changes in involuntary inactivity across cities (see Box 5).

Box 5: There are spatial inequalities in access to health care and treatment across the UK

Access to health care has worsened in the UK. This is due, in part, to the pandemic but is also the result of a decade of austerity.[11] Recently, the NHS backlog for routine care hit a record high of seven million people in England, and the median wait time for treatment is now 14 weeks, compared with seven weeks before the pandemic started.

This is likely to play a role in health-related inactivity. About a fifth of people aged 50-64 who have left the labour market since the beginning of the pandemic were on the NHS waiting list for medical treatment.

Health care availability is not uniform across the country; analysis of referral-to-treatment wait times at the Hospital Trust level shows large spatial disparities. The share of patients waiting less than 18 weeks goes from just above 50 per cent in cities like Telford, Birmingham and Exeter to nearly 75 per cent in Sunderland, Barnsley and Newcastle. That said, initial calculations suggest there is no clear relationship between inequalities in access to healthcare and recent increases in health-related inactivity, but it still warrants further analysis.

9 Average life expectancy in the former coalfields is still around a year less than the national average. See Beatty C, Fothergill S and Gore T(2019), The State of the coalfields, Sheffield: Sheffield Hallam University.

10 ONS, 2022, 'Half a million more people are out of the labour force because of long-term sickness'.

11 In the decade leading up to the pandemic, per capita spending on health increased by just 0.4 per cent a year on average (including four years in which it actually fell). This compares with a 5.6 per cent average growth in the years between 1997 and 2010. Source: Appleby J and Gainsbury S (2022), The past, present and future of government spending on the NHS, Nuffield Trust.

Economic factors have been less widely discussed, but also play a major role

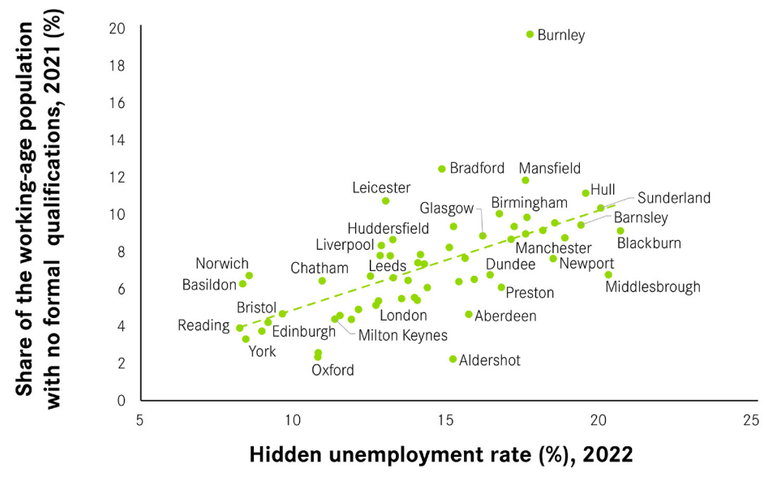
Skills are an important predictor of both employment outcomes and economic inactivity. Nationally, unemployment rates are two percentage points higher for people with no qualifications compared to those who have a degree.[12] About half of people with no qualifications are economically inactive (for all reasons combined), against 11 per cent of those with Level 4 and above.[13]

This illustrates two potential impacts on people – the 'scarring' of long-term worklessness on employment prospects. This can lead people, particularly those with low educational attainment, to become 'discouraged workers' and leave the labour force, or they don't enter the workforce in the first place because of the lack of opportunities.[14]

The disadvantages faced by people with low skills or educational attainment in the jobs market help explain why cities with the highest percentage of residents with no formal qualifications also have the largest hidden unemployment rates (Figure 8). Many, like Hull, Sunderland and Barnsley, are in the North.

Figure 8: Low skills lead to higher levels of hidden unemployment

Hidden unemployment and share of low skilled workers



Source: ONS, Annual Population Survey 2022, Labour Force Survey 2021.

12 About 5 per cent of 16-64 year olds without qualifications are unemployed, against 3 per cent of those with NVQ4+ (ONS, 2022).

13 This excludes people in full-time education. Source: Annual Population Survey 2022.

14 See ONS, 2021: Which groups find it hardest to find a job following a period out of work?

But this is only part of the explanation. As Figure 9 shows, employment rates are determined by the strength of the local economy.[15] Low-skilled people are still more likely to be employed in economically stronger cities (with a high share of knowledge-intensive jobs) like Reading and Edinburgh than in Sunderland and Mansfield.

Figure 9: Employment rates for people with low skills are higher in stronger economies

Source: Annual Population Survey, 2019.

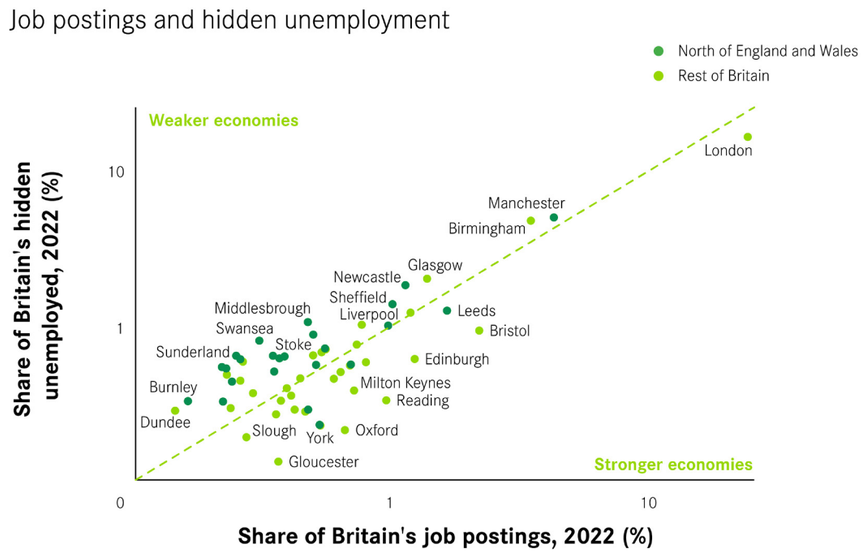
In northern cities and large towns with high hidden unemployment rates and relatively weaker labour markets, demand for workers – and job opportunities – is limited. As the likelihood of finding work is lower (leading to higher unemployment), the incentives to stay active in the labour market and look for a job are reduced too (leading to higher inactivity).

Figure 10 shows the interaction between demand for labour and hidden unemployment across Britain's cities and largest towns. Cities are broadly split into two groups.[16]

15 The fact that low-skilled people have better economic outcomes in cities where the economy is stronger is an aggregate demand effect: the presence of high-value, high-paid jobs in the most productive sectors fuels demand in the local services sectors, which indirectly creates low-skilled jobs. This has been referred to as the 'multiplier effect'. See Magrini E (2019), Opportunity knocks? London: Centre for Cities.

16 Research from the Institute for Employment Studies has shown that below the national headline, only about two-fifths of local authorities had more vacancies than unemployed people. In contrast, in about a third of all UK local authorities, there were more than twice as many unemployed as there were vacancies. See Wilson, T and Williams, M (2022), Work Local: labour market analysis, Brighton: Institute for Employment Studies.

Figure 10: Cities in the North are more likely to face a job shortage, while those in the South face a labour shortage



Source: Indeed, 2022. ONS, Annual Population Survey, 2022.

Weaker economies – those above the dotted line – account for a larger share of Britain's hidden unemployment relative to their share of job postings.[17] This suggests they are suffering from a job shortage, with too few available compared to the size of the hidden unemployed population. There are 38 cities in this category and most are in the North or Wales. Middlesbrough, for instance, accounts for only 0.5 per cent of all job postings in Britain, but around 1 per cent of all hidden unemployed. In total, all cities in the North or Wales account for 16 per cent of vacancies but 21 per cent of hidden unemployed.

The problem in many of these places isn't just that they have too few jobs, it's that many are low-skilled, low-paid roles. Cities like Sunderland, Barnsley and Hull have a far higher share of those than places like Reading, Cambridge or Edinburgh. This is a symptom of the weakness of their local labour market and there are two reasons why it is likely to contribute to economic inactivity. Firstly, the prospect of low pay may deter people from entering the jobs market in the first place and secondly, many low-skilled roles tend to be physically demanding so increasing the chances of people withdrawing from the labour market for health issues.

17 A more direct metric would have been comparing absolute figures, but the total number of vacancies at the PUA level was unavailable.

This relationship between hidden unemployment and the strength of the economy illustrates, in part, the legacy of deindustrialisation, as Box 4 noted. Many post-industrial cities, particularly in the North, have not transitioned towards high-skilled, high-wage economies. As industry declined, policy interventions failed to provide these places with the tools to adapt to (and attract) more knowledge-based services, for instance by investing in the skills of the workforce. Instead, they have replicated the low-skilled nature of their economies.[18] As a result, some places have not only lost jobs in mining and manufacturing, which were relatively well-paid, but the jobs that have subsequently been created are disproportionately lower skilled and lower paid in workplaces like distribution sheds and call centres.[19] It has meant that deindustrialised cities such as Sunderland, Barnsley and Hull have been stuck in a low-skill, low-wage equilibrium.

This is in stark contrast to the stronger economy cities below the dotted line of Figure 10, which have the opposite mismatch. Their share of the UK's total job postings is higher than their proportion of hidden unemployed. Bristol, for instance, accounts for 2.1 per cent of all UK vacancies, despite representing only 0.9 per cent of all hidden unemployed. In London, it is 23.6 per cent and 16.1 per cent respectively. This does not necessarily mean that, in absolute terms, there are more vacancies than people outside the labour force in these cities, but it suggests their jobs markets have more capacity to accommodate those currently inactive than weaker city economies.

The UK's long-term inactivity problem is largely one of job shortages

Addressing recent increases in inactivity has tended to be framed in terms of bringing people back to the jobs market to fill open vacancies. But in many cities the bigger challenge is a long-term jobs shortage rather than a short-term worker shortage. And this is before the expected recession further worsens the picture.

If policy is to tackle the UK's true inactivity problem, it will need to address the lack of work in many northern cities and large towns in particular, alongside health and skills issues. In cities like Middlesbrough, Hull and Blackburn, there is more slack in the jobs market than headline figures would suggest. This means their economies are unlikely to be able to absorb higher levels of employment should those outside the labour force decide to return to paid work, because currently there aren't enough jobs for them.

The expected recession is likely to put even greater short-term emphasis on policies to deal with the fall-out from it, such as employment support schemes. But the jobs shortage problem shows how important delivering on the levelling up agenda is if we are

18 Swinney P and Thomas E (2015), A century of cities. Urban economic change since 1911, London: Centre for Cities.

19 Salvatori, A (2018) The anatomy of job polarisation in the UK. Journal for Labour Market Research

to turn around the struggles of many places outside the Greater South East.

This requires the Government to deliver on its levelling up promises

The levelling up agenda has been derailed by a series of short-term crises since the current Government took office. Covid was the biggest of these, followed by the immediate response to the war in Ukraine and the rising cost of living. A recession and the recent increase in inactivity are likely to be the latest reasons as to why policy attention is diverted away from tackling the UK's entrenched geographic divides.

The constant firefighting of short-term problems means there has been almost no policy delivery to address the long-term issues of poor national and local economic growth. The analysis in this chapter shows the implications of continued inaction, with hidden unemployment rates up to four times higher in places like Middlesbrough, Blackburn and Hull than official figures suggest.

There needs to be a programme of delivery set out in 2023 that tackles the reasons why there is a lack of jobs, skills and good health in a number of places outside the Greater South East, in particular.

Last February's Levelling Up White Paper did a good job of diagnosing the problems and setting out a broad approach to addressing them. Now, 2023 needs to be the year this is followed up with policy implementation.

