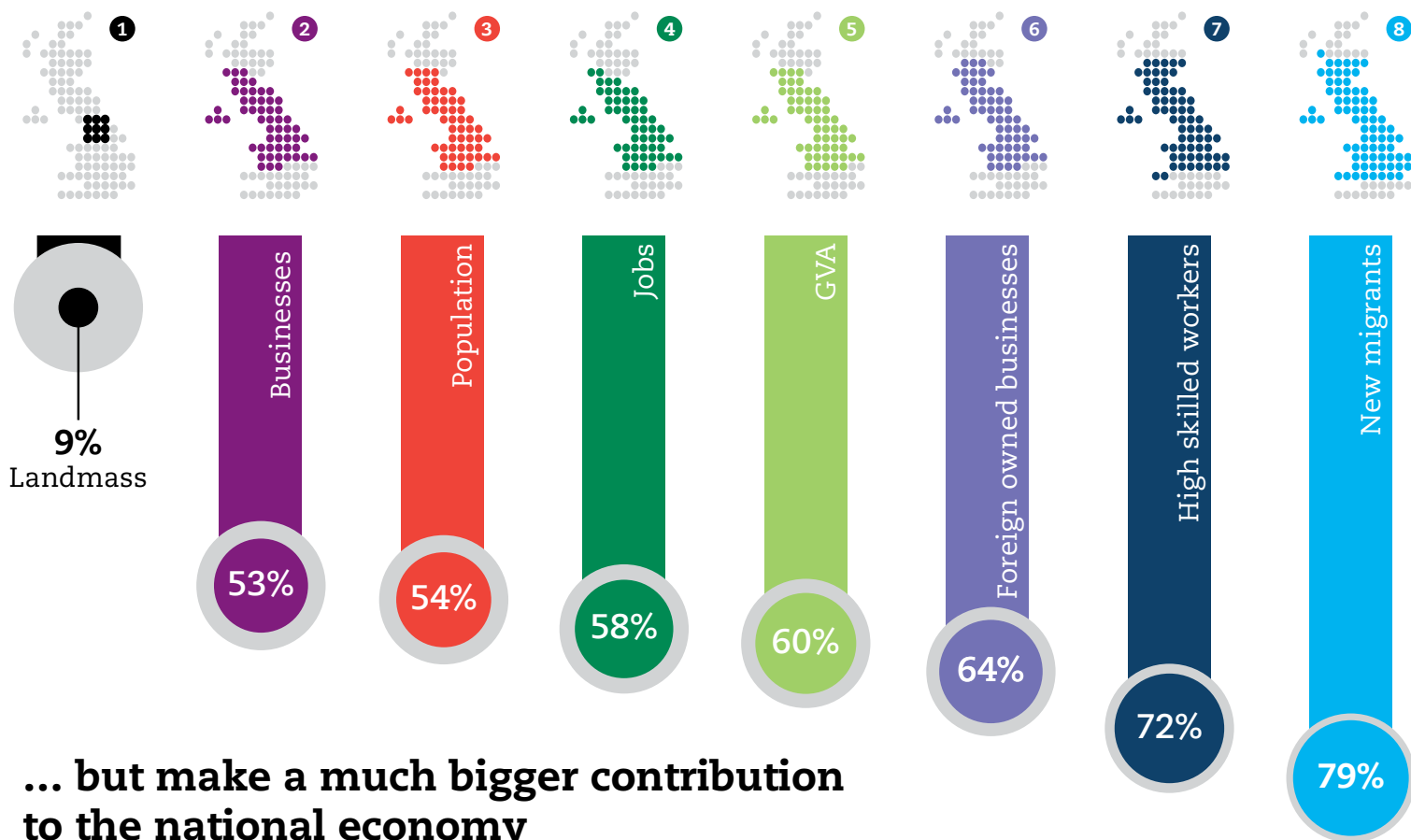
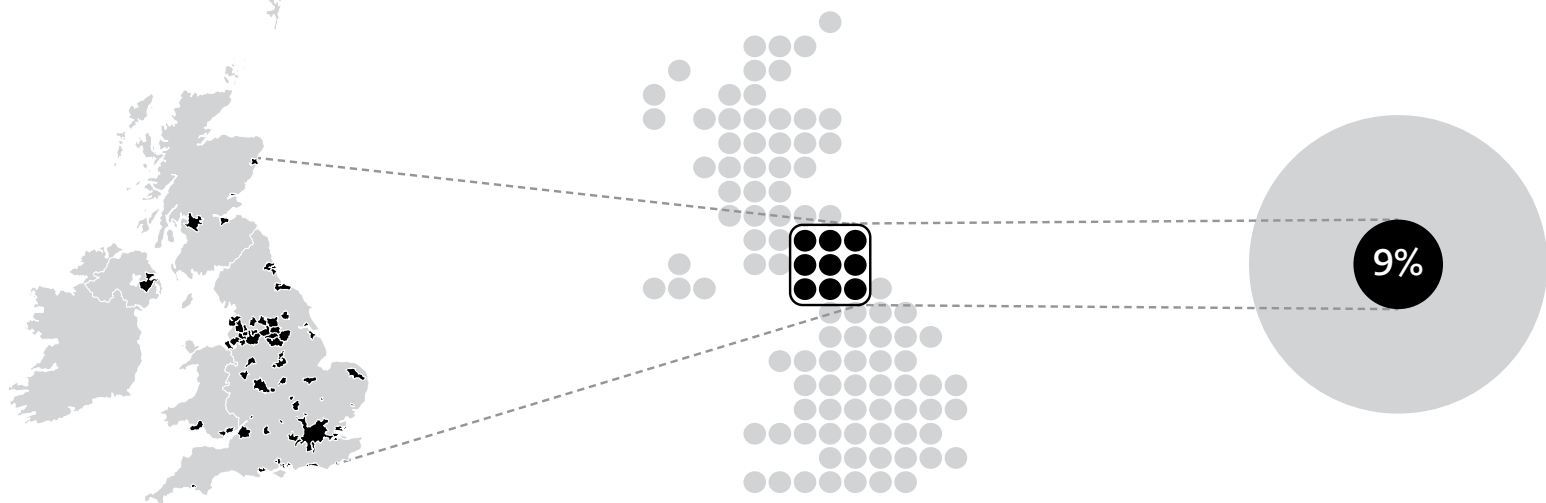




centreforcities   
**Cities Outlook 2013**



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



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

“Centre for Cities, and its Cities Outlook, have been a consistent source of high quality ideas, information and analysis which have helped advance the case for an ambitious urban policy. 2013 will be an important year for cities. Britain’s cities have the potential to drive economic recovery as the places in which most British jobs and businesses are located. Following last year’s ground breaking agreement of deals with eight cities, 2013 sees the opportunity extended to another 20 cities – a transformation in the relationship between central Government and our great urban centres. The recommendations in Lord Heseltine report, No Stone Unturned, will reinforce the progress I am determined to continue in reviving the initiative, leadership and prosperity of our cities.”

*Rt Hon Greg Clark MP, Financial Secretary to the Treasury and Minister for Cities*

“In the best English tradition we have witnessed a quiet revolution across the nation’s eight largest cities.

From control over buses and trains and the freedom to plug skills gaps, to powers to ‘earn back’ tax and set up local investment funds to spend on local projects – the City Deals are unlocking the huge potential of our cities so they can go for growth.

Now it’s time to free even more places from Whitehall control. I want more cities to come up with ambitious and innovative proposals to help them make changes that will be felt by everyone across their region. It is an exciting time for cities and as such I welcome this important contribution from Centre for Cities.”

*Rt Hon Nick Clegg MP, Deputy Prime Minister*

“Cities Outlook 2013 is invaluable in highlighting the crucial role our cities play in Britain today and the challenges that still remain if they are to be at the heart of our economy, driving growth and prosperity.

It is crucial that we empower our cities to deliver real change on the ground but this has to be coupled with concrete policies from government. Housing is an area where, with the right policies, there is clear potential to generate jobs and growth and for cities to have a role in driving the agenda. It is right therefore that this report considers the ways in which cities might help deliver the housing they need for their areas but also help tackle the national housing crisis. If we are to build better, cleaner and more vibrant cities then we must do exactly that, get building.”

*Jack Dromey MP, Labour’s Shadow Housing Minister and MP for Birmingham Erdington*

“Cities Outlook is the ‘bible’ for understanding the state of our cities in this country. I find the report really useful to understand what we, the leaders of England’s great cities, need to do to unlock their burgeoning potential. But I also find it helpful to see how Bristol compares with other cities across the country. It’s also particularly helpful for me to use the info-graphics, which are clear and informative – this publication has become an institution for city leaders and long may Centre for Cities continue their good work.”

*Mayor George Ferguson, Bristol City Council*



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## **Acknowledgements**

The Centre for Cities would like to thank the Local Government Association for their support of Cities Outlook 2013. All views expressed are those of Centre for Cities.

# Cities Outlook 2013

Cities have witnessed a rapidly changing policy environment under the Coalition Government. The next year will be an important marker as these policy changes begin to take hold.

Making the most of the economic potential of our cities has rarely been more important. Five years since the onset of the financial crisis the UK economy is still languishing, staggering in and out of recession. In the search for growth, policymakers from all political parties are increasingly recognising that cities, which produce two-thirds of the UK's Gross Value Added, are vital to the economic future of the country.

Yet the challenges and opportunities facing UK cities today are immense. The policy landscape has changed almost beyond recognition since the start of recession. Regional Development Agencies have gone and Local Enterprise Partnerships, two years old, are still finding their feet. New economic development policies, from Enterprise Zones to the Regional Growth Fund, have been introduced, local government funding has been reformed, and local government budgets have continued to shrink.

While some of these policy reforms have resulted in centralisation, some have also sought to devolve more power to cities and their hinterlands. The eight Core Cities have struck City Deals with Government, each having

agreed a form of devolution in exchange for an offer to improve outcomes and efficiency. At the same time as these are being implemented, 20 smaller cities are now bidding to strike their own City Deals.

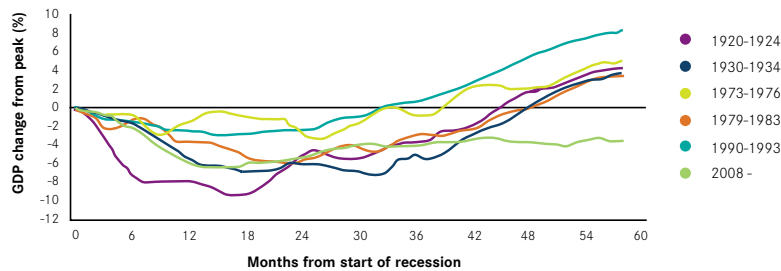
Following two years of dramatic policy changes which are now starting to take hold, and two years out from the next election, 2013 looks set to be a landmark year for cities and their economic futures.

## National economic overview

Having spent the first half of 2012 back in recession, the economy returned emphatically to growth in the third quarter of 2012, expanding by one per cent – the fastest rate in five years. This was in part due to the Olympics – the ONS estimated that London 2012 directly added 0.2 percentage points to growth.

Yet the UK economy may struggle to sustain this welcome upward trajectory into 2013. This reflects the fact that the economy has grown in only nine of the last 18 quarters, thus raising a question around the sustainability of future growth.

**Figure 1:**  
**Economic Growth Across Recession**



Source: NIESR

UK plc still has a long way to go to make up the ground lost since 2008. As of Q3 2012, the economy was still 3.1 per cent smaller than it was before its pre-recessionary peak. As Figure 1 shows, this means this is the slowest recovery for nearly a century; by this point in all other recessions since the 1920s, the economy had recovered the output lost from the recession.

Yet, surprisingly, slow economic recovery has not been reflected in the performance of the labour market. Employment rose steadily through 2012, despite the contraction of the economy in the first half of the year, and the year finished with more people in work than ever before. Part of this is likely to be explained by the increasing role of part time employment – at 1.4 million, the number of people working part time

because they cannot get a full time job is at a record high. But it is also likely to be due to a fall in real wages – the value of wages when taking inflation into account. The real value of take home pay is 6.7 per cent lower than it was at the start of 2009.

### Supporting economic growth in cities

Kick-starting economic demand across the economy will not be easy against the backdrop of global economic uncertainty and domestic deficit reduction. While there is cross-party agreement about some drivers of economic growth – investment in infrastructure, delivering more housing, improving skills levels – consensus about the best course of action remains hard

to reach. Nonetheless, 2012 has been a year in which all the major parties have increasingly recognised that any sustained future growth of the national economy will be led by the UK's cities.

Despite advances in technology, the economy continues to be based in places – most people want to buy houses in places offering a good quality of life and access to jobs; transport investment is all about taking people to and from places, often cities; and Centre for Cities research shows that the high skill jobs the UK needs to drive economic growth are increasingly located in cities.

The 64 cities that Outlook assesses account for 53 per cent of businesses, 58 per cent of jobs and 60 per cent of UK economic output. As such, policy that can help to stimulate urban growth by making the most of cities' distinctive strengths and weaknesses will help stimulate growth of the national economy.

### City Deals

Recent policy changes have sought to do more to respond to cities' individual needs; in particular, the Government's City Deals initiative. Centre for Cities has long championed the need to give cities greater autonomy over policies

**Box 1:****Key elements of the Core City Deals****Bristol:**

- Creation of the Growth Incentive, a £1 billion economic development fund funded by the West of England keeping 100 per cent of business rates across five enterprise zones
- Devolution of transport funds to develop the Greater Bristol Metro

**Birmingham:**

- Creation of GBS capital, a £1.5 billion investment fund created through the negotiation of a single settlement from the Treasury
- Focus on life sciences and green sectors

**Leeds:**

- A 'Guarantee to the Young' to have access to a job, training, apprenticeship, volunteering or work experience for every young person in the city region
- Establishment of a £1 billion West Yorkshire 'plus' Transport Fund in return for creating a combined authority across the city region

**Liverpool:**

- Creation of a £75 million mayoral investment fund to support economic development
- Development of local welfare to work programmes with the Department for Work and Pensions

**Manchester:**

- Formation of a £1.2 billion revolving infrastructure fund

- The city will 'earn back' from central government the taxation that is generated by GVA increases resulting from the investments of the fund
- Creation of an apprenticeship and skills hub which will route skills funding directly to small and medium sized enterprises

**Newcastle:**

- Creation of four Accelerated Development Zones which will allow the city to keep business rates generated within them for 25 years. This money will be used to fund a £92 million investment programme
- Support for the Energy, Marine and Low Carbon sectors to help make Newcastle a low carbon 'Pioneer City'

**Nottingham:**

- Support to enterprise through access to finance schemes
- Creation of a Youth Employment Hub to better match young people to jobs and aim to reduce youth unemployment by 25 per cent over four years

**Sheffield:**

- Establishment of a skills fund using local and central government funding matched to private sector investment to finance apprenticeships and skills development in designated key sectors
- Devolution of a range of transport powers including 10 year allocation of funding and control of the Northern Rail Franchise



that affect their economies. Through City Deals, cities have the opportunity to gain greater control over the policies that drive economic growth and to tailor them to address specific local growth challenges.

The first wave of City Deals, announced in the Summer of 2012, were struck with England's Core Cities. The deals covered a breadth of policy areas, from investment to skills and enterprise support. Box 1 summarises key elements of the City Deals of each Core City.

The Government has now invited a further 20 English cities, drawn from the next largest and fastest growing, to bid for a City Deal. Through a competitive process only those cities deemed to have the strongest bids will then enter detailed negotiations with the Government.

Whilst much of the focus has been on the specifics of each wave, City Deals offer a much more important opportunity to change the relationship between cities and national government. Making the most of this opportunity in 2013 will require a focus on four key issues.

First, the Core Cities must deliver on their commitments; they are the trailblazers and need to demonstrate that devolution is more efficient, more effective and timelier than the status quo.

Second, Whitehall must deliver on its commitments, both existing and forthcoming. This means breaking down the silos, letting go of powers and funding and continuing

a dialogue with cities about how the Deals can be strengthened and extended in future years. Whitehall must also note that devolution will take time and City Deals will not deliver results overnight.

Third, wave two cities need to be thinking very hard about what their 'asks' and 'offers' are. What can they already do? Where do they need help from Government or others? Raising the ambition of the 'asks' and the 'offers' was one of the biggest lessons from wave one of the City Deals.