03

Cities Outlook 2023

City Monitor

City monitor:

The latest data

There is considerable variation in the economic performance of cities and 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
- Productivity
- Business dynamics
- Innovation
- Wages
- Employment
- Skills
- Housing
- Digital connectivity
- Environment

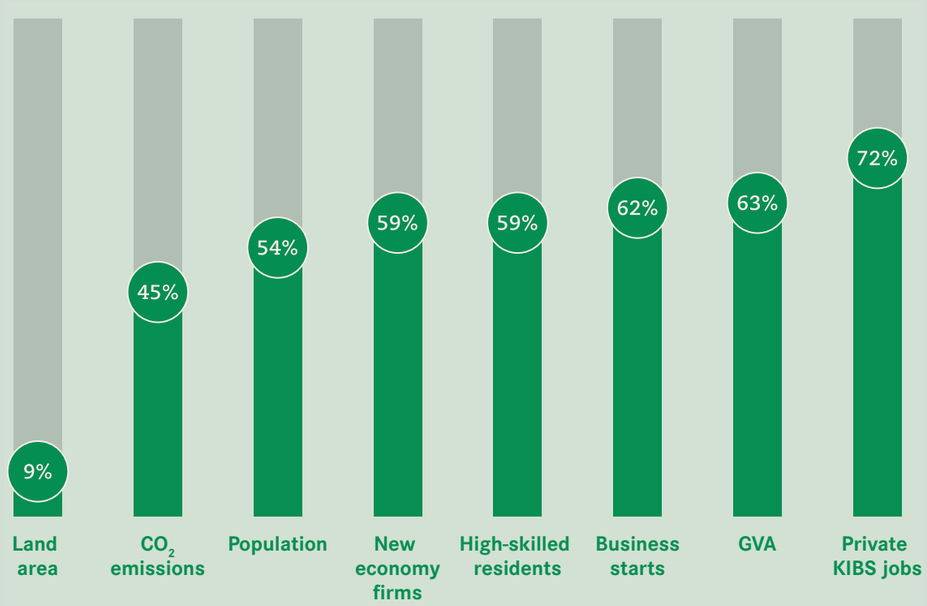
For most indicators, tables of the 10 strongest and 10 weakest performing places are presented.

The national picture

The national economy clusters in cities and large towns.

Figure 11 shows that they account for 9 per cent of land but 63 per cent of output and 72 per cent of knowledge-based jobs in the private sector.

Figure 11: Cities as a share of the national total



Sources:
Land Area: Census 2021, ArcGIS
CO_2 Emissions: Department of Energy and Climate Change (DECC) 2022, CO_2 emissions per capita, 2020 data
Population: ONS 2022, Population estimates-local authority based by five-year age band, 2021 data
New Economy Firms: Data City, 2022, ONS Population Estimates 2020
High-Skilled Residents: ONS 2022, Annual Population Survey resident analysis, 2021 data; DfE NI 2022, District Council Area Statistics for Belfast, 2021 data
Business Starts: ONS 2022, Business Demography, 2021 data
GVA(£bn), 2020: ONS 2022 "Regional gross domestic product: local authorities"
Private KIBS Jobs: ONS 2022, Business Register and Employment Survey, 2021 data

Population

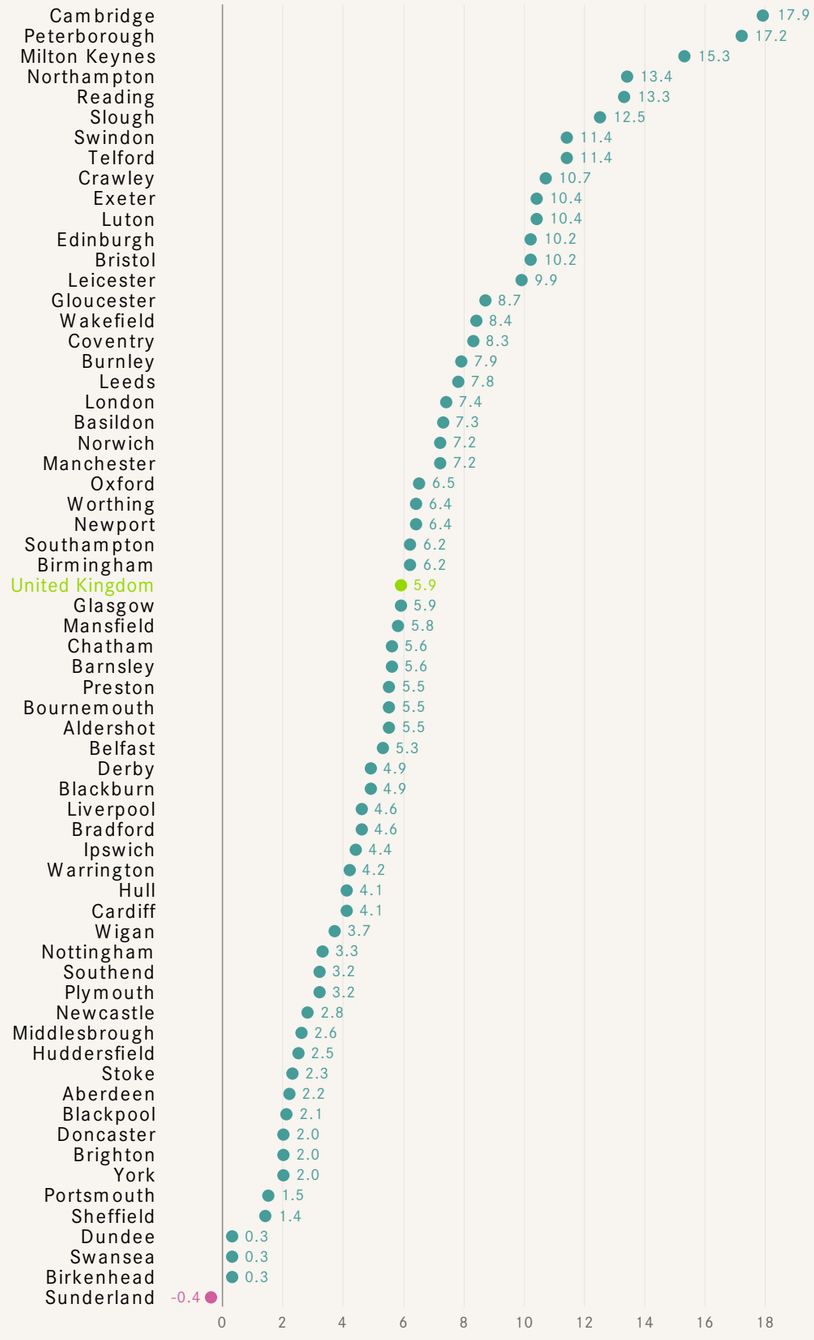
Table 1: Population growth

Rank	City	Population percentage change, 2011-2021 (%)	Population, 2011	Population, 2021	Population absolute change, 2011-2021
10 fastest-growing cities by population					
1	Cambridge	17.9	122,700	144,700	22,000
2	Peterborough	17.2	184,500	216,300	31,800
3	Milton Keynes	15.3	249,900	288,200	38,300
4	Northampton	13.4	376,000	426,500	50,500
5	Reading	13.3	310,200	351,400	41,200
6	Slough	12.5	140,700	158,300	17,600
7	Swindon	11.4	209,700	233,700	24,000
8	Telford	11.4	166,800	185,800	19,000
9	Crawley	10.7	107,100	118,600	11,500
10	Exeter	10.4	117,100	129,300	12,200
10 slowest-growing cities by population					
54	Blackpool	2.1	218,200	222,800	4,600
55	Doncaster	2.0	302,500	308,700	6,200
56	Brighton	2.0	334,300	340,900	6,600
57	York	2.0	197,800	201,700	3,900
58	Portsmouth	1.5	520,800	528,500	7,700
59	Sheffield	1.4	809,500	820,600	11,100
60	Dundee	0.3	147,200	147,700	500
61	Swansea	0.3	378,600	379,700	1,100
62	Birkenhead	0.3	319,800	320,600	800
63	Sunderland	-0.4	275,300	274,200	-1,100
	United Kingdom	5.9	63,285,100	67,026,300	3,741,200

Source: ONS 2022, Population estimates, 2020 and 2021 data.

Which cities' or large towns' population has been growing the most or the least?

Figure 12: Population percentage change, 2011 - 2021 (%)



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Productivity

- There is a clear split in productivity across the county. All of the ten cities with higher productivity than the national average are in the South.
- GVA per hour in the Greater South East was £44.10 in 2020. It is the only region that is more productive than the national average. GVA per hour in the rest of Great Britain was £33.60.
- The Greater South East's strong performance is led by its cities, where the average GVA per hour was 30 per cent higher than non-urban areas in the region.
- However, cities in the rest of Britain were only 3 per cent more productive than non-urban areas. It is this underperformance that is the main cause of the wider underperformance of the economy outside of the Greater South East.

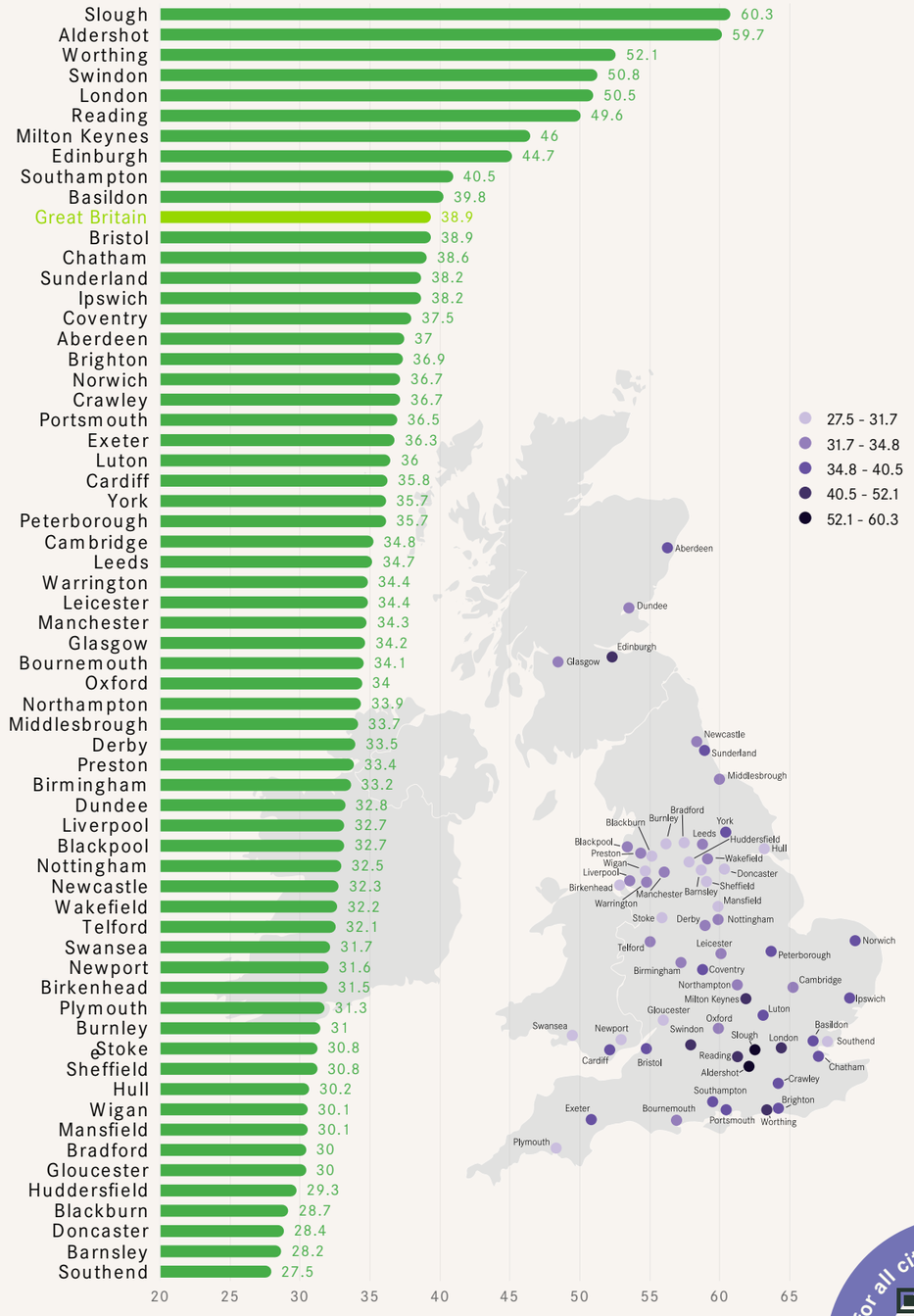
Table 2: GVA per hour

Rank	City	GVA per hour, 2020 (£)
10 cities with the highest GVA per hour		
1	Slough	60.3
2	Aldershot	59.7
3	Worthing	52.1
4	Swindon	50.8
5	London	50.5
6	Reading	49.6
7	Milton Keynes	46.0
8	Edinburgh	44.7
9	Southampton	40.5
10	Basildon	39.8
10 cities with the lowest GVA per hour		
53	Hull	30.2
54	Wigan	30.1
55	Mansfield	30.1
56	Bradford	30.0
57	Gloucester	30.0
58	Huddersfield	29.3
59	Blackburn	28.7
60	Doncaster	28.4
61	Barnsley	28.2
62	Southend	27.5
	Great Britain	38.9

Source: ONS 2022, "Regional gross domestic product: local authorities", "Subregional productivity: labour productivity indices by local authority district", 2020 data.
Note: Northern Ireland data not available so the figure for Great Britain is shown.
Note: 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.

Which cities or large towns are the most or least productive?

Figure 13: GVA per hour, 2020 (£)



Scan for all city data

datatool.click/productivity

Business starts and closures

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

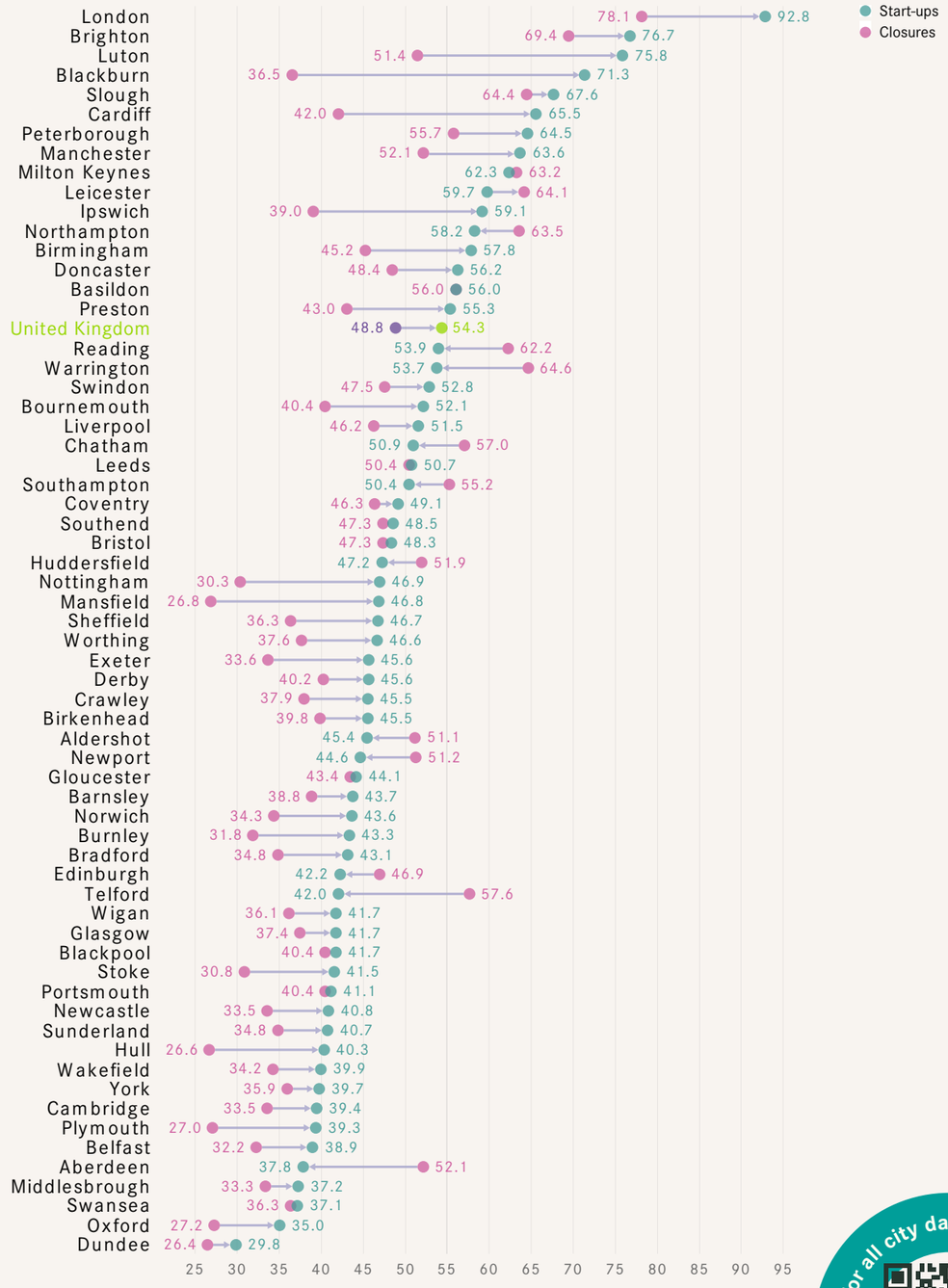
Rank	City	Business start-ups per 10,000 population, 2021	Business closures per 10,000 population, 2021	Churn rate*
10 cities with the highest start-up rate				
1	London	92.8	78.1	2.5
2	Brighton	76.7	69.4	1.4
3	Luton	75.8	51.4	6.8
4	Blackburn	71.3	36.5	9.8
5	Slough	67.6	64.4	0.8
6	Cardiff	65.5	42.0	7.0
7	Peterborough	64.5	55.7	2.5
8	Manchester	63.6	52.1	3.1
9	Milton Keynes	62.3	63.2	-0.2
10	Leicester	59.7	64.1	-1.2
10 cities with the lowest start-up rate				
54	Wakefield	39.9	34.2	2.0
55	York	39.7	35.9	1.1
56	Cambridge	39.4	33.5	1.7
57	Plymouth	39.3	27.0	5.2
58	Belfast	38.9	32.2	2.2
59	Aberdeen	37.8	52.1	-4.2
60	Middlesbrough	37.2	33.3	1.5
61	Swansea	37.1	36.3	0.3
62	Oxford	35.0	27.2	2.5
63	Dundee	29.8	26.4	1.4
	United Kingdom	54.3	48.8	1.4

Source: ONS 2022, Business Demography, 2021 data; ONS 2022, Population estimates, 2021 data.

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

Which cities or large towns have the most or least business start-ups and closures?

Figure 14: Business start-ups and closures per 10,000 population, 2021



Scan for all city data

datatool.click/business

Business stock

Table 4: Business stock per 10,000 population

Rank	City	Business stock per 10,000 population, 2021	Business stock per 10,000 population, 2020	Change, 2020-2021 (%)
10 cities with the highest number of businesses				
1	London	597	582	2.5
2	Brighton	507	530	-4.4
3	Northampton	467	487	-4.0
4	Reading	435	470	-7.4
5	Milton Keynes	434	466	-6.8
6	Slough	418	444	-5.8
7	Warrington	410	430	-4.7
8	Basildon	408	411	-0.6
9	Aldershot	405	431	-6.2
10	Bournemouth	387	380	1.8
10 cities with the lowest number of businesses				
54	Newcastle	268	258	3.9
55	Stoke	266	253	5.2
56	Mansfield	265	246	7.8
57	Swansea	257	252	2.0
58	Middlesbrough	251	249	0.8
59	Newport	251	260	-3.6
60	Hull	244	240	1.7
61	Plymouth	236	226	4.3
62	Dundee	234	230	1.5
63	Sunderland	222	215	3.4
	United Kingdom	390	387	0.6

Source: ONS 2022, Business Demography, 2021 data; ONS 2022, Population estimates, 2021 data.

Private sector jobs growth

- In 2021, 59 per cent of all private sector jobs were located in cities.
- The number of private sector jobs increased faster in cities than in the rest of the country between 2020 and 2021 - 25 cities saw increases larger than the British average while 18 cities saw either a fall or no change.

Table 5: Private sector jobs growth

Rank	City	Change, 2020-2021 (%)	Private sector jobs, 2020	Private sector jobs, 2021	Net job gains or losses
10 cities with the highest percentage change in private sector jobs					
1	Aldershot	9.2	76,500	83,500	7,000
2	Middlesbrough	7.8	122,500	132,000	9,500
3	Birkenhead	7.2	62,500	67,000	4,500
4	Northampton	6.5	170,500	181,500	11,000
5	Newcastle	5.8	268,500	284,000	15,500
6	Manchester	5.3	931,000	980,500	49,500
7	Luton	5.0	69,500	73,000	3,500
8	Reading	4.9	154,000	161,500	7,500
9	Dundee	4.5	44,000	46,000	2,000
10	Telford	4.4	68,500	71,500	3,000
10 cities with the lowest percentage change in private sector jobs					
53	Aberdeen	-0.9	117,000	116,000	-1,000
54	Swindon	-1.1	93,000	92,000	-1,000
55	Southend	-1.2	80,500	79,500	-1,000
56	Newport	-1.9	80,500	79,000	-1,500
57	Norwich	-2.5	101,000	98,500	-2,500
58	York	-3.2	78,000	75,500	-2,500
59	Preston	-4.2	132,000	126,500	-5,500
60	Gloucester	-4.4	45,000	43,000	-2,000
61	Crawley	-5.6	81,000	76,500	-4,500
62	Oxford	-5.7	61,000	57,500	-3,500
	Great Britain	2.8	22,522,500	23,156,250	633,750

Source: ONS 2022, Business Register and Employment Survey, 2020 and 2021 data

Note: Northern Ireland data not available, so the figure for Great Britain is shown.

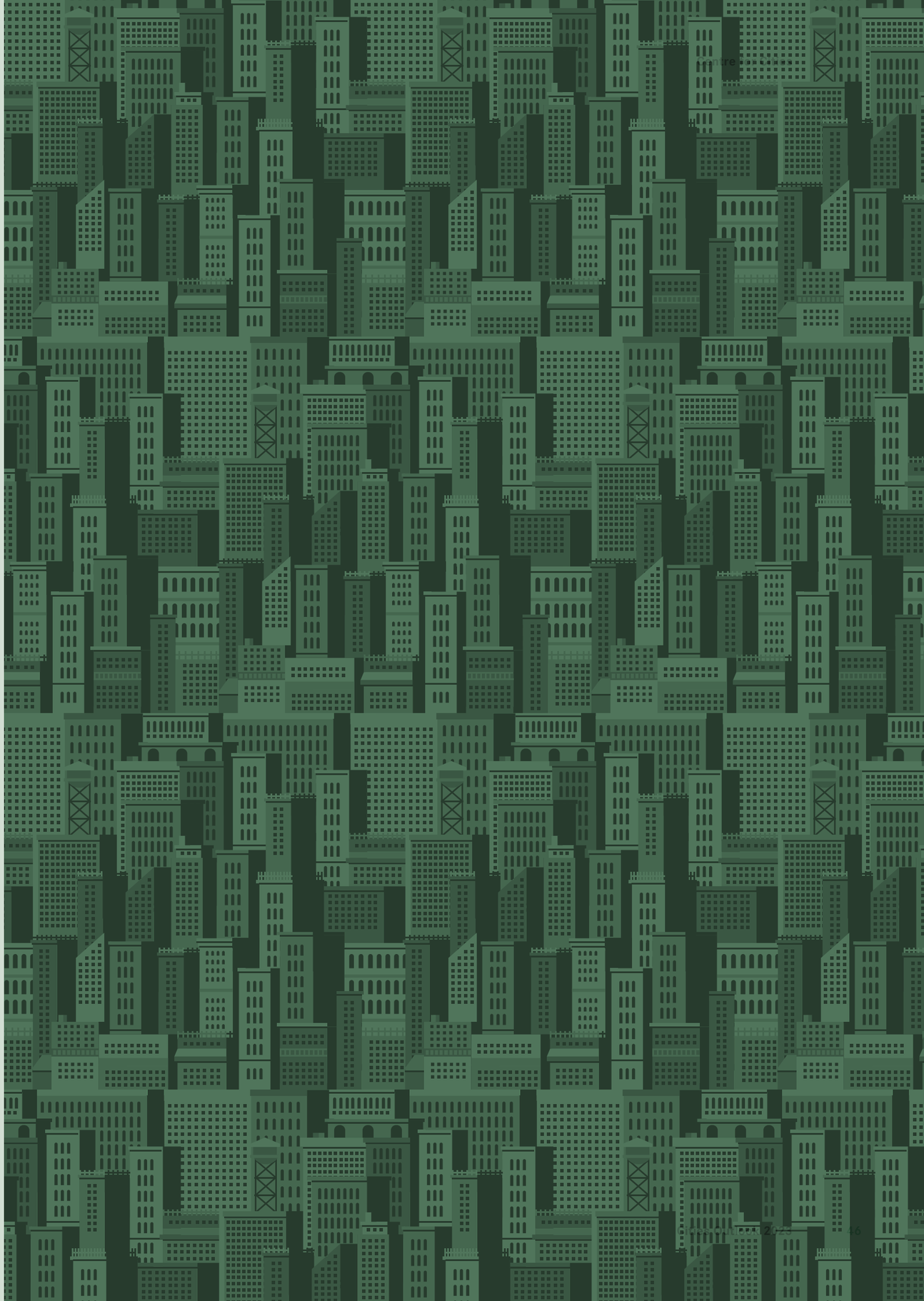
Public and private sector jobs

Table 6: Ratio of private sector to publicly-funded jobs

Rank	City	Private to public ratio, 2021	Private sector jobs, 2021	Publicly-funded jobs, 2021*
10 cities with the highest proportion of private sector jobs				
1	Crawley	7.0	76,500	11,000
2	Slough	4.8	70,000	14,500
3	Warrington	4.1	116,500	28,500
4	Swindon	4.0	92,000	23,000
5	Reading	3.8	161,500	42,000
6	Aldershot	3.8	83,500	22,000
7	London	3.5	4,715,000	1,336,000
8	Milton Keynes	3.5	140,000	40,500
9	Telford	3.4	71,500	21,000
10	Northampton	3.4	181,500	54,000
10 cities with the lowest proportion of private sector jobs				
53	Blackburn	1.8	47,000	25,500
54	Plymouth	1.8	75,500	42,000
55	Swansea	1.7	102,500	59,000
56	Liverpool	1.7	220,500	129,500
57	Birkenhead	1.7	67,000	40,000
58	Exeter	1.5	59,000	39,500
59	Cambridge	1.5	67,000	46,000
60	Worthing	1.5	29,000	20,000
61	Dundee	1.4	46,000	32,000
62	Oxford	0.9	57,500	61,000
	Great Britain	2.8	23,156,250	8,235,525