Finally, all cities should be working hard to influence what goes into the 'Core Package' – a series of policy options open to City Deal cities that have appropriate governance in place. This is an opportunity to agree tricky issues such as greater devolution of skills policy or improved relationships with UKTI. Ideally, the Core Package should be the means that will eventually provide all places in the UK with access and greater influence over local economic levers.

Currently City Deals are not available to cities within the devolved administrations. While the Scottish Government has launched its Agenda for Cities,<sup>1</sup> and the Welsh Assembly Government progresses its city-region agenda,<sup>2</sup> we would urge the devolved administrations to be much clearer about their urban policy. In particular, while the devolution of powers to their cities is more difficult because of the split of responsibilities between Whitehall and the national governments, Centre for Cities urges the devolved administrations to consider offering City Deals to their largest urban areas too.

1. The Scottish Government (2011), *Scotland's Cities: Delivering for Scotland*, Edinburgh: The Scottish Government

2. Written Statement by Edwina Hart, Welsh Minister for Business, Enterprise, Technology and Science on 14th December 2012

## Beyond City Deals

While City Deals offer huge potential, they cannot and should not be the sum total of urban economic policy, either at national or local level. It will also be important to assess the impact on cities of a wide range of other policies, from school education to investment in housing and transport infrastructure.

Lord Heseltine's recent review into growth policies made 89 recommendations about supporting local and national growth. Some of the most significant arguments were about devolution of power and funding to Local Enterprise Partnerships in the form of funding for economic strategies and access to a single capital pot on a competitive basis. Other recommendations, such as the end of 'election by thirds', could also have a big impact on the stability of local decision making. With the Chancellor favourably inclined towards the report and a formal response expected in the Spring, the direction of travel indicated by the Heseltine Review could have a significant influence on city economies in 2013 and beyond.

Infrastructure is another important area for city growth. Through the Infrastructure Bill, the Government committed to underwriting loans on up to £40 billion of stalled infrastructure programmes and has invited bidders to come forward with proposals for schemes that can be started within 12 months.

The Chancellor also made an extra £5 billion available for infrastructure in the Autumn Statement. This has been earmarked to spend on road upgrades (such as the A1 and the M25), flood defences and broadband in cities. However, it is interesting to note that the Office for Budget Responsibility forecasts assume that just £2 billion of this will actually be spent.<sup>3</sup> Cities working closely with government and private partners need to make sure they do everything possible to draw down the full allocated amount to support growth in their economies.

## Pressure on economic development funding

The challenges and opportunities facing cities are being played out against the backdrop of large cuts to public spending in general and local government budgets in particular. This is already affecting city economies, particularly those most reliant on the public sector for employment, and pressure on budgets looks set to continue.

While the Chancellor announced in the Autumn Statement that there will be no cut to local authority budgets in 2013/14, overall budgets have already been cut by 4.3 per cent with further cuts from 2014/15. These cuts have had big implications for local authorities across our cities. Newcastle City Council recently announced that it will cut up to 1,300 jobs,<sup>4</sup> while Birmingham City Council recently revealed that it will have to make a further 1,000 job cuts on top of the 1,100 job losses already announced.<sup>5</sup>

Recent work by Centre for Cities<sup>6</sup> showed that economic development expenditure has been hardest hit out of all the areas that local government is responsible for. While local government total expenditure fell £1.1 billion between 2010/11 and 2011/12, spending on economic development was reduced by £2 billion over the same period.

The squeeze being applied to economic development funding is understandable – local authorities do not have a statutory requirement to undertake economic development functions as they do with social care. Despite some reforms such as part localisation of business rates, it also continues to be the case that local authorities are not able to capture a sufficient share of the financial benefits from many of the investments they make in economic development.

2013 needs to be a year in which cities continue to argue for a shift in the way that economic growth is incentivised at a local level.

3. Speech by Paul Johnson, Director of the Institute of Fiscal Studies, 6/12/2012 [http://www.ifs.org.uk/conferences/AS\\_2012\\_PJ.pdf](http://www.ifs.org.uk/conferences/AS_2012_PJ.pdf)

4. 'Newcastle City Council reveal 1,300 jobs to go in cuts proposals', Newcastle Evening Chronicle, 20 November 2012

5. 'Birmingham City Council warns of effect of 17 per cent spending cuts', Guardian, 23 October 2012

6. Wilcox Z (2012), First view since the Spending Review, London: Centre for Cities

## This year's Outlook

There are many barriers to and enablers of economic growth, from improving skills levels or access to finance, to investing in innovation and broadband infrastructure, and Chapter 03 looks at a number of these in greater detail. This year, however, Outlook focuses on one of the biggest challenges facing the UK at the moment; the lack of housing and its implications for people living and working in cities and city economies.

It is widely accepted that the UK needs more houses. Growing numbers of households coupled with longstanding issues around the supply of housing mean that the average house price is now almost nine times average earnings. Yet housing is not just a social issue, it is also an economic issue. In addition to improving access to jobs and attracting private investment, building new housing would have an immediate impact on job creation and economic growth. Some commentators claim that 100,000 new homes would add one per cent to GDP.<sup>7</sup>

Yet discussions about housing as a boost to the economy rarely consider the variation in housing markets and needs across the UK. For some places the overwhelming issue is new housing, while in others it is about improving the quality of the existing stock.

This year's Cities Outlook looks in more detail at the performance of housing markets across our cities in order to put 'place' back into debates about housing. It assesses where housing is the most significant economic challenge, and what type of intervention is required to improve the supply and quality of housing in our urban areas.

Chapter 02 splits the economic downturn into two parts to see how the trajectory of cities has changed since 2008. Finally, as is usual Chapter 03 looks at the economic performance of the 64 cities in the UK across a range of indicators, providing insights into the varied nature of economic activity across the UK.

### Box 2:

#### The use of Primary Urban Areas (PUAs)

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

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

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

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

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

7. Figures come from the Blue Book where newly built private sector dwellings contributed £17.7 billion to UK GDP (total GDP was worth around £1.3 trillion) which facilitated 137,000 houses to be built in 2010.



# 01

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## **Cities and the Housing Crisis**

# Cities and the Housing Crisis

Four years on from the start of the longest downturn since the 1930s, the search continues for policies to kick-start economic growth – preferably sooner rather than later.

The urgency of the UK's economic struggles is one of the biggest headaches for policy makers, as so many of the enablers of economic growth – improved skills levels, investment in infrastructure, stronger innovation networks – will take time to affect the economy. Yet there is one policy area where consensus is growing that effective interventions have the potential to generate jobs and growth in both the short and longer term: housing.

Housing currently employs around a quarter of a million people in Britain<sup>8</sup> and contributed almost £18 billion to the economy in 2010.<sup>9</sup> Government research suggests that every 100,000 new houses built could boost Gross Domestic Product by one per cent.<sup>10</sup> Jobs are another immediate benefit; estimates suggest that 1.5 jobs are created for every one home built,<sup>11</sup> while £1 spent on housing creates £2.09 in direct value for the economy.<sup>12</sup>

Longer term, as the Barker Review of Housing Supply in 2004 made clear, tackling the shortage of housing can prevent instability in the wider economy because of the impact a place to live has on businesses, labour markets and individuals. An insufficient supply of housing can restrict labour market mobility, raise business costs and exacerbate inequality – constraining economic growth. Yet, as this

chapter will go on to show, the way in which housing affects both the local and national economy varies considerably from city to city around the UK.

## Box 3: Short-term demand vs long-term supply

Since the beginning of the downturn some commentators have argued that the most significant problem in the housing market is demand rather than supply. Yet while it is true that the financial crisis has seen a large fall in mortgages issued, the dynamics of the business cycle would suggest that this is likely to be a short-run problem.

Interventions that stimulate demand without increasing the supply of houses would mean that a greater amount of money would chase the same number of homes, pushing up prices. So instead of solving the problem, such a policy would actually exacerbate the financial difficulties of buying a home that many individuals and families experience.

8. NOMIS 2012, Business Register and Employment Survey, 2011 Data

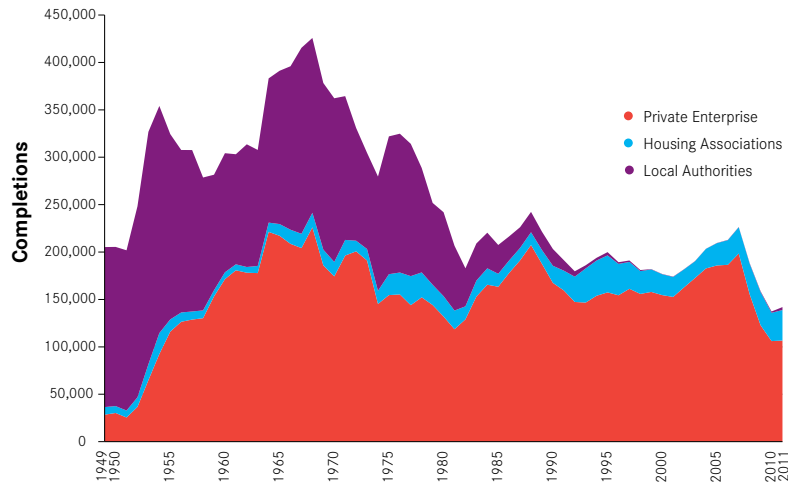
9. ONS (2012), United Kingdom National Accounts – The Blue Book, 2012

10. Figures come from the Blue Book where newly built private sector dwellings contributed £17.7 billion to UK GDP (total GDP was worth around £1.3 trillion) which facilitated 37,000 houses to be built in 2010.

11. Ball M (2005), The labour needs of extra housing output: can the housebuilding industry cope? London: Homebuilders Federation & CITB – Construction Skills

12. ONS (2002), UK Input-Output Tables, 2002 Edition, London: ONS

**Figure 2:**  
**Housing completions by tenure, 1949-2011**



Source: DCLG Live Table 241: Housing Completions by tenure (historical).

### It's a long-run issue

While increasingly referred to by politicians as a potential short-term solution to poor economic growth, building new houses has been a long-term problem in the UK which has both economic and social implications.

Current government forecasts<sup>13</sup> suggest that we need to build 232,000 new homes per year in England alone to keep up with projected household growth, while a separate projection puts this number as high as 290,500.<sup>14</sup>

But as Figure 2 shows, house building in the UK as a whole has only exceeded 232,000 once in the last

30 years. By comparison, in the 30 years prior to 1981, the contribution of public sector building meant that it only fell below this level once.

The reduction in the building of new homes since the post-war boom, combined with rising demand for homes, has contributed to a sharp rise in house prices; the sold price of a home has increased by around 300 per cent (accounting for inflation) since 1959. To put this in perspective, if a pint of milk had increased at this rate it would now cost over £2 and a dozen eggs would now cost almost £19.<sup>15</sup> Over the same period the average age of a first time buyer has risen from 24 to 30 years old.<sup>16</sup>

### Housing markets across UK cities

It is important, however, to remember that housing is not just a numbers game. This can most clearly be seen at the city level. While the housing market is often viewed as a national issue, housing markets are much more closely tied into local supply and demand factors. Their capacity to deliver housing of the right type, in the right place, and to an acceptable standard, is essential to the economic health of cities and by extension the national economy. Figure 3 summarises the ways in which housing impacts on a city's economic performance under three broad headings: labour markets; infrastructure; and business and enterprise.

The specific ways in which housing will impact on economic performance depends on the individual city context. In strong city economies, such as in London, Cambridge and Bristol, many of the other factors affecting economic growth such as skills levels, innovation and business start-ups already tend to be stronger. In these economies, housing shortages and house prices can put a brake on economic growth – placing pressure on existing infrastructure, raising business costs, exacerbating skill shortages, and preventing people from moving to a successful city.

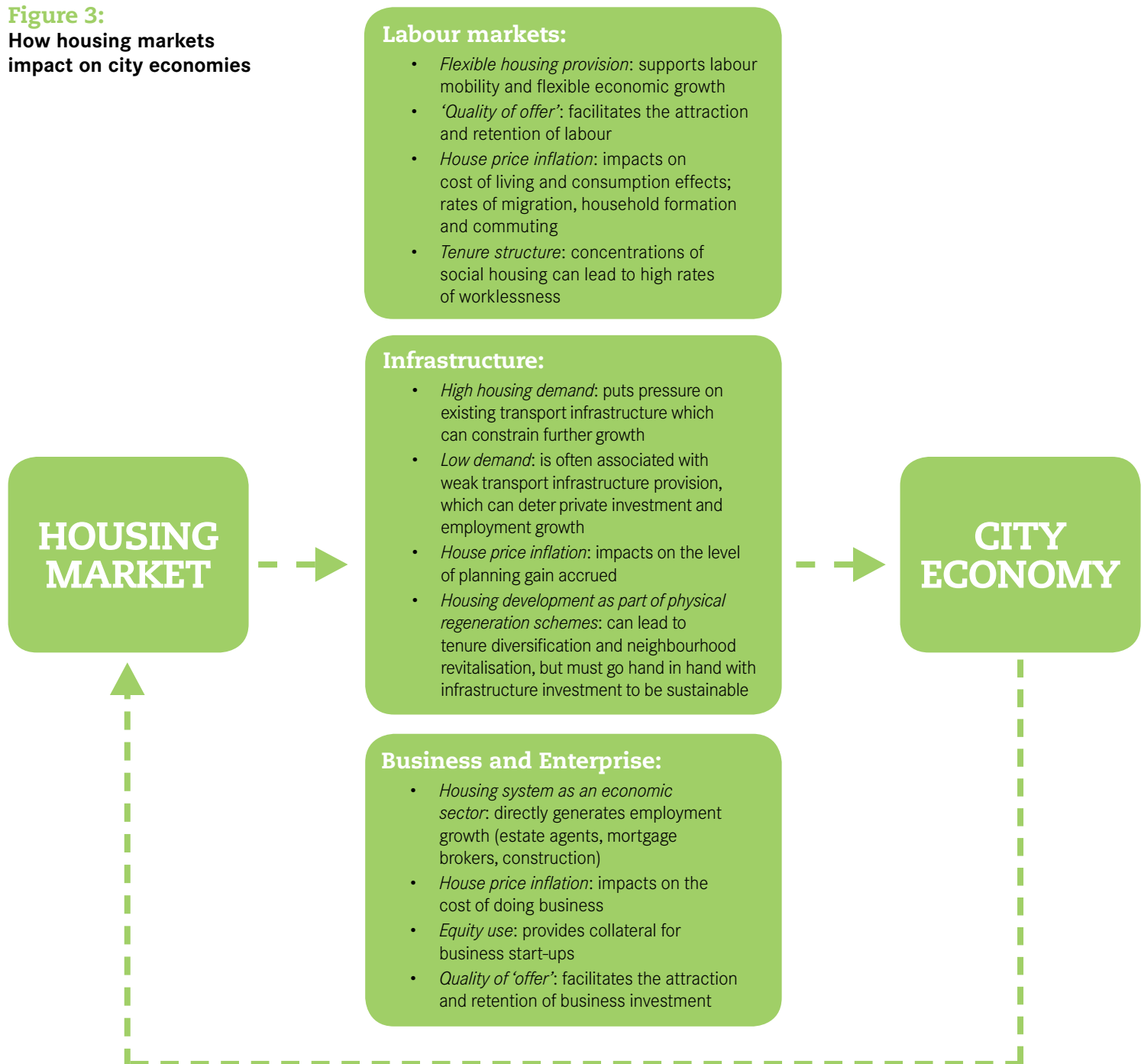
13. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6395/1780763.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6395/1780763.pdf)

14. <http://scottfraser.co.uk/news/view/290500-new-homes-needed-per-year>

15. Aldred T (2010), *Arrested Development: Are we building houses in the right places?* London: Centre for Cities. Calculated from O'Donoghue J, McDonnell C & Placek M (2006) Consumer price inflation, 1947-2004. *Economic Trends* 626

16. <http://www.postoffice.co.uk/news-ten-year-wait-for-first-time>

**Figure 3:**  
**How housing markets**  
**impact on city economies**



In weaker economies, such as Hull, Middlesbrough and Hastings, housing shortages and high house prices are less likely to be the fundamental barriers to economic growth, as often skills, the quality of local jobs and connectivity to other places are more immediately pressing. In these cities, economic priorities may be more about investing in education, better public transport and wider quality of place improvements, as well as upgrading the existing housing stock.