Source: ONS 2019, Business Register and Employment Survey, 2018 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

- The ‘new economy’ encompasses emerging knowledge-intensive sectors like FinTech and advanced manufacturing that are at the forefront of new technologies and innovations. Their performance is important for the UK’s productivity and prosperity because they are at the frontier of the economy and the number of new economy firms in a city serves as a proxy for measuring levels of innovation across the UK.
- The new economy tends to cluster in cities, and city centres in particular. Cities accounted for only 9 per cent of land in the UK, but were home to 59 per cent of new economy firms in 2022. City centres are even more concentrated centres of the new economy: they accounted for 0.1 per cent of land in the UK, but were home to 13 per cent of the new economy.
- However, the distribution of new economy firms is uneven - 48 per cent of these firms were located in cities in the Greater South East, and 7 of the 10 cities with the largest numbers of new economy firms per population are in the Greater South East.

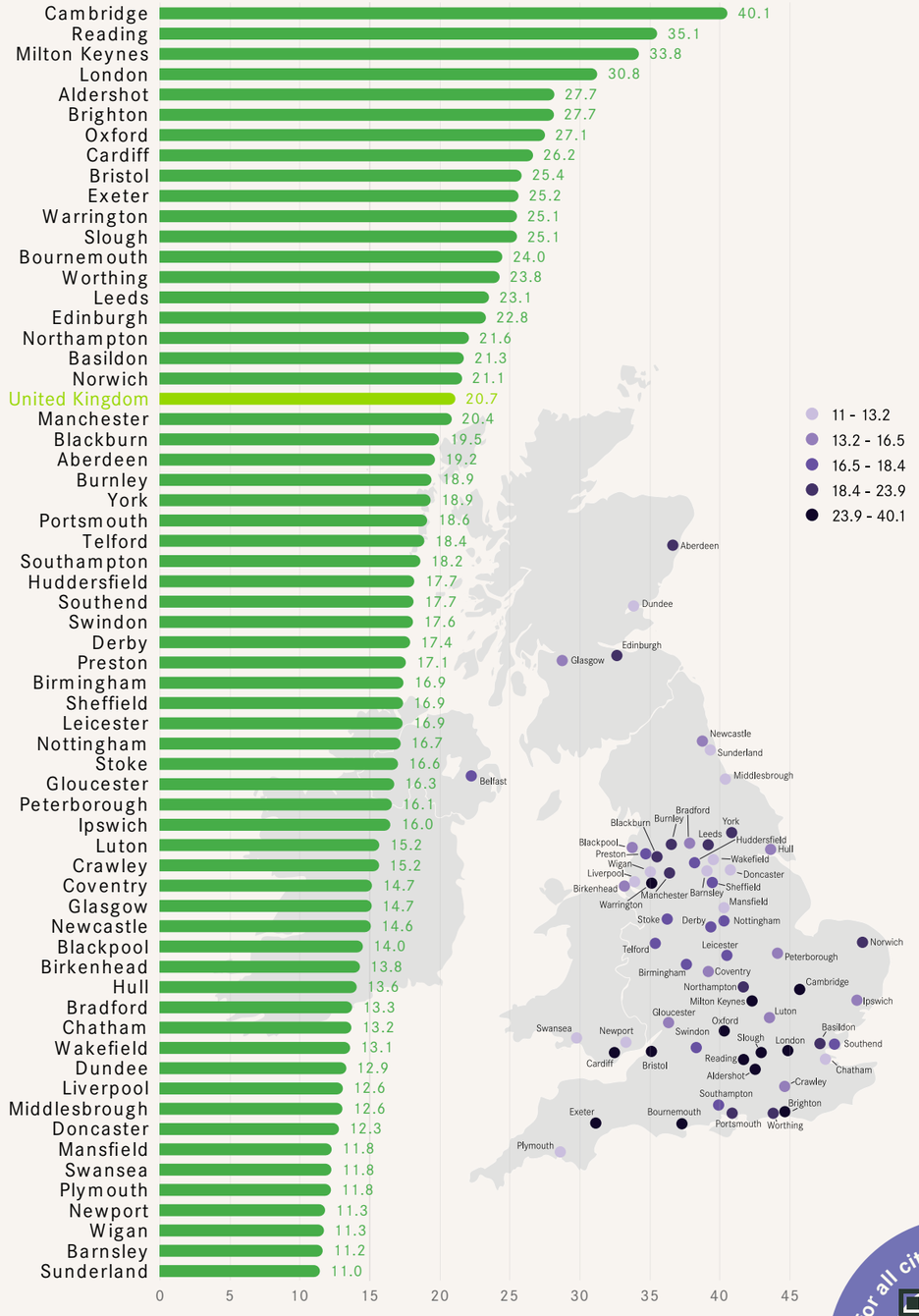
Table 7: New economy firms per 10,000 working age population

Rank	City	New economy firms per 10,000 working age population, 2022
10 cities with the highest number of new economy firms		
1	Cambridge	40.1
2	Reading	35.1
3	Milton Keynes	33.8
4	London	30.8
5	Aldershot	27.7
6	Brighton	27.7
7	Oxford	27.1
8	Cardiff	26.2
9	Bristol	25.4
10	Exeter	25.2
10 cities with the lowest number of new economy firms		
54	Liverpool	12.6
55	Middlesbrough	12.6
56	Doncaster	12.3
57	Mansfield	11.8
58	Swansea	11.8
59	Plymouth	11.8
60	Newport	11.3
61	Wigan	11.3
62	Barnsley	11.2
63	Sunderland	11.0
	United Kingdom	20.7

Source: Data City, 2022; ONS 2022, Population estimates, 2020 data

Which cities or large towns have the highest or lowest number of new economy firms?

Figure 15: New economy firms per 10,000 working age population, 2022



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Wages

- The average weekly wage in cities was £661 in 2022 - higher than the UK average of £621. However, this was the result of a strong performance of a small number of cities - just 16 cities had an average weekly wage that was above the UK average.
- There is also a clear North-South divide in earnings: no city in the North had an average weekly wage higher than the UK average and the average weekly wage in the South was 22 per cent higher than in the North.
- That said, while many cities lag the national average, a number of them lead their regional averages. Cities such as Belfast, Cardiff, York and Newcastle are examples of this. This underscores the importance of cities in their regional contexts even if they underperform in the national context.

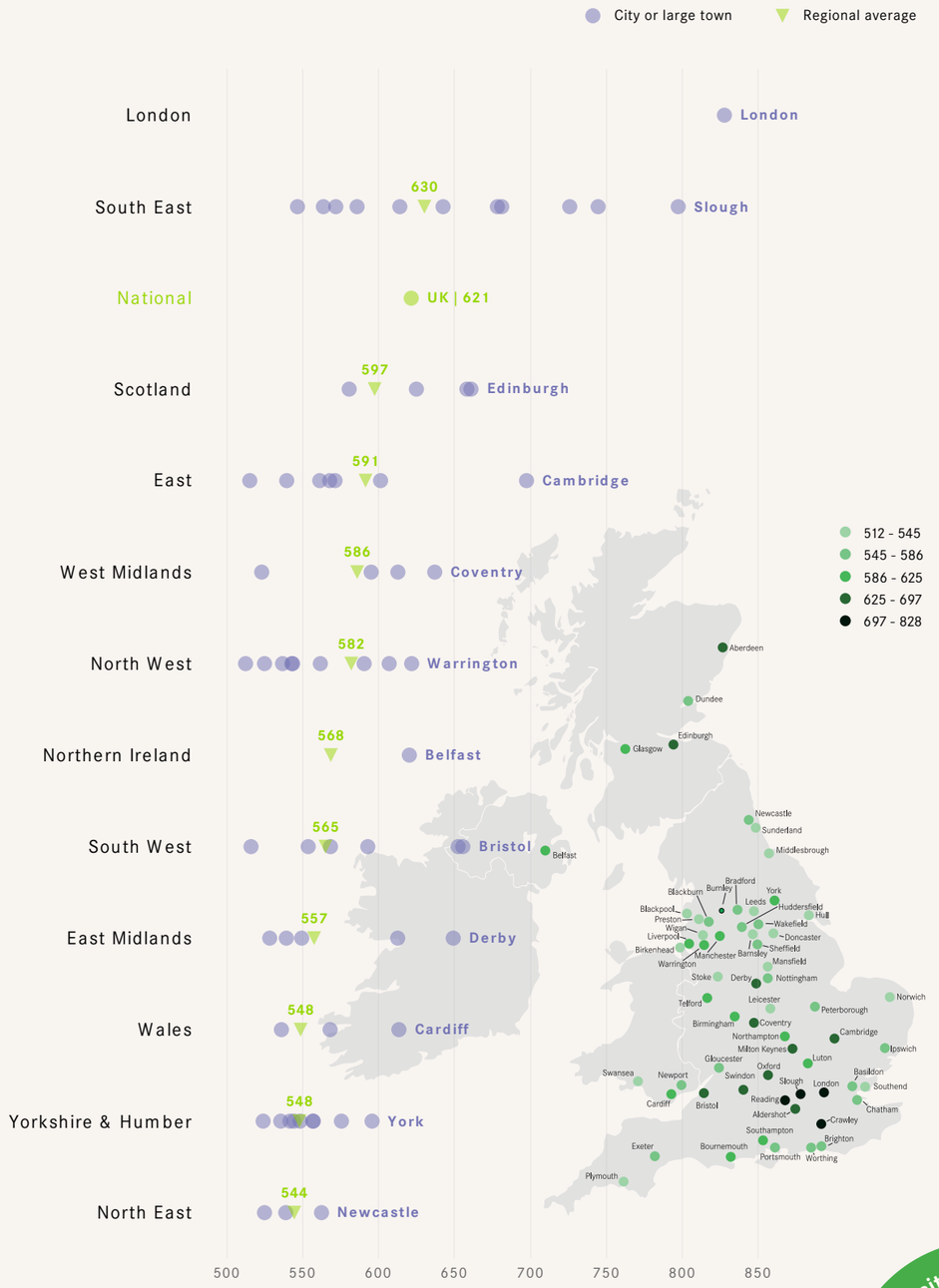
Table 8: Average workplace earnings

Rank	City	Average weekly earnings, 2022 (£)
10 cities with the highest average weekly earnings		
1	London	828
2	Slough	797
3	Crawley	744
4	Reading	726
5	Cambridge	697
6	Aldershot	681
7	Milton Keynes	678
8	Edinburgh	661
9	Aberdeen	658
10	Bristol	655
10 cities with the lowest average weekly earnings		
55	Leeds	535
56	Mansfield	528
57	Birkenhead	525
57	Sunderland	525
59	Doncaster	524
60	Stoke	523
61	Plymouth	516
62	Southend	515
63	Burnley	512
	United Kingdom	621

Source: ONS 2022, Annual Survey of Hours and Earnings (ASHE), average gross weekly workplace-based earnings, 2022 data. Own calculations for PUA-levels weighted by number of jobs. Earnings data is for employees only.