Housing markets vary enormously across UK cities. But there is still too little debate about places in housing policy. This is crucial for the future economic success of our cities and of the UK. People live in places, and different places have different housing needs; some need more housing of all types, some need more housing of specific types; and some need more improvements of existing housing. As such it is imperative that a city-by-city approach is taken to tackle the UK's requirement for more houses.

Three pieces of evidence underline the differences in housing markets across cities:

### **1. Problems of affordability are greatest in our most successful cities**

There is a huge differential in house prices across UK cities. In the third quarter of 2012 the average house price in Crawley was £303,000 compared to £116,000 in Stoke. In Oxford it was £380,000, while in Plymouth it was £162,000. And the average house price in London was 4.5 times the average price of a home in Hull.

Although there is also variation in wages across cities, this does not fully account for the variation in house prices. This means that housing is much less affordable in some cities than in others.<sup>17</sup> Typically problems of housing affordability are most acute in our most economically successful cities where demand for housing is highest.

Assuming a 20 per cent deposit and the ability to borrow at four times annual earnings, Figure 4 shows the increase above average earnings required to secure a mortgage on the average house in different cities. In Burnley it would be affordable under these assumptions for the average wage earner to buy the average house in the city. But in London a single person would have to earn £56,000 above the average wage for the city – more than double the average salary – in order to secure a mortgage.<sup>18</sup>

High house prices are not just a social issue or a challenge for individuals; they are also an economic problem.

High house prices exclude people from moving into a city, which restricts both their access to jobs and the number of workers that businesses can choose from. They force up wages, as employers are forced to pay more to offset the cost of housing. And they push up the housing benefit bill, currently standing at £23.5 billion per year.<sup>19</sup>

### **2. The house price crash has played out very differently across cities**

Although national house prices started to fall in Q3 2007, local house prices have varied considerably. Bolton's house prices were 11 per cent lower in Q3 2012 than their pre-crash peak. In contrast, house prices in London, Oxford and Milton Keynes were 20, 15 and 11 per cent higher in Q3 2012 than in 2007 respectively.

Data for transactions shows a similar story. House sales were well below their pre-recession peak in Q3 2012 in all UK cities. But the fall was least acute in cities such as Aberdeen, York and Cambridge (just over one-third), while it was highest in cities such as Wigan, Luton and Liverpool (around two-thirds).

The house price growth experienced in some cities has taken place during a period of restricted lending by mortgage providers. The implication is that this house

17. Assuming that mortgage providers offer the same products across all UK cities.

18. This assumes that a single person purchases a house. In practice we note that dual earner households change the ability to purchase a house, but the figures still act as a comparison of the difficulty to buy a house in different cities.

19. DWP (Single Housing Benefit Extract), August 2012

**Figure 4:**  
Extra income required above the average income to  
afford a mortgage on the average house, Q3 2012

	City	Mortgage income required (£)	Gap between yearly earnings and mortgage salary (£)
<b>10 cities with most extra income required</b>			
1	London	88,434	-55,806
2	Oxford	75,929	-50,168
3	Cambridge	69,813	-39,965
4	Brighton	57,953	-31,832
5	Crawley	60,519	-28,691
6	Bournemouth	51,900	-28,135
7	Aldershot	56,291	-28,062
8	Reading	57,735	-26,843
9	Bristol	43,599	-19,385
10	Worthing	44,270	-19,076
<b>10 cities with least extra income required</b>			
54	Sunderland	24,924	-3,542
55	Liverpool	25,396	-3,367
56	Bolton	25,392	-3,308
57	Grimsby	23,411	-3,032
58	Stoke	23,176	-2,873
59	Rochdale	25,728	-2,744
60	Barnsley	24,596	-2,028
61	Hull	19,546	-794
62	Wigan	24,106	136
63	Burnley	21,064	678

Source: DCLG 2012, Live Table 581 and Live Table 584, Q3 2012 data, Annual Survey of Hours and Earnings 2011, Office for National Statistics to "ONS 2012, Annual Survey of Hours and Earnings 2012.

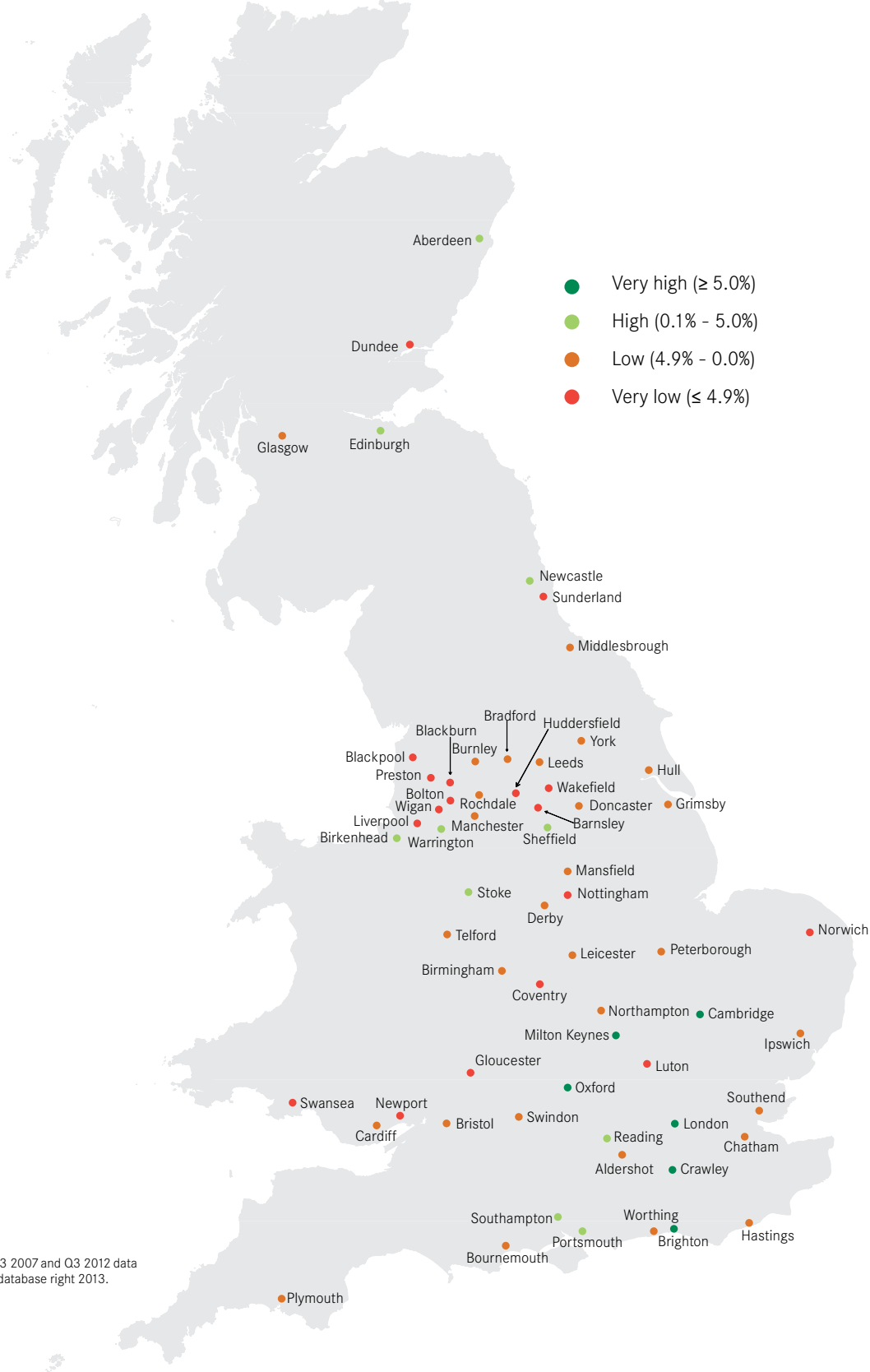
Assumptions: 20 per cent deposit and ability to borrow at four times annual earnings.

**Figure 5:**  
Council Tax Bands, 2012

	City	Share of houses in council tax bands F, G and H (%)
<b>Top 10 cities for share of properties in bands F, G and H</b>		
1	Cardiff	23.3
2	Edinburgh	20.0
3	Crawley	17.4
4	Aldershot	16.9
5	London	16.1
6	Reading	15.7
7	Aberdeen	14.0
8	Cambridge	12.7
9	Newport	12.7
10	Swansea	12.2
<b>Bottom 10 cities for share of properties in bands F, G and H</b>		
54	Newcastle	1.9
55	Barnsley	1.8
56	Gloucester	1.8
57	Liverpool	1.8
58	Wigan	1.7
59	Luton	1.7
60	Grimsby	1.6
61	Sunderland	1.3
62	Mansfield	1.1
63	Hull	0.3

Source: DCLG 2012, Council Taxbase local authority-level data 2012; Welsh Government 2012, Council tax dwellings, by local authority, Database LGFS0001; Scottish Neighbourhood Statistics 2012, Housing statistics.

**Figure 6:**  
House price growth since  
pre-crash peak



Source: DCLG 2012, Live Table 581 and Live Table 584, Q3 2007 and Q3 2012 data  
Contains Ordnance Survey data © Crown copyright and database right 2013.

price growth has been driven by a structural undersupply of housing. This means that the affordability problem in these cities is likely to worsen, with implications for future economic growth, unless the supply of housing is greatly increased.

The analysis also suggests that many home owners in cities that have seen a significant fall in house prices and transactions are now constrained should they wish to move. It may also constrain their spending as they cannot, for example, take out an additional mortgage to fund education or renovations, and may be concerned about retirement incomes if they had been relying on selling their house to fund retirement.

### 3. Housing supply is one element of the housing problem in cities

While affordability is very pressing in some cities, issues such as vacancy, quality and housing mix are more pressing in others. While data on housing quality is not comprehensive, looking at data on measures of council tax bands, as shown in Figure 5, and housing quality, as well as vacant properties, shows that those cities with relatively more affordable houses and rents tend to have bigger issues with quality than those cities where housing is relatively more expensive.

In Blackburn and Burnley only around 2.5 per cent of houses are in the

higher council tax bands of F, G and H, while 4.5 and 7 per cent of houses respectively are vacant. And more than one in five houses are classed as 'Category 1', which are the most serious hazards within dwellings rated by the Housing Health and Safety Hazard Rating System. In comparison, in Southend and Warrington at least seven per cent of houses are in higher council tax bands, only three per cent of houses are vacant and fewer than one in 10 houses are classed as Category 1.

This suggests that, while there may be a shortage of certain types of housing in cities such as Blackburn and Burnley, one of the most pressing needs is to consider whether the existing stock can be improved and vacancy rates reduced.

### A differentiated approach to housing is needed

Housing has the potential to make a difference to city economies across the UK. But the very different nature of those economies means that housing is more important to some cities than others, and that the priorities for housing policy will also vary city-by-city.

Figure 7 illustrates one way of thinking about the differing nature of and priorities for housing across different cities. Those cities where housing is relatively less affordable

(towards the top right hand side of the chart) tend to have a smaller number of vacant properties, as represented by the size of the bubbles. Meanwhile those cities that have relatively more affordable housing (towards the bottom left of the chart) tend to have a higher proportion of vacant homes within their cities.

Coupled with the analysis above on mortgage income requirements and house price growth, two broad approaches emerge, although – as argued below – the Centre's evidence suggests that the detail of how to improve the stock and quality of housing should be determined at city level.

### Least affordable cities

Policy should focus on attempting to stimulate a greater amount of house building in those cities with high purchasing and rental affordability ratios, such as York and Brighton, as this is where demand for buying and renting housing is highest. This will support economic growth within these cities by limiting the extent to which people are priced out of the job opportunities that are within their economies. This is good for the businesses of these cities and good for the people who live there or want to do so. Box 3 looks at the impact of this approach in Milton Keynes.

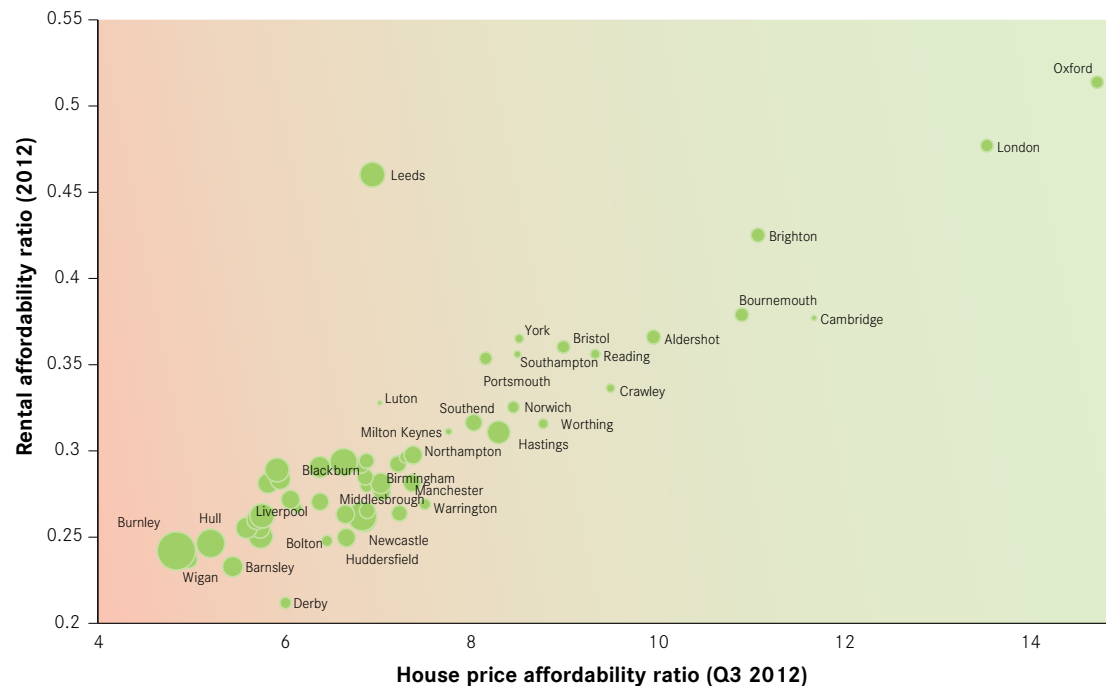
## Most affordable cities

In places where housing is relatively more affordable to buy or rent, focusing primarily on increasing the supply of housing (except where there are clear shortages of certain types of housing) is unlikely to help that city economy. Instead it could put further downward pressure on house prices, hurting current home owners. Policies to deal with issues of vacant housing and poor

quality housing stock are likely to be more beneficial for these cities as they can improve the quality of life of local residents, help make areas more attractive to businesses and potentially generate jobs in the form of retrofitting and refurbishment.

Ultimately housing is not likely to be the biggest economic issue that these cities face. This means that in order to support economic growth and job creation,

**Figure 7:**  
**Housing and rental affordability and vacant properties across UK cities**



Source: DCLG 2012, Live Table 581 and Live Table 584, Q3 2012 data; VOA 2012, Rental Data (Sep2011-12); ONS 2012, Annual Survey of Hours and Earnings 2012; DCLG 2012, Housing Strategy Statistical Appendix, 2011 data.

Note: Data available for English cities only.

the emphasis in many of these cities should be on issues such as skills and connectivity rather than supporting an overall increase in the number of houses in their economies.

### The Government's response to date has been insufficient

The Government has attempted to address the national problem of undersupply of housing through a range of initiatives such as Get Britain Building, the New Homes Bonus and changes to the National Planning Policy Framework.

But this response is insufficient for three reasons.

Firstly, policies seeking to kick-start building are not prioritising the places where development is most likely to happen quickly. Although the New Homes Bonus is designed to incentivise building in areas with the highest demand, the shortlisted sites for Get Britain Building, which will look to restart stalled housing schemes, appear to be less correlated to affordability.

Second, the lack of flexibility to the needs of different places within the national housing strategy is creating perverse incentives with

unhelpful economic consequences. For example, the New Homes Bonus (NHB) incentivises net additions to housing, yet our analysis suggests that some cities would benefit more economically and socially if they improve the quality of existing stock (and generate some 'green' jobs in the process). Money for the NHB has been top sliced from all council budgets, meaning it is understandable that local authorities are doing all they can to regain some of this money through the NHB, even when this is not the best approach for their local economy. Northern economies in particular have been affected by these budget squeezes.

Third, the response is too small. If we were to add all of the initiatives up, over the course of the Spending Review (i.e. over five years) the Government expects to increase the total supply by only 170,000 houses – 15 per cent of the total requirement for England only according to its own projections.

### In the short term, government policy needs to address two main issues:

#### 1. Get houses built quickly

Building houses as quickly as possible in 2013 would provide a much needed boost to the UK economy, as well as tackling some pressing economic and social challenges.

### Box 4: Development in Milton Keynes

Milton Keynes has been one of the UK's strongest city economies in recent years. But unlike many other strongly performing cities, at £219,000<sup>20</sup> its house prices were below the English average of £249,000. This is despite the city seeing the strongest population growth of all UK cities between 2001 and 2011, when its number of residents increased by over 17 per cent.

This is partly explained by the pro-development stance taken in the city. By allowing supply to

move broadly in line with demand – the housing stock increased by 18 per cent between 2001 and 2011, the largest of any English city – house prices are much lower than many other cities in the south east. This in turn makes it easier for people to access the job opportunities that exist within the city's economy. Despite the large increase in its population, the employment rate in the city remained on average almost six percentage points above the English employment rate over the 10 years.

**Figure 8:**  
**Affordability, vacancy and stalled housing sites in cities**

City	Affordability ratio (2012)	Vacancy rate (% of stock)	Stalled sites	City economic performance, 1998-2008
<b>Top 10 by affordability</b>				
1 Oxford	14.7	2.3	385	Buoyant
2 London	13.6	2.4	101,745	Buoyant
3 Cambridge	11.7	1.0	2,188	Buoyant
4 Brighton	11.1	2.6	1,555	Buoyant
5 Bournemouth	10.9	2.5	1,320	Stable
6 Aldershot	10.0	2.7	1,526	Buoyant
7 Crawley	9.5	1.6	1,067	Buoyant
8 Reading	9.3	1.8	3,136	Buoyant
9 Bristol	9.0	2.4	5,346	Buoyant
10 Worthing	8.8	1.8	314	Stable
<b>Top 10 by vacancy</b>				
1 Burnley	4.8	7.2	754	Struggling
2 Bradford	6.8	5.4	3,439	Stable
3 Hull	5.2	5.4	1,905	Struggling
4 Blackpool	6.6	5.2	1,423	Stable
5 Dundee	5.9	4.7	n/a	Struggling
6 Leeds	7.0	4.7	8,081	Stable
7 Liverpool	5.8	4.6	6,508	Stable
8 Bolton	5.7	4.6	1,528	Struggling
9 Blackburn	5.9	4.5	790	Struggling
10 Birkenhead	6.9	4.4	825	Struggling

Source: Glenigan, accessed via <http://www.local.gov.uk/mapping-unimplemented-planning-permissions-by-local-authority-area>. Data is for 31 March 2012; DCLG 2012, Housing Strategy Statistical Appendix, 2011 data; Live Table 581 and Live Table 584, Q3 2012 data; ONS 2012, Annual Survey of Hours and Earnings 2012; Webber C and Swinney P (2010), Private sector cities: A new geography of opportunity, London: Centre for Cities.

Note: Data for vacancies available for English and Scottish cities only, while data for stalled site sites available for English and Welsh cities only.

Of the 400,000 homes on stalled housing development sites in England and Wales highlighted in the Local Government Association's research, 240,000 (60 per cent) are in cities. As shown in Figure 8 around 119,000 of these potential houses – around half – are in strong economy cities where affordability ratios are above the national average.<sup>21</sup>

Any policy initiatives aimed at restarting stalled developments such as Get Britain Building are therefore likely to get the quickest results if they focus on unlocking developments in cities where the economy and housing market are strong.

## ***2. Incentivise retrofit and reconfiguration as well as new build***

For some cities the condition of their existing housing stock is a much more pressing issue. Figure 8 shows the 10 cities with the highest vacancy rates. Whilst there are over 25,000 stalled houses within these cities, there are 78,000 vacant properties. Attempting to kick-start stalled schemes is unlikely to be as big a priority in these cities as dealing with the blight that's often associated with vacant properties.

To provide greater local flexibility and encourage investment in housing that could create jobs in cities with weaker housing and jobs markets, the Government should target funding and powers aimed at retrofitting and reconfiguring empty properties in cities with above average vacancy rates.

**In the medium term, there is a need to tackle some of the structural difficulties in the UK's housing market.**

**These include:**

### **1. Stronger incentives to build new housing in the least affordable areas.**

While the NHB is a step in the right direction, it should be increased in order to incentivise new homes where they are needed most, for example by increasing the amount paid per new house in cities where housing is least affordable.

The Government should also reconsider how the NHB is funded i.e. through the redistribution of current local government funding. While this 'stick' incentive is appropriate to encourage house building in places with strong demand for housing, it insufficiently considers the variation in housing markets across cities set out in this chapter. This means that cities with weaker demand for housing are financially penalised if they cannot build as many homes as those areas with high demand even though this might be the right approach for their economies.

### ***2. Stronger incentives to improve the quality of housing in weaker housing markets. Examples of this could include:***

- Reduction in VAT levied on refurbishment of property. VAT is not levied on the construction of new homes. This skews incentives towards building new houses over dealing with issues of vacancy and quality in the existing stock of housing.
- Expanding the mandate of the Green Investment Bank (GIB) to include investment via the Green Deal Finance Company in housing retrofit.
- Removal of the cap on ERDF funding which currently limits investment in retrofitting of housing to four per cent of the total national allocation of ERDF funding.

### ***3. More autonomy for cities***

Cities should be given greater autonomy to address specific issues in their housing markets. Practical examples of this could include:

21. The affordability for Great Britain in Q3 was 8.8

- Removal of the restrictions on councils' ability to borrow money against their existing housing assets to invest in new housing and align the housing borrowing cap with the Treasury's 'normal' prudential borrowing rules. The National Federation of Arm's Length Management Organisations suggests that removing the caps could allow councils to borrow an additional £2.8 billion to invest in housing.
- Relaxation of the national brownfield land policy. The Government continues to preference brownfield development over greenfield, but this should be left to individual cities to make decisions on the best and most viable sites for housing, which may include Greenbelt in some places.
- Devolving responsibility for housing budgets and strategy in order to encourage a shift away from spending on housing benefit and towards spending on new houses.<sup>22</sup>

#### **4. Open up the housing market**

There is a need to introduce more competition and variation into the house building industry. Whilst there have been some new entrants in recent years, for example companies such as Ikea and Skanska, the large capital costs involved in entering the house building industry tend to deter new players, particularly smaller or more niche builders. Given that they are already in the industry, the Government should encourage and support housing associations to build houses for full private sale or rent.

This brief overview of short and longer term solutions is only a summary: over the course of 2013, Centre for Cities will be working with all political parties and a range of UK cities to investigate in greater detail the policy options that are most likely to tackle the UK's housing crisis in a way that also helps improve city economies.



22. Hull A & Cooke G (2012) Together at Home: A new housing strategy London: IPPR



# 02

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## **A Downturn of Two Halves**

## A Downturn of Two Halves

Although the recession hit many cities hard as soon as it began in 2008, the Centre's analysis shows clearly that this has been a downturn of two halves. Understanding how different cities have been affected can help to inform more effective policies, both national and local.

Previous editions of *Cities Outlook* have shown the uneven nature of the recession across the country. Since 2008, cities such as Bolton and Hull have experienced much sharper decreases in employment, the business base and house prices, amongst other things, than cities such as Edinburgh and Oxford. Yet, while in general the downturn has exacerbated pre-existing trends in economic performance, more detailed analysis shows that some cities have been surprisingly resilient, such as Burnley, while others have been unexpectedly affected, such as Swindon.

It is also evident that to date this has been a recession of two halves; while some cities were badly affected between 2008 and 2009 and are now emerging, others are only just starting to feel the pinch and it may be a long road to recovery ahead. This section looks at these issues in greater detail.

### Box 5:

#### The 'Recovery from Recession' Index

The Index looks at change across four indicators to gauge city performance during the recession:

- The claimant count, to estimate changes in the number of jobs;
- Workplace-based weekly wages, to account for the impact of the recession on those in work;
- The size of the business base, to account for business closures and start ups;
- House prices, to estimate land values.

City performance across each indicator is measured relative to its own starting point and the Index therefore captures change during the recession alone. Cities have then been ranked according to their score on the Index.

The Index has been split over two periods. Although both periods are given equal weight in our analysis, the first (2008 to 2009) had a much greater effect than the second (2009 to 2012) on Great Britain's city economies.

## A downturn of two halves

The current downturn can be divided into two clear halves. The first, between 2008 and 2009, saw a large contraction in GDP (of four per cent) and a sharp increase in unemployment. The second period, from 2009 to 2012 saw a surprise stabilisation in unemployment and very weak economic growth of one per cent per annum.<sup>23</sup>

The relative performance of cities around these national averages has

not been consistent across these two periods. Some cities were hit hard in the first period but have staged a recovery in the second period and are benefitting from slightly better economic prospects. Other cities which avoided the worst of the early stages of the downturn have struggled to a greater extent since 2009.

To capture this variation in performance between the two stages of the downturn we have created a 'Recovery from Recession' Index. Figure 9 shows the relative

ranking of cities during the two periods according to the four indicators discussed in Box 5.

There is considerable movement in the ranking of the cities over the two periods. Cities such as Swindon and Northampton were amongst the hardest hit from 2008 to 2009, but have performed more strongly since. Bradford and Swansea, on the other hand, have experienced the reverse – they were relatively less affected before 2010 but their recovery has been much weaker than most other cities. Meanwhile cities such as Aberdeen saw little change in their overall rankings. In Aberdeen's case in particular it has been one of the UK's strongest performing cities throughout the downturn.

These cities can be split into three groups: those that saw little or no change; those that saw a large relative improvement in their economy after 2009; and those that saw a large relative fall in their economy after 2009. Box 6 shows which groups Great Britain's cities fall into.

To understand better the specifics behind the changes seen in the Index the rest of the chapter looks at case studies of six cities over the period – Burnley, Hastings, Luton, Middlesbrough, Swindon and Warrington.

### Box 6:

#### City performance during the downturn

Assessing how cities performed in the first half of the downturn (2008/09) compared to the second (2009/12):

##### **Large relative improvement (greater than +15 change in ranking)**

Bournemouth, Brighton, Burnley, Cambridge, Chatham, Coventry, Crawley, Gloucester, Hastings, Hull, Ipswich, Leeds, Milton Keynes, Northampton, Reading, Southampton, Sunderland, Swindon, Warrington, Worthing.

##### **Little or no change (movement of less than 15 places)**

Aberdeen, Birkenhead, Birmingham, Bristol, Derby, Doncaster, Edinburgh,

Grimsby, Leicester, London, Luton, Manchester, Newport, Norwich, Oxford, Plymouth, Portsmouth, Rochdale, Sheffield, Southend, Wigan, York.

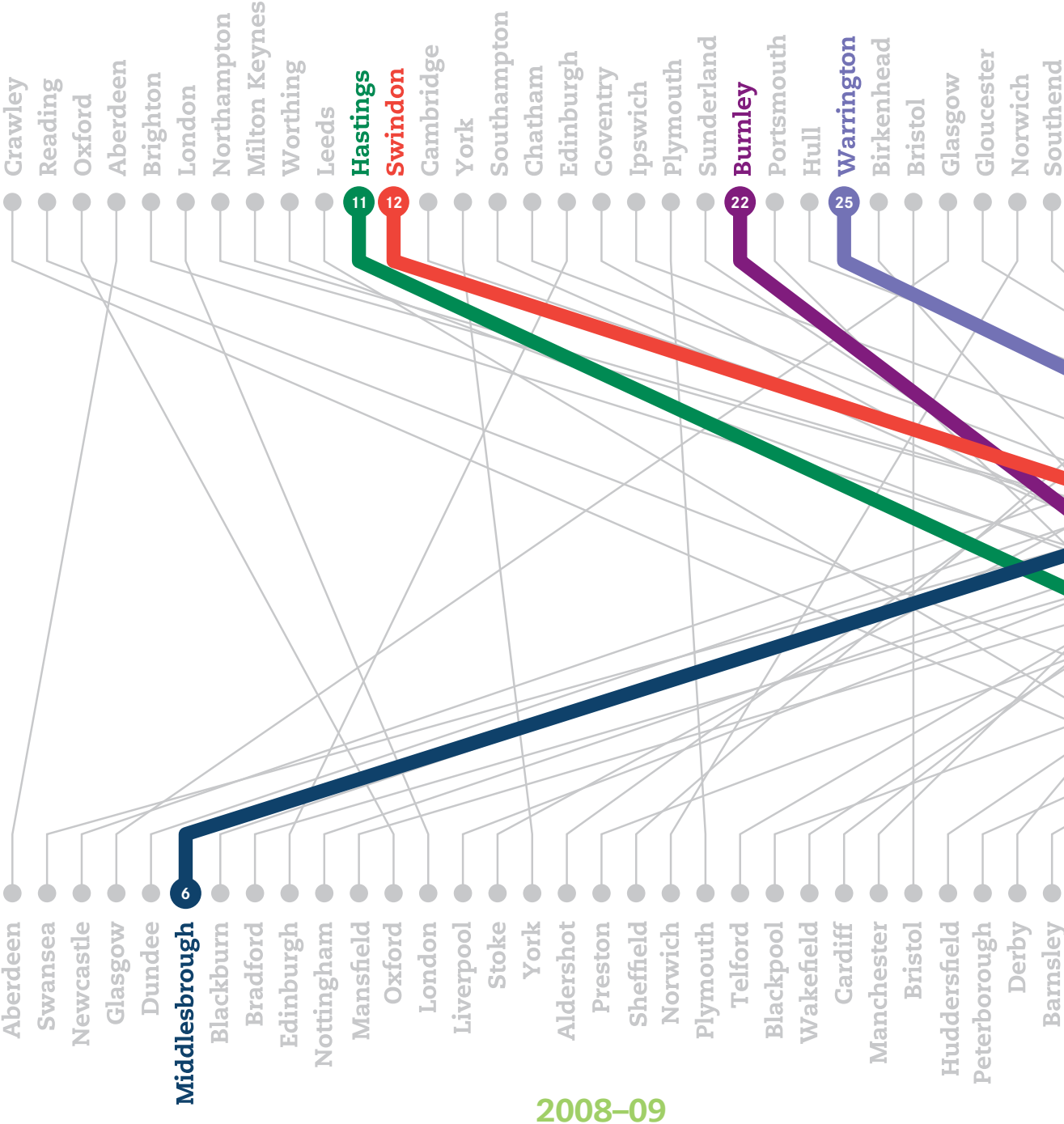
##### **Large relative fall (greater than -15 change in ranking)**

Aldershot, Barnsley, Blackburn, Blackpool, Bolton, Bradford, Cardiff, Dundee, Glasgow, Huddersfield, Liverpool, Mansfield, Middlesbrough, Newcastle, Nottingham, Peterborough, Preston, Stoke, Swansea, Telford, Wakefield.