Which regions have the highest or lowest wages?

Figure 16: Average weekly workplace earnings by region, 2022 (£)



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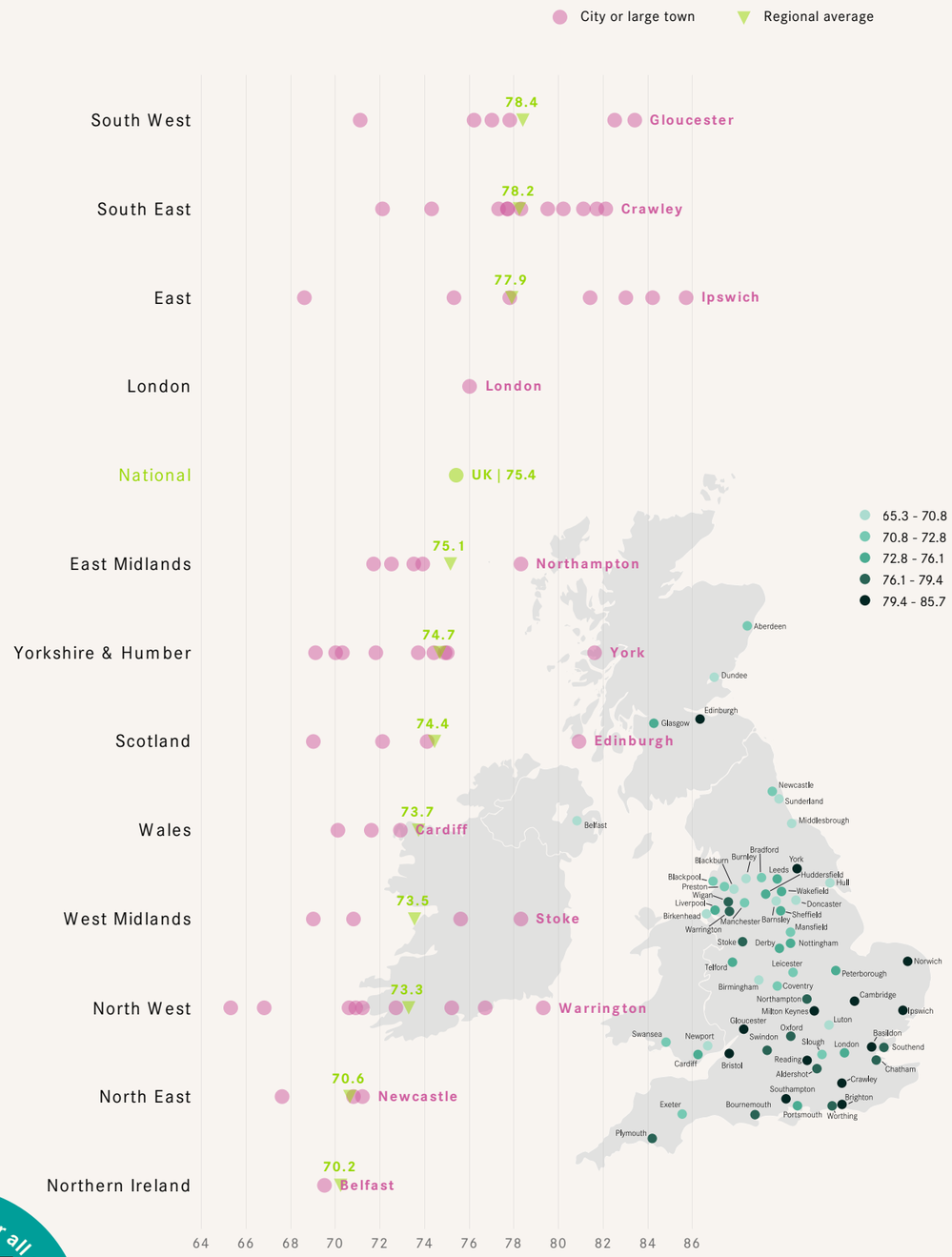
Which regions have the highest and lowest employment rate ...

Figure 17: Regional employment rate, 2021 - 2022 (%)



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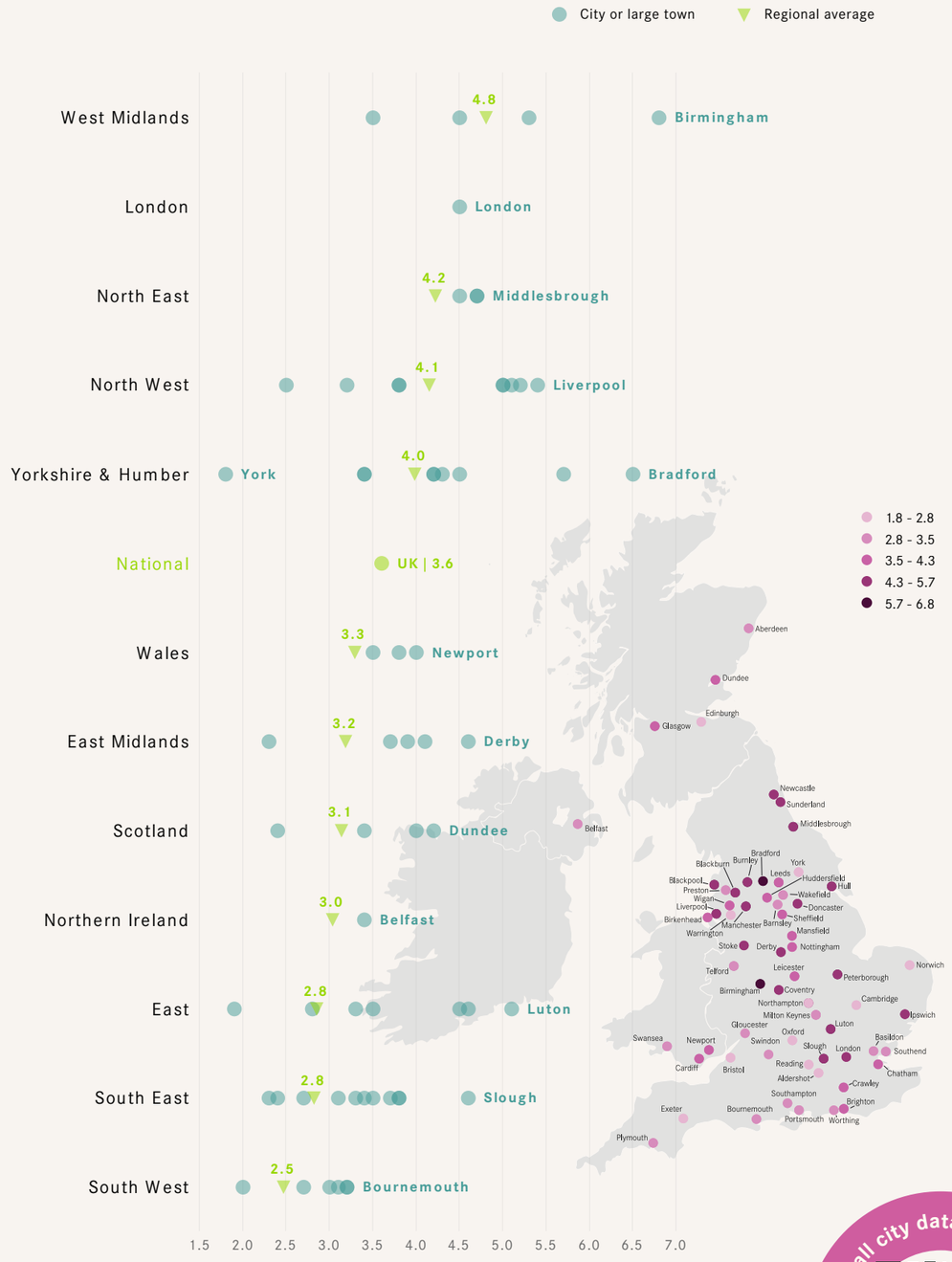
... and unemployment benefit claimant count?

Figure 18: Regional claimant count, November 2022 (%)



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Employment rate

Table 9: Employment rate

Rank	City	Employment rate 2021-2022, (%)	Employment rate 2020-2021, (%)	Percentage point change
10 cities with the highest employment rate				
1	Ipswich	85.7	76.7	9.0
2	Basildon	84.2	78.2	6.0
3	Gloucester	83.4	75.8	7.5
4	Cambridge	83.0	79.4	3.5
5	Bristol	82.5	76.5	6.0
6	Crawley	82.1	86.8	-4.7
7	Milton Keynes	81.7	78.3	3.4
8	York	81.6	77.2	4.4
9	Norwich	81.4	79.1	2.3
10	Reading	81.1	79.3	1.8
10 cities with the lowest employment rate				
54	Newport	70.1	72.1	-2.0
55	Hull	70.0	72.0	-2.0
56	Belfast	69.5	69.3	0.2
57	Barnsley	69.1	72.2	-3.0
58	Birmingham	69.0	69.8	-0.7
59	Dundee	69.0	73.6	-4.6
60	Luton	68.6	68.2	0.4
61	Middlesbrough	67.6	69.8	-2.2
62	Burnley	66.8	75.7	-8.9
63	Blackburn	65.3	66.2	-0.9
	United Kingdom	75.4	74.3	1.1

Source: ONS 2022, Annual Population Survey, resident analysis, July 2021 - June 2022; DfE NI 2022, District Council Labour Market Structure Statistics for Belfast, Jan 2021-Dec 2022 data

Unemployment benefit claimant count

Table 10: Unemployment benefit claimant count

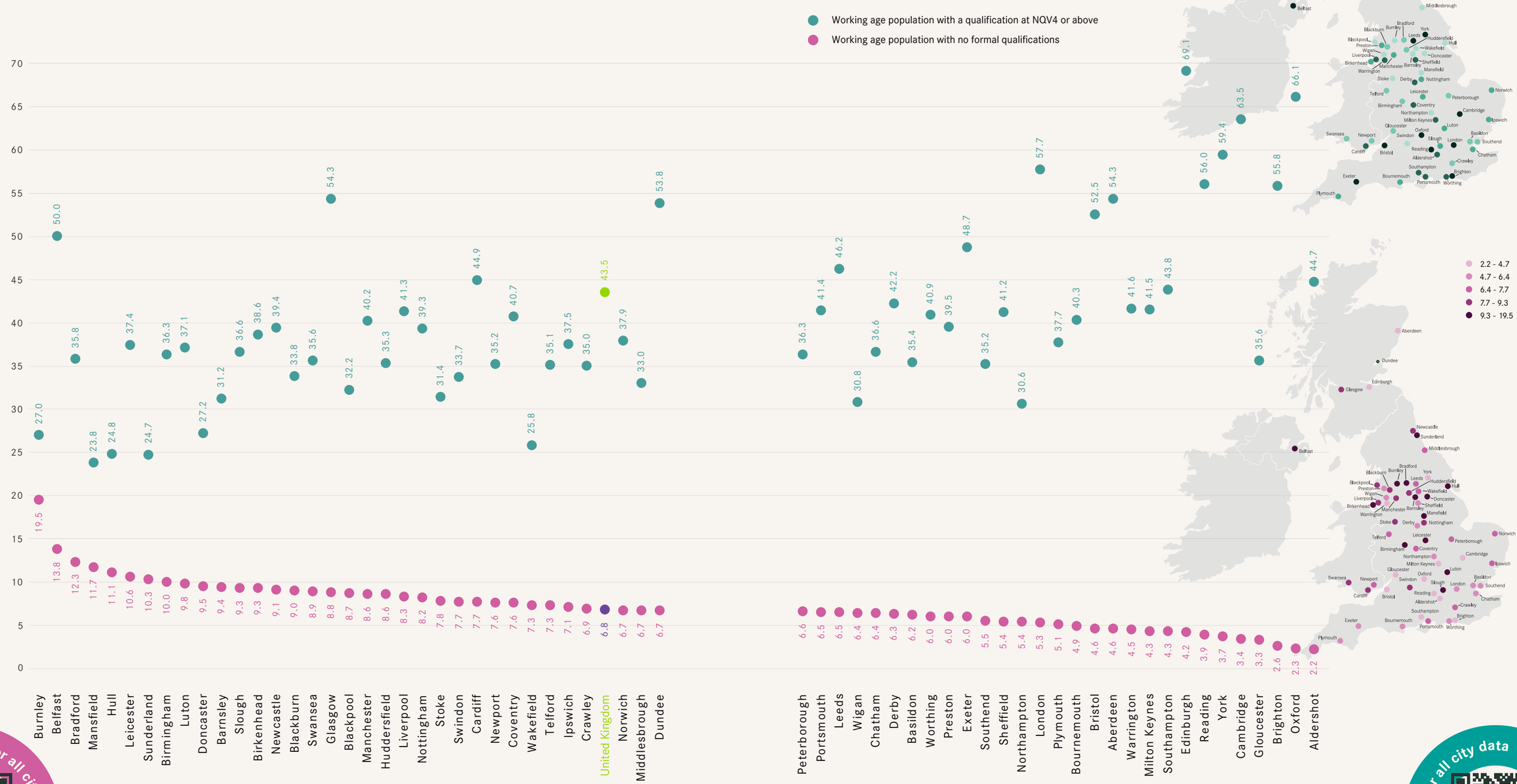
Rank	City	Claimant count rate, Nov 2022 (%)
10 cities with the lowest claimant count rate		
1	York	1.8
2	Cambridge	1.9
3	Exeter	2.0
4	Northampton	2.3
5	Oxford	2.3
6	Edinburgh	2.4
7	Aldershot	2.4
8	Warrington	2.5
9	Reading	2.7
10	Bristol	2.7
10 cities with the highest claimant count rate		
54	Manchester	5.0
55	Burnley	5.0
56	Luton	5.1
57	Blackburn	5.1
58	Blackpool	5.2
59	Coventry	5.3
60	Liverpool	5.4
61	Hull	5.7
62	Bradford	6.5
63	Birmingham	6.8
	United Kingdom	3.6

Source: ONS 2022, Claimant Count, November 2022 data; Population estimates, 2021 data. 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.