23. Office for National Statistics, ABMI measure 2008, 2009 and Q3 2009, Q3 2012 data and NOMIS Claimant Count November 2008, 2009 and 2012 data

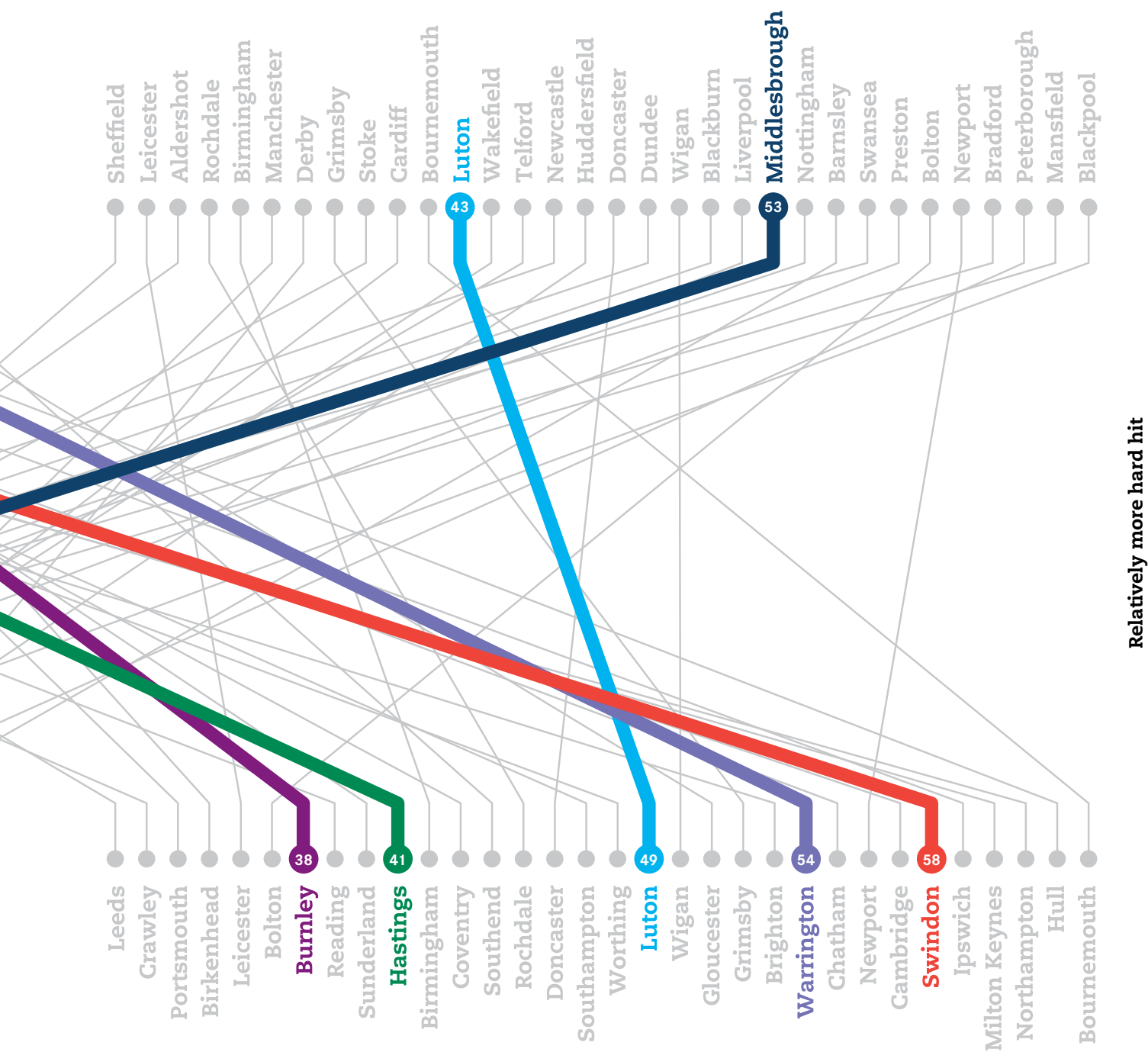
Figure 9:  
'Recovery from Recession' Index

Relatively less hard hit



2009-12

2008-09



Relatively more hard hit

Source: NOMIS Claimant count, November 2008 to November 2012 data, NOMIS Annual Survey of Hours and Earnings, weekly mean wages workplace-based data, 2008 to 2012 data adjusted for inflation using the Consumer Price Index, Department for Communities and Local Government and Scottish Neighbourhood Statistics, 2007/08 to 2011/12 data and Office for National Statistics Business Demography, 2008 to 2011 data.

## Burnley

Despite its weak performance during the 10 years before the recession,<sup>24</sup> Burnley has not been amongst the hardest hit cities in either part of the downturn.

Job losses have principally come in the banking, finance and insurance, manufacturing and construction sectors.<sup>25</sup> It was also those previously employed in mid to lower skilled occupations who felt the impact of the recession most. The largest increase in the number of claimants from 2008 to 2012 was amongst those working in sales and customer service and elementary occupations.<sup>26</sup>

That said, the increase in its claimant count was below the UK average for the 2008 to 2009 period. More worryingly however, the claimant count increased again between 2009 and 2012 at a time when the claimant count at a national level fell. In part this was due to job losses at Home Loan Management, a provider of back office management services, and Gardner Aerospace, which transferred production to its other UK plants.

Major public sector interventions designed to improve Burnley's future

economic performance include the awarding of Regional Growth Fund monies to reinstate the Todmorden Curve which will provide a direct rail link between Manchester and Burnley from 2014. Elsewhere the purchasing of land by Burnley Borough Council in Weaver's Triangle has made land assembly easier. As a result the site became more attractive to developers.<sup>27</sup>

## Hastings

Hastings was a relatively weak economic performer in the decade prior to the recession<sup>28</sup> and was hit relatively hard in the first phase of the downturn. However, it has jumped 30 places on our Index to 11th because of a stronger performance in the second period.

As in many other places, Hastings was hit by the wave of closures of High Street chains as the recession hit. The bankruptcy of Woolworths and Focus Do It All, coupled with Next's decision to close its Hastings branch in 2011, led to around 120 full and part time job losses.<sup>29</sup>

But this has been set against the decisions of a number of businesses to open up new operations. Asda

opened a new store at the end of 2010 creating around 300 jobs<sup>30</sup> and the following year Saga opened a new office in the city's Priory Quarter with plans to take on around 800 staff.<sup>31</sup>

This has had a knock-on impact on wages. From 2008 to 2009 real weekly wages remained unchanged, compared to a fall of one per cent across the UK. Then, from 2009 to 2012, while real wages fell by nine per cent across the UK, they actually rose by two per cent in Hastings. Wages do still lag behind the national average however, being 15 per cent lower than for the UK as a whole.

It was those people at the mid to lower end of the labour market that were hit hardest by the recession. Between 2008 and 2012 the largest increase in JSA claimants was amongst those previously employed in sales and customer service and elementary occupations.<sup>32</sup> Reflecting this, the most significant job losses were felt in the distribution, hotels and restaurants and manufacturing sectors.<sup>33</sup>

To support the unemployed and young people to find work after finishing education, in Spring 2012 the city introduced '100 apprenticeships in

24. Webber C & Swinney P (2010) Private sector cities: A new geography of opportunity London: Centre for Cities

25. NOMIS Annual Population Survey workplace-based analysis, 2007/08 to 2011/12 data

26. NOMIS Claimant Count by age, occupation and duration, November 2008 to 2012 data

27. Interview

28. Webber C & Swinney P (2010) Private sector cities: A new geography of opportunity London: Centre for Cities

29. 'Woolworths staff offered job help', BBC News, 24 December 2008, <http://news.bbc.co.uk/1/hi/england/sussex/7799160.stm>, <http://www.hastingsobserver.co.uk/news/diy-store-s-future-remains-uncertain-1-2720641> and 'Hastings town centre loses three major stores', Hastings & St Leonards Observer, 6 January 2012, <http://www.hastingsobserver.co.uk/news/business-news/hastings-town-centre-loses-three-major-stores-1-3396093>

30. 'New Asda opens its doors', Hastings & St Leonards Observer, 19 November 2010, <http://www.hastingsobserver.co.uk/news/local-news/new-asda-store-opens-its-doors-1-1667156>

31. 'Saga confirms plans for 500 new jobs in Hastings', BBC News, 19 January 2012, <http://www.bbc.co.uk/news/uk-england-sussex-16629961>

32. NOMIS Claimant Count by age, occupation and duration, November 2008 to 2009 data

33. NOMIS Annual Population Survey workplace-based analysis, 2007/08 to 2011/12 data, Centre for Cities (2012) Cities Outlook London: Centre for Cities

100 days'. As its name suggests, the initiative asked 100 firms to take on an apprentice within 100 days. In the end this target was exceeded by over 50 per cent.<sup>34</sup>

## Luton

Luton is a relatively successful city which, in the decade prior to the recession, saw private sector jobs growth of 1.2 per cent.<sup>35</sup> Yet the recession hit Luton hard both in the first year of the downturn and subsequently.

As in other cities, the claimant count rose sharply from 2008 to 2009 (by 1.6pp) and it was amongst those previously employed in elementary and sales and customer service occupations where the number of claimants rose most significantly.<sup>36</sup> From 2009 onwards, however, the claimant rate declined slightly faster than the UK average.

For those in work, real wages remained unchanged during the first year of the recession but then fell by 16 per cent or £86 per week – almost double the UK average – from 2009 to 2012. This may have been influenced in part by changes at the Vauxhall van plant which pays relatively high wages to those working on the production line.<sup>37</sup>

Over the course of the recession a number of changes affected levels of employment at the Vauxhall van plant. For example, in 2009 it was announced that around 350 people were to be made redundant.<sup>38</sup>

More recently (December 2012) it was announced that a move to single shift production means that just over 110 jobs will be lost at the plant (although some will be early retirements). However, the news that a new design for the Vivaro van will be produced from 2014 extends the life of the plant and will involve recruiting 100 new staff, some of which will be apprentices.<sup>39</sup>

The airport is another major local employer. During the recession, EasyJet decreased the number of flights it offered from the airport and from 2008 to 2010 passenger numbers dipped by 14 per cent or 1.4 million passengers – a larger decline than seen across UK airports on average. However from 2010 to 2011 passenger numbers increased by nine per cent or 0.8 million passengers – slightly above the average across all UK airports.<sup>40</sup>

To diversify and move away from an overdependence on manufacturing employment, Luton Council is working to increase levels of aspiration

and attainment. Towards this end the Council has been working with schools to highlight the range of job opportunities available in Luton as well as the qualities and qualifications needed to get these jobs.<sup>41</sup>

## Middlesbrough

Middlesbrough saw a net decline in private sector jobs in the decade prior to the recession.<sup>42</sup> Interestingly, although the city's economy was relatively shielded during the first year of the recession, it was more significantly affected from 2009 onwards.

Between 2008 and 2009 there was only a small decline in the number of firms in the city. The labour market, however, did not fare as well – the claimant rate increased by 1.8pp from 2008 to 2009, compared to the 1.3pp increase seen across the UK on average.

It was a combination of those employed in mid to lower skilled occupations (elementary, sales and customer service and skilled trade occupations) and in the manufacturing, transport and communications and distribution, hotels and restaurant sectors who bore the brunt of job losses.<sup>43</sup>

34. See [http://www.hastings.gov.uk/business\\_jobs/hai/apprenticeship\\_event/#countdown](http://www.hastings.gov.uk/business_jobs/hai/apprenticeship_event/#countdown)

35. Webber C & Swinney P (2010) Private sector cities: A new geography of opportunity London: Centre for Cities

36. NOMIS Claimant Count by age, occupation and duration, November 2008 to 2012 data

37. Interview

38. 'Vauxhall job cut plans unveiled' BBC News, 26 November 2009, <http://news.bbc.co.uk/1/hi/business/8380765.stm>

39. 'Luton Vauxhall jobs: 117 staff to go in single shift move', BBC News, 7 December 2012, <http://www.bbc.co.uk/news/business-20643528>

40. Department for Transport and the Civil Aviation Authority, 2009, to 2011 data

41. Interview

42. Webber C & Swinney P (2010) Private sector cities: A new geography of opportunity London: Centre for Cities

43. NOMIS Claimant Count by age, occupation and duration, November 2008 to 2009 data, and Annual Population Survey workplace-based analysis 2007/08 to 2008/08 data



During the second half of the recession the claimant rate continued to rise. And, although it rose at a slower rate than previously, this contrasts to the slight decline in the claimant rate seen across the UK as a whole. As a result, from 2008 to 2012, the increase in the claimant rate in Middlesbrough was double the UK average.

One reason for the continued rise in the claimant count includes job losses in the steel industry. The Corus steel plant mothballed in 2010 leading to 1,700 direct redundancies. The supply chain was also negatively affected – estimates show that Corus spent approximately £58 million per annum with businesses in the North East, around a third of which was spent with firms in Middlesbrough.<sup>44</sup>

The city's contact centre market has been volatile throughout the recession. Garland Call Centres, for example, went into administration in 2010, leading to around 350 job losses in Middlesbrough and 620 in nearby Hartlepool.<sup>45</sup> And FirstSource, despite setting up a call centre branch in Fountain Court in Middlesbrough in 2010, recently announced that it is consulting on

redundancies.<sup>46</sup> But there has been some good news too – in 2011 Axa moved to Middlesbrough creating around 450 jobs.<sup>47</sup>

The biggest recent boost to the city has been the reopening of the former Corus plant by SSI creating around 1,000 jobs and reemploying many who originally lost their jobs. Added to this, Nifco will create and safeguard around 300 jobs at a factory in Stockton-on-Tees. The firm will supply automotive plants across the country including Sunderland's Nissan plant.<sup>48</sup>

## Swindon

The varying fortunes of Swindon have been one of the most marked of all UK cities, particularly given its relatively strong performance before the downturn. It was hit very hard in the first part of the recession, but has staged a strong recovery since 2010.

The sharp increase in the claimant count rate from 2008 to 2009 was in part driven by the impact that the downturn had on two of its largest employers, Woolworths and Honda. The collapse of Woolworths, including the closure of one of its

44. Interview

45. Interview and 'Jobs blow for Garland North East call centre staff' BBC News, 17 May 2010, <http://news.bbc.co.uk/1/hi/england/tees/8687770.stm>

46. 'Call centre firm brings 500 jobs to Middlesbrough' BBC News, 18 August 2010, <http://www.bbc.co.uk/news/uk-england-tees-11008482> and 'Firstsource to axe 500 call centre jobs', BBC News, 12 October 2012, <http://www.bbc.co.uk/news/uk-england-tees-19923299>

47. 'Axa to create 450 jobs in move to Middlesbrough', nebusiness, 11 October 2011, <http://www.nebusiness.co.uk/business-news/latest-business-news/2011/10/11/axa-to-create-450-jobs-in-move-to-middlesbrough-51140-29574442/>

48. 'Old Corus blast furnace in Redcar to be fired up by SSI', BBC News, 12 August 2011, <http://www.bbc.co.uk/news/uk-england-tees-14501914> and 'Car parts firm created 120 new jobs in Stockton' BBC News, 29 March 2011, <http://www.bbc.co.uk/news/uk-england-tees-12899800>

distribution centres in the Dorcan area of the city, caused around 450 job losses. Meanwhile the halting of production at Honda for four months in 2009 impacted on the firm's supply chain. Job losses at TS Tech, which manufactures car seats for Honda, were an example of this.<sup>49</sup>

Job losses were highest in the transport and communications sector as well as in the banking, finance and insurance and other services sectors and amongst those in mid to low skilled occupations, specifically, elementary and administrative and secretarial occupations.<sup>50</sup>

Forward Swindon, the economic regeneration company, launched two initiatives in response to this. The first was Plan 500 which aimed to help businesses access the skills they need whilst supporting young people into work placements and apprenticeships.<sup>51</sup> The second was a drive to improve relationships with large employers. Should one of these employers consider leaving Swindon, Forward Swindon would 'make the case' for the city.<sup>52</sup>

More recently the city has performed much more strongly. The claimant

rate has fallen sharply, from 4.4 per cent in 2009 to 2.9 per cent in 2012, so that it is now below the UK average of 3.8 per cent. But the outlook for Swindon is mixed. Positively overall public sector dependency is low and BMW has announced further investment in its Swindon-based plant. However, despite taking on around 500 staff last year, in January 2013 Honda began consulting on 800 job losses.<sup>53</sup>

## Warrington

As with Swindon, Warrington – a strong performer prior to the recession – has seen an improvement in its relative fortunes over the course of the downturn.

The recovery of house prices has been one of the main reasons for an overall improvement in the city's performance. Average house prices fell by nine per cent in the first period of the downturn, but have risen by 12 per cent since.

The same cannot be said for wages. The fall in real weekly wages has been one of the most marked impacts of the recession on the city. Average real wages paid to Warrington's workforce

fell by £127 from 2008 to 2012. This was significantly higher than the average real wage reduction across the UK of £50.

A key response by the local authority to the downturn has been to encourage firms to access the Government's Kickstart housing delivery scheme. Access to funding through the scheme has helped six schemes, such as Westminster Place developed by Bovis Homes, become commercially viable again.<sup>54</sup>

As with Swindon, the outlook for Warrington looks positive. The city's lower dependence on the public sector means that its economy is likely to be sheltered from the worst of public sector austerity. And the start of the development of the city's 'Bridge Street Quarter' in the city centre, a £130 million development led by Muse Developments, is likely to have a positive impact on the city.<sup>55</sup>

49. Day K (2010) Communities in recession the reality in four neighbourhoods York: Joseph Rowntree Foundation, 'Parts shortage could force Honda Swindon closure' BBC News, 3 April 2011, <http://www.bbc.co.uk/news/uk-england-wiltshire-12952526>, 'Dark day for Swindon businesses', Swindonweb, 26 November 2008, <http://www.swindonweb.com/office/?m=580&s=586&ss=0&c=4438> and an interview

50. NOMIS Annual Population Survey workplace-based analysis, 2007/08 and 2008/09 data and Claimant Count by age, occupation and duration, November 2008 and 2009 data

51. See <http://www.forwardswindon.co.uk/economy/plan-500-year-2>

52. Interview

53. 'BMW to invest £250m in UK to expand Mini production', BBC News, 9 July 2012, <http://www.bbc.co.uk/news/business-18764730>; and 'Honda to cut 800 jobs in Swindon' BBC News, 11 January 2013, <http://www.bbc.co.uk/news/business-20983462>

54. Homes and Communities Agency

55. Interview



# 03

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## City Monitor: The Latest Data

## City Monitor: The Latest Data

The indicators in this section highlight the divergent nature of economic activity in cities across the UK.

This section draws on a range of datasets released during 2012 to provide a detailed analysis of UK city performance:

1. **Population**
2. **Businesses dynamics**
3. **Innovation**
4. **Employment**
5. **Skills**
6. **Earnings**
7. **Disparities**
8. **Housing**
9. **Environment**
10. **Digital connectivity**

**Each of the indicators provide different insights into cities' performance.** This year, digital connectivity (superfast broadband) is included as a new variable to show the extent to which residents and businesses have access to superfast broadband in their cities.

### Overview

Almost all cities saw **population** growth since 2001; more **businesses** were created in 2012 despite the recession; half of the cities saw their **employment** rates grow; 60 per cent of the cities saw their **wages** decrease after accounting for inflation; smaller cities tended to have less **inequality**; almost all cities saw an increase in their **housing** stock; even though most of the cities saw their per capita **CO<sub>2</sub> emissions** rise, only eight cities were above the national average; and two-thirds of postcodes across cities reached **superfast broadband speed**.

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

But as *Cities Outlook 1901* illustrated, the performance of UK cities is not simply down to their geography and history. Cities evolve and adapt over time in response to a range of factors – economic, political, social, environmental, demographic and technological.

This year, like in previous years, the performance of cities against each indicator highlights the huge variations that exist across the UK's cities.

## Population

- **Overall, cities account for 54 per cent of the UK's population.**
- Four cities (London, Birmingham, Manchester and Glasgow) accounted for 23 per cent of UK's total population. London alone accounted for 15 per cent of the UK's total population.
- **Milton Keynes has been the fastest growing city since 2001, expanding by nearly 17 per cent over the decade.** It is followed closely by Peterborough, which saw growth of 16.6 per cent. By contrast, only two cities – Burnley and Sunderland – lost population over the decade between censuses.
- **London's population growth was the largest in absolute terms, expanding by 938,500 in the decade to 2011.** Its growth was more than three times higher than the rest of the top 10 cities put together, the equivalent of the combined growth of 55 cities. It is also the only major city in the top 10.



**Table 1:**  
**Population growth**

	City	Annual growth rate (%)	Population 2011	Population 2001	Change 2001-2011
<b>10 fastest-growing cities by population</b>					
1	Milton Keynes	1.6	248,800	212,700	36,100
2	Peterborough	1.6	183,600	157,400	26,200
3	Swindon	1.5	209,200	180,100	29,100
4	Ipswich	1.3	133,400	117,200	16,200
5	Cambridge	1.2	123,900	109,900	14,000
6	Oxford	1.2	151,900	135,500	16,400
7	Leicester	1.1	480,000	429,000	51,000
8	Cardiff	1.1	346,100	310,100	36,000
9	London	1.1	9,480,600	8,542,100	938,500
10	Bradford	1.1	522,500	470,800	51,700
<b>10 slowest-growing cities by population</b>					
55	Rochdale	0.3	211,700	206,400	5,300
56	Liverpool	0.2	787,600	769,900	17,700
57	Birkenhead	0.2	319,800	315,000	4,800
58	Blackpool	0.1	325,600	321,400	4,200
59	Glasgow	0.1	1,055,000	1,042,600	12,400
60	Dundee	0.1	147,000	145,500	1,500
61	Grimsby	0.1	159,600	158,000	1,600
62	Middlesbrough	0.0	465,200	464,200	1,000
63	Burnley	-0.1	176,500	178,800	-2,300
64	Sunderland	-0.3	275,500	284,600	-9,100
	<b>United Kingdom</b>	<b>0.7</b>	<b>63,181,800</b>	<b>59,113,500</b>	<b>4,068,300</b>

Source: ONS 2012. 2011 Census: Usual resident population by five-year age group and sex, local authorities in the United Kingdom. NOMIS 2012, Mid-year population estimates, 2001 data.

## Business dynamics

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

### Business start-ups and closures

- **In 2011, 48 cities had a greater number of business starts than closures.** This compares favourably with 2010 when just nine cities had more businesses start than close.
- Nine of the top 10 cities with the highest start-ups rates are the same as in 2010. Southend enters the top 10 in 2011 replacing Bournemouth. In the bottom 10, seven of the cities remain the same whilst Newcastle, Hull and Middlesbrough are replaced by Belfast, Wakefield and Doncaster.
- The gap between the top and the bottom cities, London and Sunderland, narrowed slightly between 2010 and 2011 (3.5 businesses started in London for every one business started in Sunderland in 2011 compared to 3.9 to one in 2010). This is because of an increase in business starts in Sunderland.
- All of the top 10 cities had positive churn rates in 2011. This compares with only one in 2010. Seven of these are located in the Greater South East, with Aberdeen, Grimsby and Edinburgh being the exceptions.
- London remained the city with the highest number of start-ups. In 2011 it accounted for 45 per cent of the business start-ups in all cities and for 26 per cent in the UK as a whole.

## Business stock

- Overall, the UK gained almost 11,000 businesses from 2010 (2,101,800) to 2011 (2,112,800).
- Cities accounted for 53 per cent of the UK's business stock in 2011.
- **London, Birmingham and Manchester – the UK's largest cities – are home to almost 50 per cent of the total number of businesses based in cities (553,900 out of 1,111,000) and 26 per cent of all UK businesses.**
- Nine out of the top 10 cities are in the South, with Aberdeen the only exception. Seven of the 10 cities with the smallest business stocks are in the North.
- Leeds and Reading experienced the biggest increases (seven and five per cent respectively) in their business stock between 2010 and 2011. Peterborough and Blackburn experienced the biggest falls (around six per cent) in their business stocks over the same period.
- One third of cities had positive change rates and were also above the national average (-1 per cent).

In 2010 **9 cities**  
had more businesses start than close

In 2011 **48 cities**  
had more businesses start than close

**Table 2:**  
**Business births**

	City	Business start-ups per 10,000 population 2011	Business closures per 10,000 population 2011	Churn rate*
<b>10 cities with the highest start-up rate</b>				
1	London	72.5	52.5	4.4
2	Aberdeen	55.1	34.7	5.6
3	Reading	54.8	42.2	3.2
4	Milton Keynes	54.4	43.6	2.9
5	Brighton	52.5	44.1	2.1
6	Aldershot	52.3	43.7	2.2
7	Crawley	45.6	38.5	2.0
8	Grimsby	45.1	45.1	0.0
9	Southend	44.0	40.8	0.9
10	Edinburgh	43.4	33.3	3.2
<b>10 cities with the lowest start-up rate</b>				
55	Stoke	26.8	26.7	0.1
56	Plymouth	26.7	23.4	1.6
57	Doncaster	26.4	27.4	-0.5
58	Barnsley	26.1	22.9	1.5
59	Wakefield	25.4	25.6	-0.1
60	Swansea	24.5	30.2	-2.4
61	Dundee	23.0	20.6	1.2
62	Mansfield	22.5	23.7	-0.5
63	Belfast	20.9	26.1	-1.9
64	Sunderland	20.7	23.4	-1.5
	<b>United Kingdom</b>	<b>41.3</b>	<b>36.3</b>	<b>1.5</b>

Source: ONS 2012, Business Demography, 2011 data. NOMIS 2012, Mid-year population estimates, 2011 data.

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

**Table 3:**  
**Business stock per 10,000 population**

	City	Business stock 2011	Business stock 2010	Change 2010-11 (%)
<b>10 cities with the highest business stocks</b>				
1	London	457.3	462.8	-1.2
2	Brighton	401.7	416.5	-3.5
3	Reading	397.2	378.2	5.0
4	Aldershot	397.1	406.2	-2.3
5	Milton Keynes	369.5	376.6	-1.9
6	Aberdeen	365.2	356.5	2.4
7	Crawley	354.1	347.9	1.8
8	Cambridge	348.4	332.9	4.6
9	Bournemouth	344.0	364.1	-5.5
10	Southend	341.0	348.1	-2.0
<b>10 cities with the lowest business stocks</b>				
55	Barnsley	220.6	226.1	-2.4
56	Mansfield	219.3	231.1	-5.1
57	Newcastle	218.9	215.3	1.7
58	Doncaster	214.7	226.9	-5.4
59	Liverpool	211.4	216.7	-2.5
60	Hull	211.2	207.8	1.6
61	Plymouth	205.4	201.8	1.8
62	Middlesbrough	203.8	197.1	3.4
63	Dundee	200.2	203.4	-1.6
64	Sunderland	178.0	176.5	0.8
	<b>United Kingdom</b>	<b>334.1</b>	<b>337.6</b>	<b>-1.0</b>

Source: ONS 2012, Business Demography, 2011 data. NOMIS 2012, Mid-year population estimates, 2011 data.



## Innovation

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

- **Cambridge is an innovation outlier.** It had more patents per 100,000 residents approved than the next 10 most innovative cities combined (Aldershot, Edinburgh, Oxford, Bournemouth, Derby, Aberdeen, Blackburn, Bristol, Gloucester, Milton Keynes). It also had four times as many patents approved as Aldershot, the second placed city.
- **Even excluding Cambridge, the variation across cities is large:** the difference between Aldershot (the second highest city) and Belfast (the lowest city) is 16.7 patents per 100,000 residents.
- **In most innovative cities, specific firms are key drivers of innovation.** In Edinburgh 90 per cent of patents originated from one single firm (Wolfson Microelectronics). In Aldershot 52 per cent came from one company, while in Cambridge and Bournemouth one firm accounts for 44 per cent and 31 per cent of patent applications respectively.
- In contrast, Oxford had no apparent concentration of patents in any one company despite having the fourth highest number of patents approved of all cities.

**Table 4:**  
**Patents approved per 100,000 population**

City	Patents approved per 100,000 residents in 2011
<b>10 cities with highest number of patents approved</b>	
1 Cambridge	94.5
2 Aldershot	17.2
3 Edinburgh	13.5
4 Oxford	11.3
5 Bournemouth	9.2
6 Derby	8.0
7 Aberdeen	7.3
8 Blackburn	6.8
9 Bristol	6.7
10 Gloucester	6.6
<b>10 cities with lowest number of patents approved</b>	
55 Crawley	1.6
56 York	1.5
57 Sunderland	1.5
58 Southend	1.4
59 Dundee	1.4
60 Newport	1.4
61 Middlesbrough	1.3
62 Swansea	1.3
63 Wakefield	0.6
64 Belfast	0.5
<b>United Kingdom</b>	<b>4.7</b>

Source: Intellectual Property Office 2012, FOI release: Patents granted and trademarks registered by postcode, 2011 data. NOMIS 2012, Mid-year population estimates, 2011 data.

**Box 7:**  
**Measuring innovation**

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

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

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

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

Note that due to newly available data, this year’s *Cities Outlook* examines patents granted in 2011. Last year’s report measured patent applications.

## Employment rate

- The employment rate in the United Kingdom increased by 0.1 percentage points in the year July 2011-June 2012.
- **Just over half of cities saw their employment rate rise and 11 cities saw increases of more than two percentage points.** These included Barnsley (3.3 percentage points), York (3.0 percentage points) and Brighton (2.5 percentage points).
- Despite its strong improvement over the last year, Barnsley's overall employment rate was 67 per cent, placing it 40th out of 64 cities. In contrast, Cambridge had the largest decrease in its employment rate, a fall of 7.7 percentage points.
- 21 of the 64 cities are above the UK's employment rate (70.2).
- At 78 per cent Aldershot is the city with the highest employment rate this year, an increase of 0.8 percentage points on the previous 12 months.
- The difference between the employment rates in the top-performing and bottom-performing cities has remained constant over the past six years: roughly 17 percentage points. But the range has shifted down, on average, eight percentage points over the last three years since the recession began.
- In order to bring Blackburn, the city with the lowest employment rate, up to the national average, an extra 8,000 Blackburn residents would need to find employment, either in Blackburn or elsewhere.



**Table 5:**  
**Employment rate**

	City	Employment rate July 2011- June 2012	Employment rate July 2010- June 2011	Percentage point change
<b>10 cities with highest employment rate</b>				
1	Aldershot	78.0	77.3	0.8
2	Aberdeen	77.9	75.5	2.4
3	Worthing	77.8	75.7	2.1
4	Crawley	77.5	82.1	-4.6
5	Reading	76.3	76.6	-0.3
6	York	75.9	72.9	3.0
7	Warrington	75.2	75.4	-0.2
8	Norwich	75.1	74.0	1.0
9	Milton Keynes	74.9	74.4	0.5
10	Preston	74.2	71.9	2.2
<b>10 cities with lowest employment rate</b>				
55	Middlesbrough	63.9	63.1	0.8
56	Doncaster	63.8	66.6	-2.9
57	Sunderland	63.7	63.2	0.5
58	Rochdale	63.5	66.0	-2.5
59	Bradford	63.3	61.5	1.8
60	Swansea	62.5	60.2	2.3
61	Birmingham	62.3	61.6	0.7
62	Liverpool	61.9	61.7	0.2
63	Hull	61.7	62.9	-1.2
64	Blackburn	61.0	61.1	0.0
	<b>United Kingdom</b>	<b>70.2</b>	<b>70.1</b>	<b>0.1</b>

Source: NOMIS 2012, Annual Population Survey, residents analysis, July 2010- June 2011 and July 2011- June 2012.  
Department for Trade and Investment (DETINI) 2012, District Council Area Statistics for Belfast, 2010 and 2012 data.

### Major city employment rate

- **With the exception of Bristol and Edinburgh, all major cities had employment rates below the national average.**
- Six cities have raised their employment rates whereas five (Bristol, Leeds, Newcastle, Sheffield and Edinburgh) have seen a decrease.
- In comparison to last year's report, **the difference between the highest and the lowest major city employment rates, Bristol and Liverpool respectively, has decreased from 14 to 11.1 percentage points.**

**Table 6:**  
**Major city employment rates**

	City	Employment rate July 2011-June 2012	Employment rate July 2010-June 2011	Percentage point change
<b>Major city employment rates</b>				
1	Bristol	73.0	75.7	-2.8
2	Edinburgh	71.4	72.1	-0.7
3	London	69.0	68.7	0.3
4	Belfast	68.4	67.9	0.5
5	Leeds	66.8	68.7	-1.9
6	Nottingham	66.5	64.3	2.2
7	Glasgow	66.3	65.1	1.2
8	Manchester	66.0	66.0	0.0
9	Newcastle	65.2	66.7	-1.5
10	Sheffield	65.0	65.9	-0.8
11	Birmingham	62.3	61.6	0.7
12	Liverpool	61.9	61.7	0.2
	<b>United Kingdom</b>	<b>70.2</b>	<b>70.1</b>	<b>0.1</b>

Source: NOMIS 2012, Annual Population Survey, residents analysis, July 2010- June 2011 and July 2011- June 2012.  
Department for Trade and Investment (DETINI) 2012, District Council Area Statistics for Belfast, 2010 and 2012 data.