Centre for Cities

Which cities or large towns have the highest and lowest-skilled population?

Figure 19: Working age population with a high-level qualification (NVQ4 or above) and with no formal qualifications, 2021 (%)



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High-level qualifications

Table 11: Residents with high-level qualifications

Rank	City	Working age population with high skills (NVQ4 or above) qualifications, 2021 (%)
10 cities with the highest percentage of people with high-level qualifications		
1	Edinburgh	69.1
2	Oxford	66.1
3	Cambridge	63.5
4	York	59.4
5	London	57.7
6	Reading	56.0
7	Brighton	55.8
8	Aberdeen	54.3
9	Glasgow	54.3
10	Dundee	53.8
10 cities with the lowest percentage of people with high-level qualifications		
54	Stoke	31.4
55	Barnsley	31.2
56	Wigan	30.8
57	Northampton	30.5
58	Doncaster	27.2
59	Burnley	27.0
60	Wakefield	25.8
61	Hull	24.8
62	Sunderland	24.7
63	Mansfield	23.8
	United Kingdom	43.5

Source: ONS 2022, Annual Population Survey, resident analysis, 2021 data; DfE NI 2022, District Council Area Statistics for Belfast, 2021 data

No formal qualifications

Table 12: Residents with no formal qualifications

Rank	City	Working age population with no formal qualifications, 2021 (%)
10 cities with the highest percentage of people with no formal qualifications		
1	Burnley	19.5
2	Belfast	13.8
3	Bradford	12.3
4	Mansfield	11.7
5	Hull	11.1
6	Leicester	10.6
7	Sunderland	10.3
8	Birmingham	10.0
9	Luton	9.8
10	Doncaster	9.5
10 cities with the lowest percentage of people with no formal qualifications		
54	Milton Keynes	4.3
55	Southampton	4.3
56	Edinburgh	4.2
57	Reading	3.9
58	York	3.7
59	Cambridge	3.4
60	Gloucester	3.3
61	Brighton	2.6
62	Oxford	2.3
63	Aldershot	2.2
	United Kingdom	6.8

Source: ONS 2022, Annual Population Survey, resident analysis, 2021 data; DfE NI 2022, District Council Area Statistics for Belfast, 2021 data

House prices

Table 13: House price growth

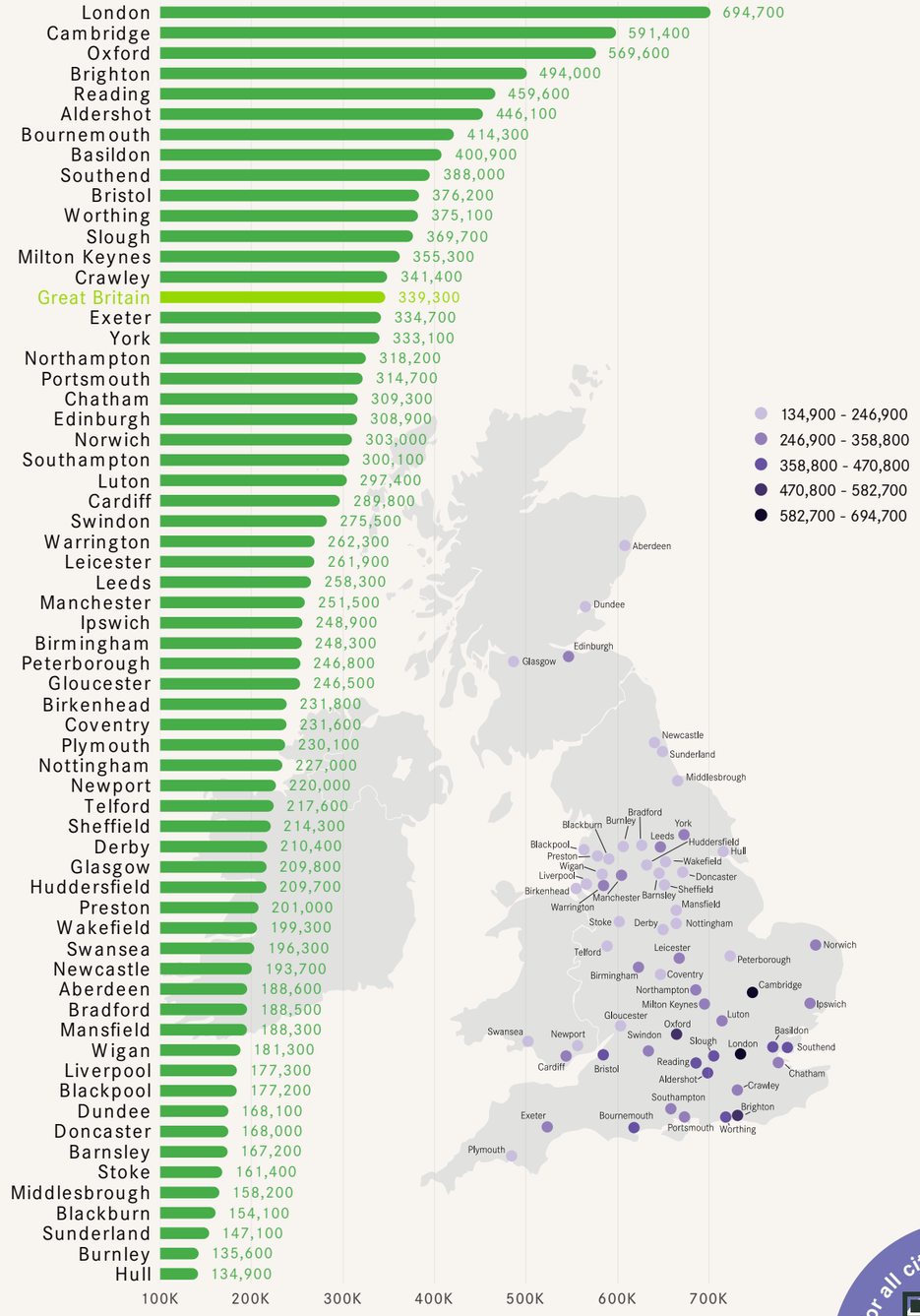
Rank	City	Annual growth, 2021-2022 (%)	Average price, 2022 (£)	Average price, 2021 (£)	Difference in average prices, 2021-2022 (£)
10 cities with the highest rises in house prices					
1	Brighton	10.7	494,100	446,300	47,700
2	Cambridge	9.9	591,400	538,100	53,300
3	Bournemouth	8.6	414,300	381,400	32,900
4	Bristol	8.6	376,200	346,600	29,700
5	London	7.9	694,700	644,000	50,600
6	Basildon	7.7	400,900	372,300	28,600
7	Exeter	7.7	334,700	310,900	23,800
8	Reading	7.6	459,600	427,100	32,500
9	Norwich	7.3	303,000	282,500	20,500
10	Milton Keynes	6.8	355,300	332,500	22,700
10 cities with the lowest rises in house prices					
53	Huddersfield	0.7	209,700	208,300	1,400
54	Middlesbrough	0.5	158,200	157,500	800
55	Doncaster	0.5	168,000	167,200	800
56	Newcastle	-0.1	193,700	193,900	-200
57	Blackpool	-0.3	177,200	177,700	-500
58	Telford	-0.3	217,600	218,200	-600
59	Preston	-0.9	201,000	202,800	-1,800
60	Burnley	-1.6	135,600	137,800	-2,200
61	Blackburn	-2.3	154,100	157,700	-3,600
62	Aberdeen	-2.6	188,600	193,600	-5,100
	Great Britain	3.7	339,300	327,200	12,100

Source: Land Registry 2022, Market Trend Data, Price Paid, 2022 data; Scottish neighbourhood statistics 2022, Mean house prices, 2022 data.

Note: Prices in Scotland are an average of the first three quarters of the year. Prices in England and Wales are an average of January to November.

Which cities or large towns have the highest or lowest house prices?

Figure 20: Average house price, 2022 (£)



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Housing affordability

Table 14: Housing affordability ratio

Rank	City	Affordability ratio	Average house price, 2022 (£)	Annual wages, 2022 (£)
10 cities with the highest affordability ratio				
1	Oxford	15.1	569,600	37,800
2	Brighton	14.4	494,100	34,300
3	Bournemouth	14.3	414,300	28,900
4	London	14.2	694,700	49,000
5	Cambridge	13.4	591,400	44,200
6	Worthing	12.3	375,100	30,500
7	Exeter	11.9	334,700	28,200
8	Bristol	11.8	376,200	31,800
9	Slough	11.4	369,700	32,500
10	Aldershot	11.3	446,100	39,300
10 cities with the lowest affordability ratio				
53	Doncaster	6.2	168,000	26,900
54	Glasgow	6.2	209,800	33,800
55	Blackburn	6.2	154,100	24,800
56	Barnsley	6.2	167,200	27,000
57	Stoke	6.2	161,400	26,100
58	Middlesbrough	5.7	158,200	27,700
59	Hull	5.6	134,900	24,200
60	Sunderland	5.5	147,100	26,600
61	Burnley	5.4	135,600	25,000
62	Aberdeen	5.2	188,600	36,300
	Great Britain	9.9	339,300	34,300

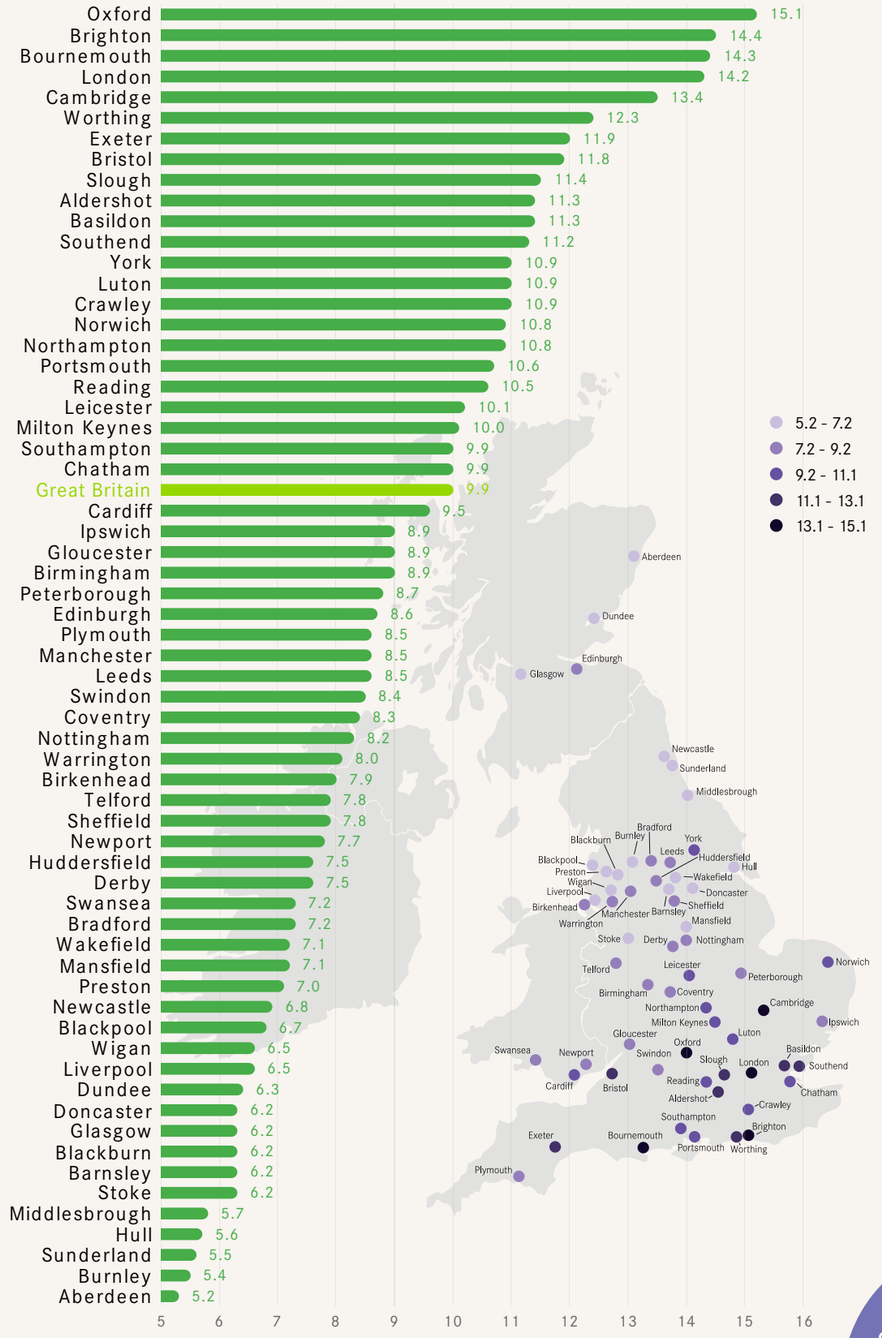
Source: Land Registry 2022, Price Paid Data, 2022 data; Scottish neighbourhood statistics 2022, Mean House Prices, 2022 data.

Note: Northern Ireland data not available so the figure for Great Britain is shown. ONS 2022, Earnings and employment from Pay As You Earn Real Time Information, seasonally adjusted, 2022 data. CPI inflation adjusted (2019=100). Earnings data is for employees only.

Note: The affordability ratio is the average cost of a house compared to the average wages paid to a worker in a year. For example, an affordability ratio of 10 means that the average house costs 10 times more than the average yearly wage.

Which cities or large towns have the most or least affordable housing?

Figure 21: Housing affordability ratio, 2022



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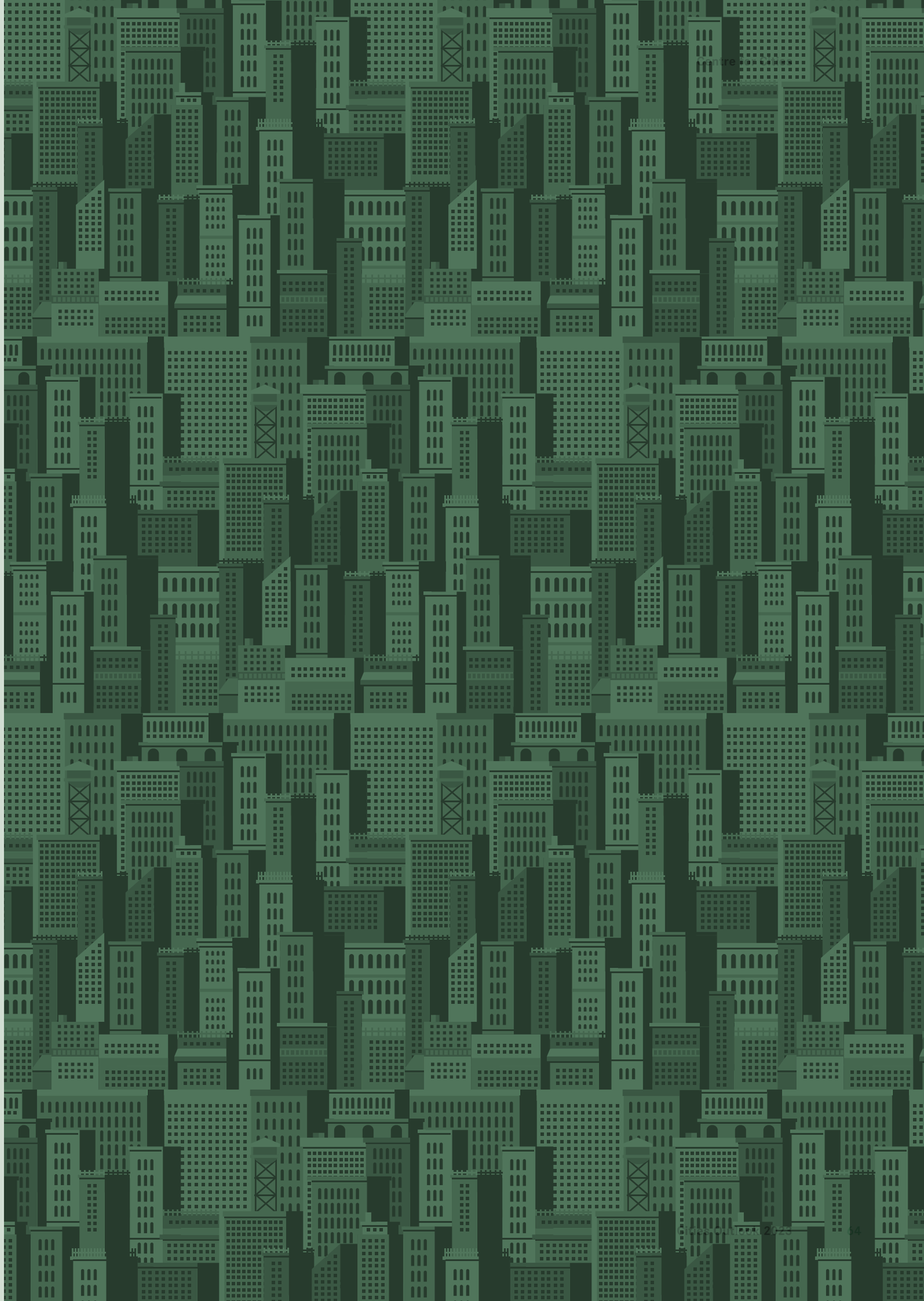
Housing stock growth

Table 15: Housing stock growth

Rank	City	Change, 2020-2021 (%)	Housing stock, 2021	Housing stock, 2020	Change, 2020-2021
10 cities with the highest housing stock growth					
1	Milton Keynes	1.7	117,310	115,310	2,000
2	Peterborough	1.5	86,790	85,540	1,250
3	Crawley	1.2	47,180	46,610	570
4	Reading	1.1	142,410	140,880	1,530
5	Telford	1.1	78,590	77,750	840
6	Edinburgh	1.1	257,660	254,930	2,730
7	Gloucester	1.1	57,780	57,170	610
8	Liverpool	1.1	302,290	299,120	3,170
9	Aberdeen	1.0	122,240	120,980	1,260
10	Bristol	1.0	326,670	323,410	3,260
10 cities with the lowest housing stock growth					
54	Bournemouth	0.4	186,250	185,460	790
55	Portsmouth	0.4	236,290	235,320	970
56	Blackpool	0.4	111,430	110,980	450
57	Coventry	0.4	144,940	144,350	590
58	Basildon	0.4	78,810	78,490	320
59	Ipswich	0.4	62,100	61,850	250
60	Birkenhead	0.4	150,300	149,730	570
61	Swansea	0.2	177,980	177,540	440
62	Bradford	0.2	217,890	217,370	520
63	Worthing	0.2	51,320	51,220	100
	United Kingdom	0.8	29,800,090	29,549,910	250,180

Source: Department for Levelling Up, Housing and Communities Dwelling Stock live tables, 2022, England 2020-2021 data; National Records of Scotland, Housing and Dwelling Estimates 2022, Scotland 2020-2021 data; Welsh Government Dwelling stock estimates by local authority and tenure, 2022, 2019-2020 data; NISRA Annual housing stock statistics, 2022, Northern Ireland 2020-2021 data.

Note: the latest data available for Wales is 2020, and therefore housing stock change in Wales is 2019-2020.



Digital connectivity

Table 16: Subscriptions achieving ultrafast broadband speeds (>30 Mbps)

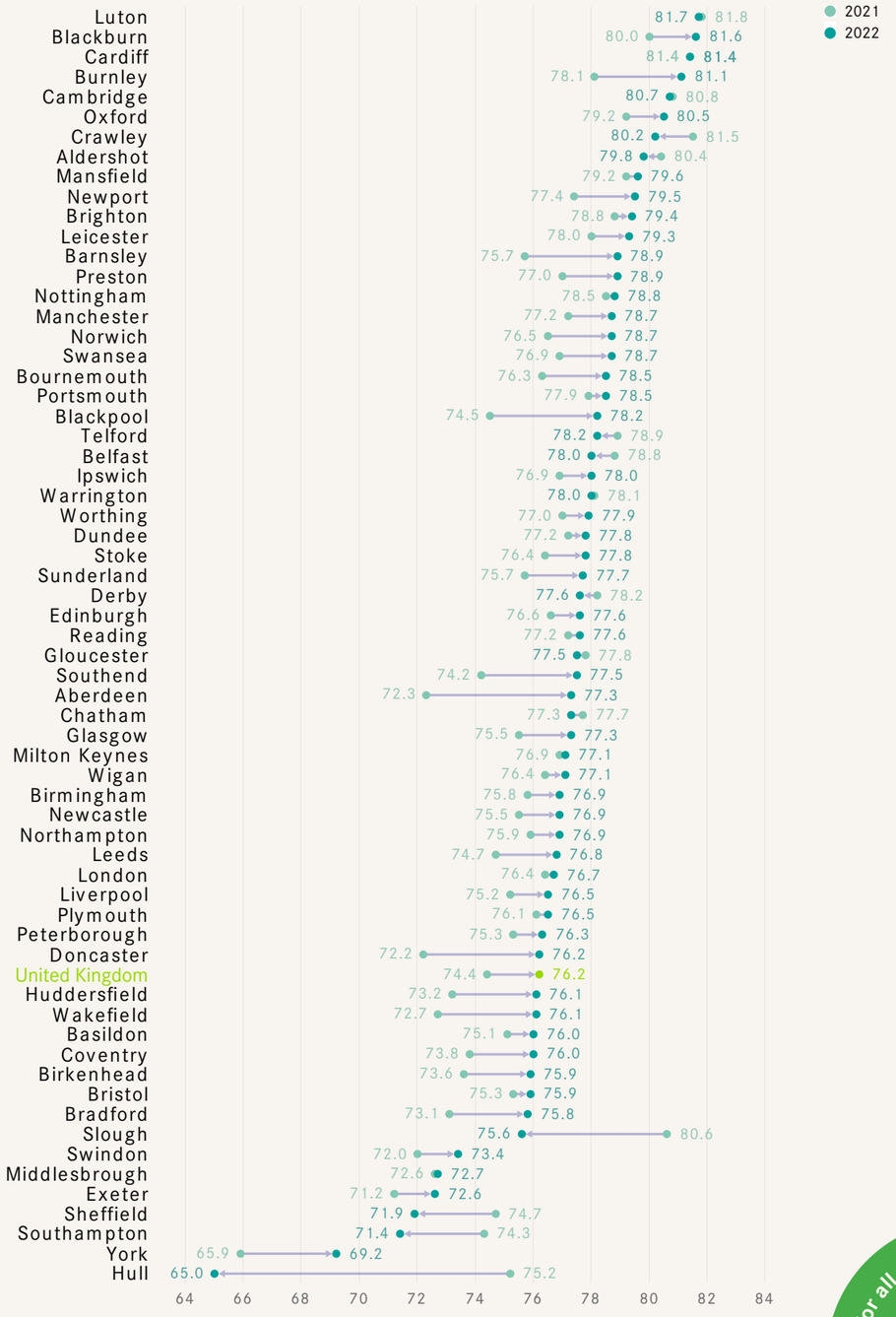
Rank	City	Share of connections receiving 30Mbps+, 2022 (%)	Share of connections receiving 30Mbps+, 2021 (%)	Share of connections receiving 30Mbps+, 2020 (%)	Percentage point change, 2022-2021	Percentage point change, 2021-2020
10 cities with the highest share of subscribers receiving 30Mbps+ speeds						
1	Luton	81.7	81.8	79.9	-0.1	1.9
2	Blackburn	81.6	80.0	75.9	1.6	4.1
3	Cardiff	81.4	81.4	79.3	0.0	2.2
4	Burnley	81.1	78.1	74.2	3.0	3.9
5	Cambridge	80.7	80.8	80.2	-0.1	0.6
6	Oxford	80.5	79.2	77.3	1.2	1.9
7	Crawley	80.2	81.5	80.7	-1.4	0.9
8	Aldershot	79.8	80.4	78.9	-0.6	1.5
9	Mansfield	79.6	79.2	77.5	0.4	1.7
10	Newport	79.5	77.4	73.8	2.1	3.6
10 cities with the lowest share of subscribers receiving 30Mbps+ speeds						
54	Bristol	75.9	75.3	73.5	0.6	1.8
55	Bradford	75.8	73.1	69.3	2.7	3.8
56	Slough	75.6	80.6	76.9	-5.0	3.8
57	Swindon	73.4	72.0	69.4	1.4	2.6
58	Middlesbrough	72.7	72.6	71.9	0.0	0.7
59	Exeter	72.6	71.2	70.6	1.4	0.6
60	Sheffield	71.9	74.7	69.7	-2.8	5.0
61	Southampton	71.4	74.3	70.7	-3.0	3.6
62	York	69.2	65.9	63.1	3.2	2.8
63	Hull	65.0	75.2	74.3	-10.3	0.9
	United Kingdom	76.2	74.4	64.7	1.8	9.6