## Unemployment

- The number of JSA claimants in the United Kingdom decreased 0.1 percentage points from November 2011 (1,558,800) to 2012 (1,547,400).
- **Nearly two-thirds of cities have higher claimant count rates than the national average.** As noted in last year's *Cities Outlook*, unemployment is very much an urban problem.
- At 8.7 per cent, Hull's claimant count is more than four times higher than Aberdeen's and more than twice the national average.

## Private sector employment growth

- Nationally there was little change in private sector employment between 2010 and 2011.
- **39 cities saw private sector employment growth; one remained unchanged; 23 had a decrease in private sector employment.** London had the largest absolute increase in private sector employment growth, with 97,900 jobs added (three per cent growth).
- In line with the increase in its employment rate, Barnsley saw the largest increase in private sector employment of 7.2 per cent.
- As well as Barnsley, Brighton, Huddersfield and Oxford saw increases in private sector employment of over five per cent whilst Mansfield and Aldershot saw declines of over five per cent.
- Hastings had the smallest private sector employment (18,900) out of all UK cities.

## Links between public and private sector employment

- Smaller cities feature significantly in both the top 10 and the bottom 10 lists. Seven of the top 10 cities with the highest ratios of private to public sector employment are small. And five of the smallest cities (Gloucester, Worthing, Hastings, Cambridge and Dundee) are also amongst the cities with the greatest dependence on the public sector.
- Leeds is the only major city to appear in the top 10, with three jobs in the private sector to every job in the public sector. This contrasts with Liverpool, the only major city in the bottom 10, where there are only 1.9 private sector jobs to every job in the public sector.

## Private sector employment

grew in **39** cities

## Private sector employment

declined in **23** cities

**Table 7:**  
**Claimant count**

	City	Claimant count November 2012	Claimant count November 2011	Percentage point change
<b>10 cities with the lowest JSA claimant count</b>				
1	Cambridge	1.8	1.8	0.0
2	Aldershot	2.0	2.2	-0.2
3	Aberdeen	2.0	2.3	-0.3
4	Oxford	2.1	2.4	-0.3
5	York	2.2	2.4	-0.2
6	Crawley	2.2	2.3	-0.1
7	Reading	2.3	2.3	0.0
8	Bournemouth	2.4	2.7	-0.3
9	Southampton	2.7	2.9	-0.2
10	Preston	2.8	3.0	-0.2
<b>10 cities with the highest JSA claimant count</b>				
55	Hastings	5.5	5.9	-0.4
56	Dundee	5.6	5.6	0.0
57	Sunderland	5.6	5.4	0.2
58	Belfast	5.7	5.2	0.5
59	Bradford	5.9	5.5	0.4
60	Liverpool	6.1	6.3	-0.2
61	Grimsby	6.1	6.6	-0.5
62	Birmingham	6.4	6.8	-0.4
63	Middlesbrough	6.9	6.2	0.7
64	Hull	8.7	8.0	0.7
	<b>United Kingdom</b>	<b>3.8</b>	<b>3.9</b>	<b>-0.1</b>

Source: NOMIS 2012, Claimant Count, November 2011 and November 2012 data.

Note: Data differs to NOMIS claimant count rates as latest available mid-year population estimates are used to calculate the figures above.

**Table 8:**  
**Private sector jobs growth**

	City	Change 2010-2011	Total private sector employment 2010	Total private sector employment 2011	Net job gains/losses
<b>10 cities with highest private sector employment growth</b>					
1	Barnsley	7.2	46,900	50,300	3,400
2	Huddersfield	6.3	104,700	111,300	6,600
3	Oxford	5.6	52,300	55,200	2,900
4	Brighton	5.3	96,700	101,900	5,200
5	Nottingham	4.9	208,300	218,500	10,200
6	Hastings	4.7	18,100	18,900	800
7	Warrington	4.7	89,600	93,800	4,200
8	Newport	4.0	49,400	51,400	2,000
9	Preston	3.6	121,500	125,900	4,400
10	Burnley	3.5	45,200	46,800	1,600
<b>10 cities with lowest private sector employment growth</b>					
54	Telford	-2.1	58,800	57,500	-1,300
55	Hull	-2.3	81,800	80,000	-1,900
56	Leicester	-2.4	156,600	152,800	-3,700
57	Dundee	-2.5	44,200	43,100	-1,100
58	Southampton	-2.5	124,400	121,200	-3,200
59	Peterborough	-2.7	75,300	73,200	-2,000
60	Wigan	-4.3	74,800	71,600	-3,200
61	Blackpool	-4.4	93,300	89,200	-4,100
62	Mansfield	-5.1	61,800	58,600	-3,200
63	Aldershot	-6.3	76,600	71,800	-4,900
	<b>Great Britain</b>	<b>1.1</b>	<b>20,063,300</b>	<b>20,293,100</b>	<b>229,800</b>

Source: NOMIS 2012, Business Register and Employment Survey, 2010 and 2011 data.

**Table 9:**  
**Ratio of private sector to public sector employment**

	City	Private to public ratio	Private employment 2011	Public employment 2011
<b>10 cities with highest proportion of private sector employment</b>				
1	Swindon	4.2	89,100	21,000
2	Crawley	4.1	116,200	28,600
3	Aldershot	3.9	71,800	18,600
4	Warrington	3.8	93,800	24,400
5	Milton Keynes	3.8	114,800	30,300
6	Reading	3.6	177,800	49,100
7	London	3.5	3,910,200	1,117,100
8	Peterborough	3.1	73,200	23,900
9	Aberdeen	3.1	133,900	43,800
10	Leeds	3.0	303,300	101,200
<b>10 cities with lowest proportion of private sector employment</b>				
54	Birkenhead	1.9	84,600	43,600
55	Plymouth	1.9	69,900	36,700
56	Liverpool	1.9	225,200	121,000
57	Gloucester	1.8	40,500	22,600
58	Worthing	1.6	28,300	17,500
59	Hastings	1.5	18,900	12,400
60	Swansea	1.5	62,900	41,500
61	Cambridge	1.4	52,900	37,700
62	Dundee	1.4	43,100	31,000
63	Oxford	1.0	55,200	53,500
	<b>Great Britain</b>	<b>2.7</b>	<b>20,293,100</b>	<b>7,472,000</b>

Source: NOMIS 2012, Business Register and Employment Survey 2011 data.

## Skills High qualifications

- **The top-placed cities with high-skilled residents are university cities.** Oxford maintains the first place in the ranking with almost 60 per cent of high-skilled residents among its working-age population.
- **Only 17 cities had higher proportions of highly qualified residents than the national average.** This contrasts with the location of high-skilled jobs, 72 per cent of which are in UK cities. And it reflects the longer commuting patterns of higher skilled workers who often tend to live outside of city boundaries.
- Scottish cities continued to perform very well. Edinburgh, Aberdeen and Glasgow are in the top 10 cities. In each of these cities at least four in 10 working-age residents hold a degree.
- In Oxford, Cambridge and Edinburgh, more than one in two of their working-age populations had high levels of qualifications. In contrast, fewer than one in five working-age residents in Ipswich, Southend, Grimsby, Wakefield and Mansfield held a degree or more.

**Table 10:**  
**Residents with high level qualifications**

City		Percentage working age population with NVQ4 & above 2011
<b>10 cities with the highest percentage of high qualifications</b>		
1	Oxford	58.7
2	Cambridge	52.2
3	Edinburgh	51.2
4	London	44.8
5	Brighton	44.3
6	Aberdeen	43.5
7	York	40.8
8	Glasgow	40.3
9	Reading	39.1
10	Cardiff	38.9
<b>10 cities with the lowest percentage of high qualifications</b>		
55	Peterborough	21.1
56	Chatham	20.8
57	Barnsley	20.5
58	Stoke	20.2
59	Doncaster	20.1
60	Ipswich	19.8
61	Southend	19.6
62	Grimsby	18.9
63	Wakefield	18.9
64	Mansfield	17.1
<b>Great Britain</b>		<b>32.9</b>

Source: NOMIS 2012, Annual Population Survey, residents analysis, 2011 data.  
Department for Trade and Investment (DETINI) 2012. District Council Area Statistics for Belfast, 2011 data.

### No qualifications

- **Nearly two-thirds of UK cities have a higher proportion of residents with no formal qualifications than the national average.**
- York is the only city outside of the South of England to feature in the list of top 10 cities for residents with no formal qualifications.
- Brighton, York, Cambridge, Reading and Oxford have both low rates of residents with no formal qualifications and high rates of high-skilled residents.
- **But some cities have relatively polarised labour markets.** Belfast for example had relatively high proportions of high skilled residents (34 per cent) but also had the highest proportion of residents with no formal qualifications (20 per cent).
- Meanwhile Blackburn, Bradford and Rochdale had few highly qualified and many non-qualified residents. This illustrates the significant challenges they face in improving their skills profiles.

**Table 11:**  
**Residents with no qualifications**

Cities		Percentage working age population with no formal qualifications 2011
<b>10 cities with the lowest percentage of low skills</b>		
1	Worthing	2.3
2	Crawley	6.6
3	York	6.8
4	Brighton	6.8
5	Cambridge	7.1
6	Plymouth	7.4
7	Reading	7.4
8	Bournemouth	7.5
9	Gloucester	7.6
10	Oxford	7.8
<b>10 cities with the highest percentage of low skills</b>		
55	Birmingham	15.9
56	Rochdale	15.9
57	Northampton	15.9
58	Leicester	16.0
59	Bradford	16.0
60	Liverpool	16.6
61	Coventry	16.6
62	Blackburn	17.7
63	Luton	17.9
64	Belfast	19.8
<b>United Kingdom</b>		<b>10.9</b>

Source: NOMIS 2012, Annual Population Survey, residents analysis, 2011 data. Department for Trade and Investment (DETI) 2012. District Council Area Statistics for Belfast, 2011 data.



## Earnings

- Once again businesses in London paid the highest average weekly wages of all UK cities in 2012, £15 more than second placed Crawley.
- Hull had the lowest average weekly wages at £361 per week, less than 60 per cent of London's figure.
- Whilst two thirds of cities (42) had a real wage change better than the national average (-£10), only 20 cities saw their real wages rise from 2011 to 2012.
- Wigan, Derby and Ipswich experienced the largest increases in real wages at more than £23 per week.
- Meanwhile Warrington and Aldershot saw the largest decreases in real wages (more than £40 per week).
- Even though London had the highest wages earned in 2012, wages actually declined in real terms by £23 per week.

**Table 12:**  
**Average earnings**

Cities		Earnings 2012 (av £ per week, 2012 prices)	Earnings 2012 (av £ per week, 2011 prices)	Earnings 2011 (av £ per week, 2011 prices)	Real earnings growth 2011-2012
<b>10 cities with highest earnings growth</b>					
1	London	627	611	634	-23
2	Crawley	612	596	588	8
3	Reading	594	578	563	15
4	Cambridge	574	559	560	-2
5	Aldershot	543	528	573	-45
6	Milton Keynes	543	528	559	-31
7	Edinburgh	537	522	529	-7
8	Aberdeen	528	514	520	-6
9	Southend	512	498	511	-14
10	Brighton	502	489	482	7
<b>10 cities with lowest earnings growth</b>					
55	Sunderland	411	400	404	-4
56	Dundee	410	399	420	-21
57	Doncaster	409	398	410	-12
58	Wakefield	402	391	401	-10
59	Hastings	394	383	407	-24
60	Grimsby	392	381	413	-32
61	Mansfield	392	381	392	-11
62	Stoke	390	380	396	-16
63	Blackburn	374	364	402	-38
64	Hull	361	351	358	-7
<b>United Kingdom</b>		<b>490</b>	<b>477</b>	<b>487</b>	<b>-10</b>

Source: ONS 2012, Annual Survey of Hours and Earnings (ASHE), average gross weekly residence based earnings, 2012 data. Own calculations for PUA-level weighted by number of jobs, CPI inflation adjusted (2011=100). Earnings data is for 'employees' only, whereas the rest of the tables used 'employment' data.

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

## Disparities

As in previous editions of *Cities Outlook*, we use the percentage point difference between a city's lower super output area (LSOA) – neighbourhoods within a city with an average population of 1,500 – with the highest JSA claimant count and a city's LSOA with the lowest claimant count as a proxy indicator for inequalities within a city.

- **Eight of the top cities with lower levels of disparity are located in the South, with York and Aberdeen being the exceptions.**
- **Larger cities tend to be more unequal than medium-sized and smaller cities.** Six out of the 10 largest cities are among the bottom 10. London and Birmingham (the largest cities) are amongst the most unequal cities. In contrast, Manchester, the third largest city, is 51 in the rank. Meanwhile Dundee and Blackburn are the only smaller cities below the cities' average.
- **Cities with the highest levels of disparity had significant concentrations of claimants in some neighbourhoods.** For example, the 'worst' neighbourhood in Glasgow had over five times more claimants than the 'worst' neighbourhood in Crawley.
- Four cities (Aberdeen, London, Edinburgh and Glasgow) had neighbourhoods where no one claimed Jobseekers' Allowance in November 2012.



**Table 13:**  
**Disparities within cities**

	City	Difference between highest and lowest JSA rate	Highest JSA (%) rate November 2012	Lowest JSA (%) rate November 2012
<b>10 cities with the lowest levels of inequality</b>				
1	Crawley	4.6	5.0	0.4
2	Cambridge	5.3	5.6	0.3
3	Oxford	6.3	6.5	0.2
4	Worthing	6.4	7.1	0.7
5	Aldershot	6.8	7.1	0.3
6	York	6.8	7.1	0.3
7	Reading	8.0	8.3	0.3
8	Swindon	8.5	9.0	0.5
9	Brighton	8.5	8.8	0.3
10	Aberdeen	8.9	8.9	0.0
<b>10 cities with the highest levels of inequality</b>				
54	Hull	18.8	19.4	0.6
55	Newcastle	19.1	19.5	0.4
56	London	19.2	19.2	0.0
57	Leeds	19.2	19.8	0.6
58	Blackpool	20.2	20.7	0.4
59	Middlesbrough	20.9	21.7	0.8
60	Edinburgh	21.2	21.2	0.0
61	Sheffield	21.6	21.8	0.2
62	Birmingham	23.7	24.1	0.4
63	Glasgow	25.4	25.4	0.0
	<b>City Average</b>	<b>13.7</b>	<b>14.1</b>	<b>0.5</b>

Source: ONS 2012, 2011 Census: Usual resident population by five-year age group, Lower Layer Super Output Areas (LSOAs), 2012 data.  
General Register Office for Scotland 2012, Mid-2011 Small Area Population Estimates Scotland. NOMIS 2012, Claimant Count, November 2012 data.  
Note: Working-age population in English and Welsh cities is 15-64 age-range whereas in Scottish cities is 16-64.

## Housing

Housing stocks and prices together provide useful insights into cities' housing markets, showing both supply and demand measures. House price data is estimated using the average of transactions (houses sold) and their mean prices across a PUA. The mean must be used rather than median in order to aggregate the data to city level.

### Housing supply

- Almost 70 per cent of the cities' housing stock is concentrated in the Greater South East, North West and Yorkshire cities. Greater South East cities account for 41 per cent of all cities' housing stock and for 21 per cent of Great Britain's housing stock.
- London accounts for more than one quarter (28 per cent) of cities' housing stock and 15 per cent of Great Britain's.
- All cities – apart from Dundee – experienced an increase in their housing supply between 2010 and 2011.

- Milton Keynes and Leicester combined contributed two per cent of Great Britain's total housing stock growth between 2010 and 2011.

### House prices

- **Between 2001 and 2011 house prices increased the most in cities located outside of the Greater South East.**  
This can be attributed to catch-up growth.
- In contrast **nine of the 10 cities that experienced the lowest rates of house price growth were located in the Greater South East.**
- Hull's average house price grew by nine per cent per year between 2001 and 2011. This compared to 3.7 per cent in Swindon. But even after this rapid increase the average house price was still the lowest of all cities.
- In absolute prices, London (£206,000) and Swindon (£50,600) had the largest and smallest average increases in house prices respectively over the period.



**Table 14:**  
**Housing supply growth**

	City	Change 2010-2011 (%)	Housing stock 2011	Housing stock 2010	Change 2010-2011
<b>10 cities with the highest housing stock growth</b>					
1	Milton Keynes	1.3	101,650	100,360	1,290
2	Gloucester	1.1	53,570	52,980	590
3	Barnsley	1.0	104,810	103,810	1,000
4	Peterborough	0.9	77,030	76,320	710
5	Swindon	0.9	90,490	89,710	780
6	Ipswich	0.8	58,760	58,270	490
7	Cambridge	0.8	48,130	47,740	390
8	Leicester	0.8	187,430	185,950	1,480
9	Crawley	0.8	101,580	100,780	800
10	Telford	0.8	70,090	69,540	550
<b>10 cities with the lowest housing stock growth</b>					
54	York	0.3	83,900	83,680	220
55	Newcastle	0.2	373,140	372,260	880
56	Brighton	0.2	151,480	151,130	350
57	Hastings	0.2	41,840	41,750	90
58	Rochdale	0.2	89,070	88,880	190
59	Liverpool	0.2	350,850	350,290	560
60	Glasgow	0.1	44,310	44,260	50
61	Birkenhead	0.1	142,120	142,020	100
62	Burnley	0.0	80,220	80,220	0
63	Dundee	-0.5	73,640	74,000	-370
	<b>Great Britain</b>	<b>0.5</b>	<b>26,669,700</b>	<b>26,531,260</b>	<b>138,440</b>

Source: Department for Communities and Local Government (DCLG) 2012, Dwelling stock estimates by local authority district 2001 – 2011 data.  
Scottish Neighbourhood Statistics 2012, Dwelling stocks estimates 2010 and 2011 data.

**Table 15:**  
**House price growth**

	City	Annual growth 2001-2011 (%)	Mean price (£) 2011	Mean price (£) 2001	Difference in mean prices (£) 2001-2011
<b>10 cities with the highest rises in house prices</b>					
1	Hull	9.0	97,800	41,400	56,400
2	Aberdeen	8.8	184,700	79,300	105,400
3	Grimsby	8.5	119,800	52,900	66,900
4	Doncaster	8.4	123,000	54,800	68,200
5	Stoke	8.1	114,700	52,700	62,000
6	Swansea	8.0	148,700	69,000	79,700
7	Bradford	8.0	141,700	65,900	75,800
8	Blackburn	7.9	110,700	51,600	59,200
9	Burnley	7.9	98,900	46,200	52,600
10	Birkenhead	7.9	162,800	76,200	86,600
<b>10 cities with the lowest rises in house prices</b>					
54	Chatham	5.8	166,400	94,700	71,700
55	Gloucester	5.6	150,000	86,600	63,400
56	Southampton	5.6	195,800	113,100	82,700
57	Crawley	5.6	293,500	169,700	123,800
58	Milton Keynes	5.6	198,300	114,900	83,400
59	Ipswich	5.4	148,100	87,800	60,300
60	Northampton	5.1	156,000	94,800	61,200
61	Reading	5.0	273,900	168,600	105,300
62	Aldershot	4.7	272,000	172,400	99,600
63	Swindon	3.7	165,000	114,400	50,600
	<b>Great Britain</b>	<b>7.5</b>	<b>224,700</b>	<b>115,200</b>	<b>109,500</b>

Source: Department for Communities and Local Government (DCLG) 2012, Mean house prices, 2001 to 2011 data. Scottish Neighbourhood Statistics 2012, Mean house prices 2010 and 2011 data.

# Environment

Accounting for over 80 per cent of total Greenhouse Gas emissions, CO<sub>2</sub> is a key factor in a country's ability to deal with climate change. CO<sub>2</sub> emissions are one way to gauge how 'green' a city is and the size of its carbon footprint.

- **Cities emit less CO<sub>2</sub> than the rest of the UK.** CO<sub>2</sub> emissions per capita are 17 per cent lower in cities than for the rest of the country.
- **55 cities have lower CO<sub>2</sub> per capita emissions than the national average.** Only nine cities perform above the national average, all of which are located outside of the South of England.
- With the exception of Belfast, the 10 largest cities have lower per capita emissions than the national average. However, only London and Birmingham rank in the top half of cities.
- Whilst London alone accounts for 11 per cent of the total CO<sub>2</sub> emissions of the UK, its per person emissions compare favourably with other cities. With 5.9 tonnes per capita, London is placed 19th in the overall rank.
- In spite of the recession which reduced industrial production, only Derby and Middlesbrough reduced their CO<sub>2</sub> emissions from 2009 to 2010.
- **Middlesbrough experienced the largest drop in per capita emissions from 2009 to 2010.** Whilst the city is still the largest emitter in 2010, its CO<sub>2</sub> emissions reduced by one third (8.1 percentage points) from 2009. Since 2005, Middlesbrough's CO<sub>2</sub> emissions have reduced by 15.5 tonnes per person, nearly three times the amount of the 2010 top cities combined. This is in part likely to be because of the mothballing of the SSI steel plant in the city, as discussed in Chapter 02.

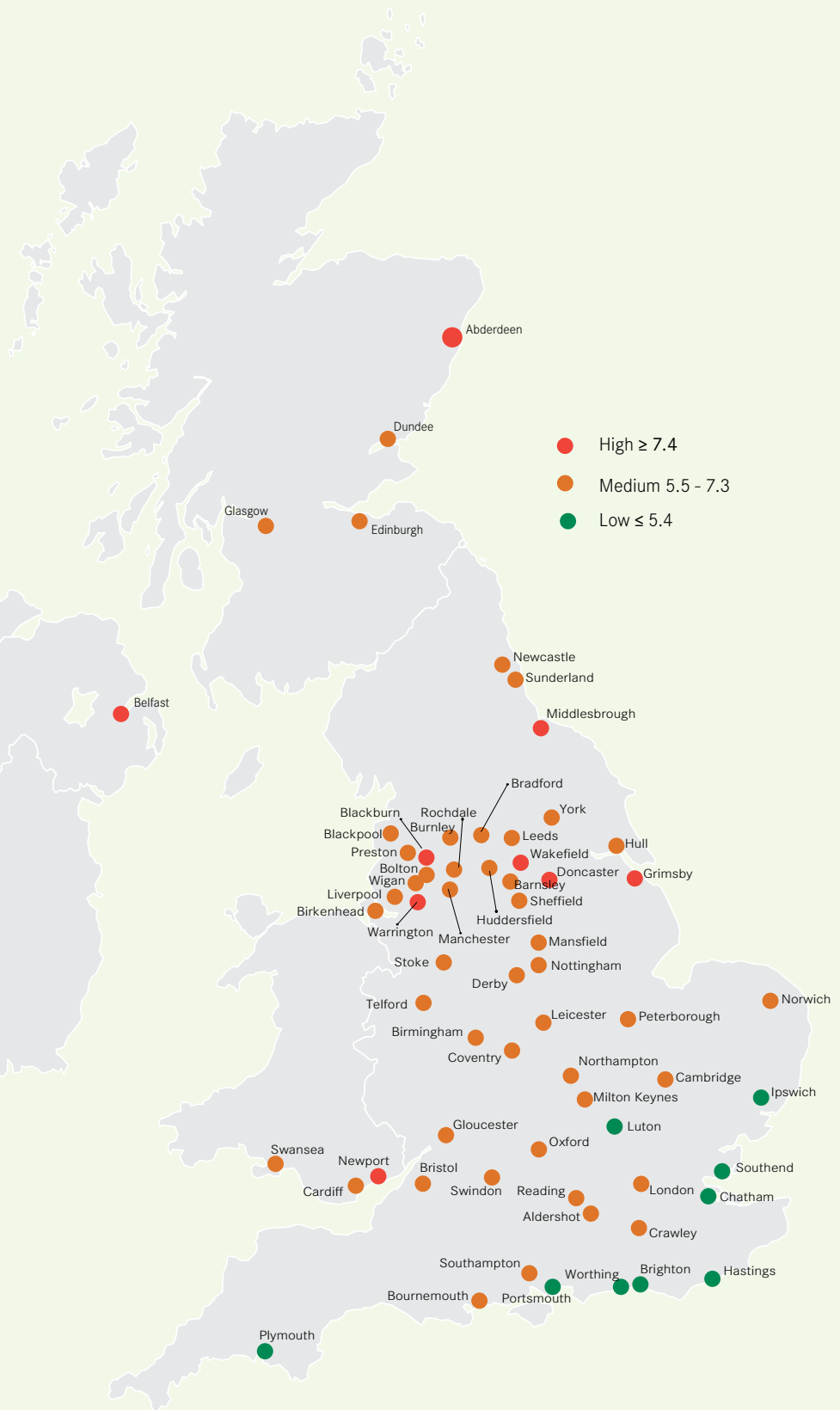
**Table 16:**  
**CO<sub>2</sub> emissions per capita**

City	Total CO <sub>2</sub> emissions per capita (t) 2010	Total CO <sub>2</sub> emissions per capita (t) 2009
<b>10 cities with the lowest emissions per capita</b>		
1 Hastings	4.4	4.2
2 Chatham	4.8	4.6
3 Luton	4.8	4.6
4 Southend	4.8	4.7
5 Worthing	4.8	4.7
6 Ipswich	4.9	4.8
7 Brighton	5.0	4.9
8 Plymouth	5.1	5.0
9 Portsmouth	5.3	5.1
10 Gloucester	5.4	5.2
<b>10 cities with the highest emissions per capita</b>		
55 Preston	7.4	7.0
56 Aberdeen	7.6	7.4
57 Blackburn	7.7	7.3
58 Belfast	7.7	7.2
59 Wakefield	7.8	7.5
60 Doncaster	8.4	8.1
61 Warrington	9.0	8.6
62 Grimsby	10.5	10.0
63 Newport	11.8	10.7
64 Middlesbrough	14.5	22.6
<b>United Kingdom</b>	<b>7.6</b>	<b>7.4</b>

Source: DECC 2012, CO<sub>2</sub> emissions per capita, 2010 data. NOMIS 2012, Mid-year population estimates 2005 and 2011 data.

**Figure 10:**  
**CO<sub>2</sub> emissions per capita**

City	CO <sub>2</sub> per capita (t)	City	CO <sub>2</sub> per capita (t)
Hastings	4.4	Oxford	6.2
Chatham	4.8	Huddersfield	6.3
Luton	4.8	Sheffield	6.4
Southend	4.8	Rochdale	6.4
Worthing	4.8	Manchester	6.4
Ipswich	4.9	Norwich	6.4
Brighton	5.0	Leeds	6.5
Plymouth	5.1	Derby	6.5
Portsmouth	5.3	Swansea	6.5
Gloucester	5.4	Edinburgh	6.5
Southampton	5.4	Dundee	6.6
Birkenhead	5.5	Cardiff	6.7
Bournemouth	5.6	Stoke	6.9
Bradford	5.6	Liverpool	6.9
Coventry	5.6	Blackpool	7.0
York	5.6	Barnsley	7.2
Northampton	5.8	Aldershot	7.2
Reading	5.8	Crawley	7.2
London	5.9	Peterborough	7.3
Wigan	5.9	Telford	7.3
Bolton	5.9	Swindon	7.4
Birmingham	6.0	Milton Keynes	7.4
Hull	6.0	Preston	7.4
Cambridge	6.0	Aberdeen	7.6
Nottingham	6.0	Blackburn	7.7
Mansfield	6.0	Belfast	7.7
Burnley	6.1	Wakefield	7.8
Bristol	6.2	Doncaster	8.4
Sunderland	6.2	Warrington	9.0
Glasgow	6.2	Grimsby	10.5
Leicester	6.2	Newport	11.8
Newcastle	6.2	Middlesbrough	14.5



Source: DECC 2012, CO2 emissions per capita, 2010 data.  
NOMIS 2012, Mid-year population estimates 2005 and 2011 data.  
Contains Ordnance Survey data © Crown copyright and database  
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## Digital connectivity

The internet now plays an integral part in the way that most businesses work. And broadband connection is now a key component of the infrastructure offer that a city can make to attract businesses as well as supporting growth of its indigenous business population.

- There is significant variation across cities – 89 percentage points separate top placed Luton, where 92 per cent of postcodes achieve SFBB speed, with Hull where only three per cent of postcodes achieve the SFBB speed.
- **Smaller cities tend to have higher high speed broadband penetration rates.** Cambridge, Grimsby, Oxford, Dundee and Gloucester (five of the smallest cities) are in the top 10. Whereas only two of the UK's smaller cities – Blackburn and Hastings – are in the bottom 10 cities.

### Box 8: Defining digital connectivity

*Cities Outlook* uses Superfast Broadband (SFBB) as the indicator for measuring digital connectivity.

SFBB is defined by Office of Communication (Ofcom) as 30Mbit/s.<sup>56</sup> This standard was defined by the Broadband Coverage in Europe in 2011 project of the European Union's Digital Agenda.

The UK's basic broadband coverage is 100 per cent and 65 per cent of UK premises have access to SFBB.

Data for maximum broadband speed for each postcode is available from Ofcom. Some postcodes do not have data due to insufficient data or no premises.

On average, 82 per cent of postcodes posted maximum speeds, so these estimates are a reasonable approximation of access to 30Mbit/s speeds for each postcode.



56. Ofcom (2012), 2012 UK Communications Infrastructure Report, London: Ofcom

**Table 17:**  
**Cities’ postcodes with maximum broadband**

City	Postcodes* achieving SFBB speeds (%)
<b>10 cities with the highest high speed broadband penetration rate</b>	
1 Luton	92
2 Cambridge	85
3 Grimsby	83
4 Oxford	82
5 Aldershot	81
6 Dundee	81
7 Derby	80
8 Cardiff	80
9 Gloucester	79
10 Plymouth	79
<b>10 cities with the lowest high speed broadband penetration rate</b>	
54 York	48
55 Blackburn	47
56 Sheffield	46
57 Birkenhead	46
58 Wakefield	44
59 Doncaster	40
60 Blackpool	26
61 Aberdeen	11
62 Hastings	8
63 Hull	3
<b>City Average</b>	<b>66</b>

Source: Ofcom 2012, Broadband data, postcode level. Postcode data are allocated to PUAs. Data are based on a snap shot of data provided by the largest fixed broadband providers in the UK for the period of June to July 2012.

Note: Due to variations in broadband performance over time, the file should not be regarded as a definitive and fixed view of the UK’s fixed broadband infrastructure. However, the information provided may be useful in identifying variations in broadband performance by geography and the impact of superfast broadband on overall broadband performance.

\*Postcodes with available data.



## Cities vary enormously so policy must be flexible

CO<sub>2</sub> emissions per person in Middlesbrough are more than three times those of Southend

Middlesbrough  
14.5t

Southend  
4.8t

Edinburgh has three times as many highly skilled workers as Mansfield

**Edinburgh**

51%

**Mansfield**

17%



£594

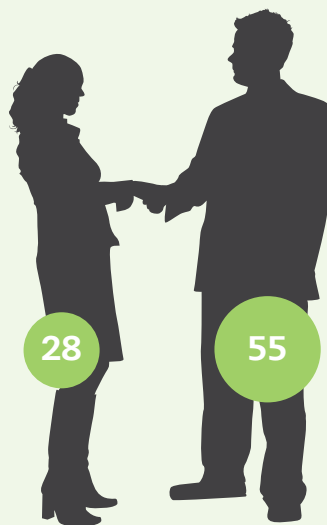
**Reading**



£394

**Hastings**

Workers in Reading earn £200 more per week on average than those in Hastings



28

55

**Sheffield**

**Aberdeen**

Almost twice as many businesses are started per 10,000 residents in Aberdeen as in Sheffield

Cambridge has more patents approved per 100,000 residents than the next 10 cities put together

94.5

93

**Cambridge**

**Next 10**

PATENT OFFICE

**Next 10:** Milton Keynes (6.4); Gloucester (6.6); Bristol (6.7); Blackburn (6.8); Aberdeen (7.3); Derby (8.0); Bournemouth (9.2); Oxford (11.3); Edinburgh (13.5); Aldershot (17.2)



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