Source: OfCom 2022, Fixed connections coverage and performance, 2022 data

Note: Share of connections receiving 30Mpbs+ is defined as the share of all connections that have an averaged measured speed greater than 30 Mbits/s. Therefore, it takes into account the availability, the take up and the quality of the internet connections

Which cities or large towns have the fastest or slowest broadband?

Figure 22: Share of connections subscribed to 30Mbps+, 2021 - 2022 (%)



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CO_2 emissions

- Cities are on average greener than the rest of the country. They accounted for 54 per cent of the total population but only 45 per cent of the UK's total CO_2 emissions in 2020. Average UK emissions per capita in 2020 totalled 4.6 tonnes while the city average was lower at 3.8 tonnes.
- This in part is because cities account for low shares, relative to their share of population, of the two principal contributors to the UK's carbon emissions – transport emissions and industry emissions. They were the source of 44 per cent of transport emissions and 37 per cent of industry emissions.
- Swansea has much higher per capita emissions than any other city because of its industrial emissions – likely linked to the steel plant at Port Talbot. On a per capita basis, its industrial emissions were 16.2 tonnes per head in 2020, compared to the UK average of 1 tonne.

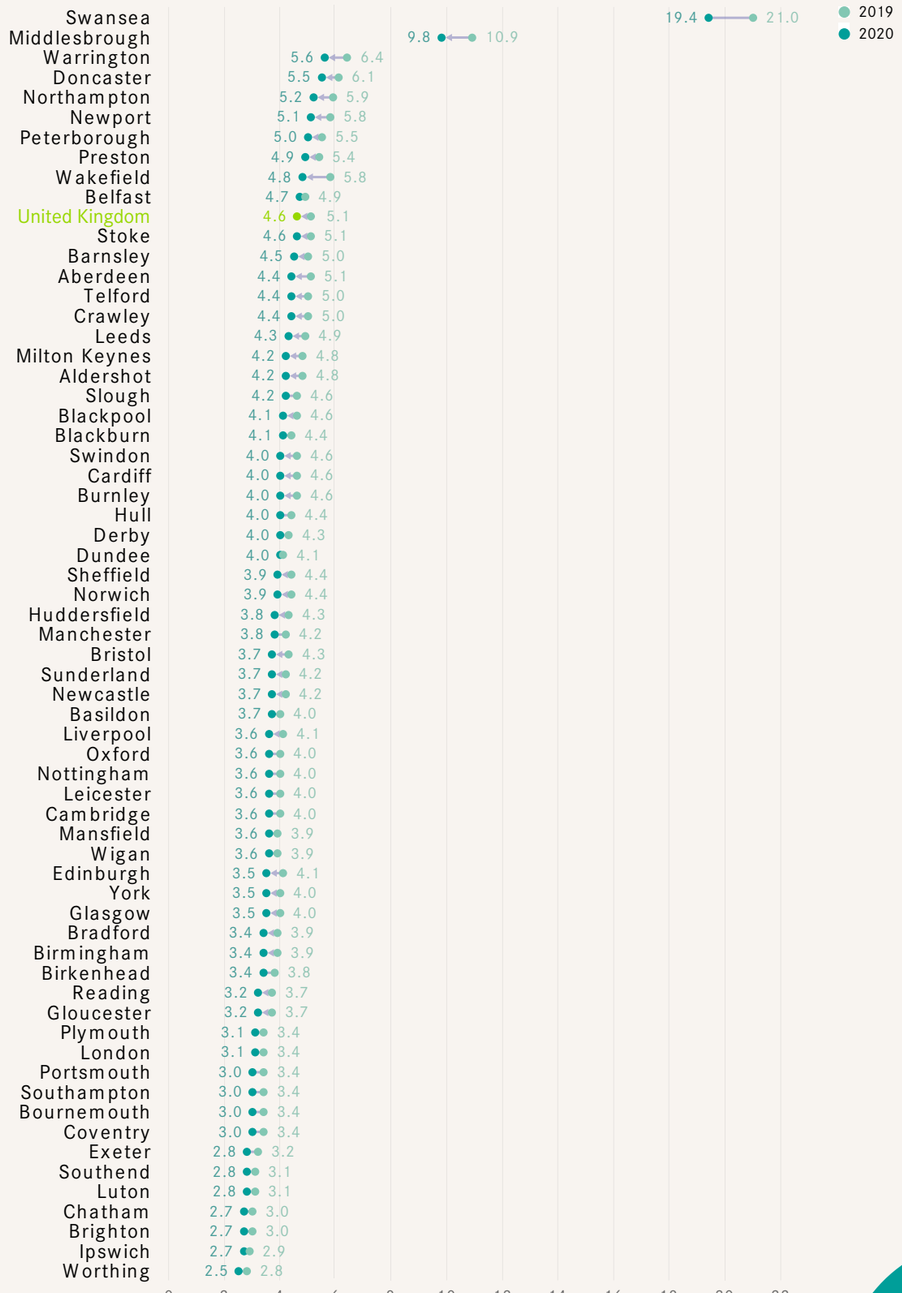
Table 17: Total CO_2 emissions per capita

Rank	City	CO_2 emissions per capita, 2020 (t)	CO_2 emissions per capita, 2019 (t)
10 cities with the lowest emissions per capita			
1	Worthing	2.5	2.8
2	Ipswich	2.7	2.9
3	Brighton	2.7	3.0
4	Chatham	2.7	3.0
5	Luton	2.8	3.1
6	Exeter	2.8	3.2
7	Southend	2.8	3.1
8	Coventry	3.0	3.4
9	Bournemouth	3.0	3.4
10	Southampton	3.0	3.4
10 cities with the highest emissions per capita			
54	Belfast	4.7	4.9
55	Wakefield	4.8	5.8
56	Preston	4.9	5.4
57	Peterborough	5.0	5.5
58	Newport	5.1	5.8
59	Northampton	5.2	5.9
60	Doncaster	5.5	6.1
61	Warrington	5.6	6.4
62	Middlesbrough	9.8	10.9
63	Swansea	19.4	21.0
	United Kingdom	4.6	5.1

Source: Department of Energy and Climate Change (DECC) 2022, CO_2 emissions per capita, 2020 data; Population estimates, ONS 2022, 2020 data

Which cities or large towns have the highest or lowest CO_2 emissions?

Figure 23: CO_2 emissions per capita, 2019 - 2020 (t)



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Air quality

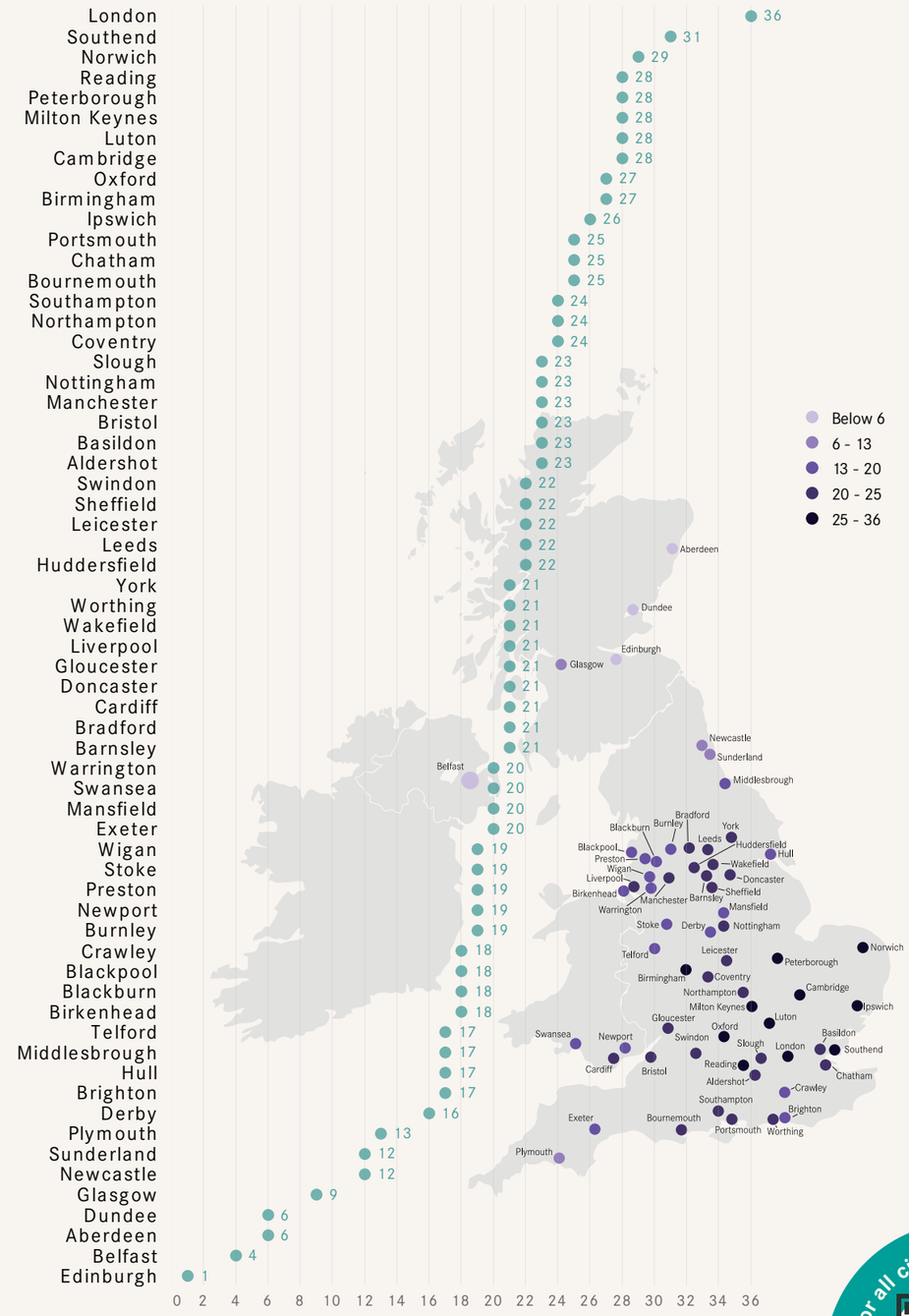
Table 18: Number of days a year of poor air quality

Rank	City	Number of days with poor air quality, 2022
10 cities with the best air quality		
1	Edinburgh	1
2	Belfast	4
3	Aberdeen	6
3	Dundee	6
5	Glasgow	9
6	Newcastle	12
6	Sunderland	12
8	Plymouth	13
9	Derby	16
10	Brighton	17
10 cities with the worst air quality		
53	Birmingham	27
55	Oxford	27
56	Cambridge	28
56	Luton	28
56	Milton Keynes	28
56	Peterborough	28
56	Reading	28
61	Norwich	29
62	Southend	31
63	London	36

Source: Met Office 2022, number of days of poor air quality, Nov 2021-Nov 2022 data

Which cities or large towns have the best or worst air quality?

Figure 24: Number of days a year of poor air quality, 2022



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January 2023

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