Industry in Focus

Good Growth for Cities

Delivering devolution

September 2024
#GoodGrowth

pwc

Contents

“Countries across the globe are increasingly prioritising their national and local resilience as a route to growth. In the UK, with a new Government in place, this focus on local growth has gained renewed energy. The Government's commitment to a new era of devolution fuels hopes of a flurry of new deals that will hand more power down to cities and regions, bringing greater agency to local communities. It comes as the priorities of people living in these communities, as this report shows, turn firmly inwards—to focus on income, jobs and housing.

As local leaders look forward to playing a greater part in delivering inclusive economic growth in their areas, they have a window of opportunity to take stock. They must use this time to reassess what their strengths and ambitions are for their areas and how they will grasp the fresh opportunities on the horizon.”

Rachel Taylor
Leader of Industry for Government and Health Industries, PwC UK

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Devolving power to regions and cities, while addressing the need for an industrial strategy to support the UK's sectoral growth, will be central to the Government's mission for driving economic growth.

To help contribute to the discussion around Industrial Strategy, we developed the Framework for Growth; recent research shows that business leaders are calling for the new Government to ensure a future industrial strategy shifts the dial for the economy as a whole, such as reform of the planning regime, improving work readiness of graduates and school leavers and investment in key national infrastructure, rather than isolated levers for individual sectors.

These challenges are echoed in our Good Growth for Cities findings and the priorities set out by the public. The new Government is moving at pace setting out a legislative agenda that starts to pave the way for these to be delivered. However, this is against a backdrop of a challenging fiscal environment, so successful delivery will hinge on a level of close collaboration and innovation between national, local and regional governments, businesses, academia and the third sector that has historically rarely been seen.”

Carl Sizer
Chief Markets Officer, PwC UK

01 Executive summary

The UK's new Government has made clear its commitment to putting more local powers in the hands of local people, as part of a renewed focus on delivering economic growth. We welcome this direction, a genuine transfer of authority and fiscal flexibility from central to local will give local leaders the agency to deliver.

Accelerating devolution and providing the right framework for local accountability, we believe, is key to driving inclusive growth across the nation. Outcomes are improved when action is taken at a local level. Over the last year, place-based strategies have gained considerably more traction, and they should continue to do so under the new Government.

This momentum might be a lifeline for cities—the scale and diversity of the current economic challenges facing the UK on housing, education and jobs has grown to levels not seen before. The disparity both between and within UK cities calls for targeted, place-based development strategies that can become the crucial mechanism for local authorities to respond to these challenges. These fundamental areas provide the bedrock of financial wellbeing—which has emerged as the UK public's chief concern in this year's Demos-PwC Good Growth for Cities report. With our Good Growth Index, we're able to present a clear picture of what matters to the public right now and where it matters—and look at how central and local government, the private and third sectors, and wider local public services can work together to deliver inclusive growth. This year, measures such as income, jobs, health, and housing have seen the biggest increase in importance to the public.

It is clear that the tough macroeconomic environment has taken its toll on the public, just as it has on real economic growth across the UK. Some cities have fared better than others, in our Index ranking the performance of cities, Plymouth secures the top spot—having done well on income distribution, work-life balance, and jobs.

Bristol, at number two, similarly performs well on jobs and work-life balance, also scoring highly on skills.

£923bn

The potential GDP uplift by 2035 in 2023 price terms if the UK adopts and delivers a successful industrial strategy.

Source: PwC's Framework for Growth

Against the backdrop of ongoing strains on household finances and both real and perceived inequity in our society, the public are increasingly concerned with economic priorities. Improving prosperity across the country, and ensuring that as many as possible feel its benefit, is more important than ever. Achieving this will require an intelligent economic policy as well as national and local leadership to be completely aligned, along with a shared commitment to addressing the underlying drivers of good growth.

The UK's new Government has made clear its commitment to putting more local powers in the hands of local people, as part of a renewed focus on delivering economic growth. We welcome this direction; a genuine transfer of authority and fiscal flexibility from central to local will give local leaders the agency to deliver.

With the integration and use of diverse data sources—such as demographic statistics, economic performance metrics and social indicators—authorities can build comprehensive, real-time profiles of their communities. By encouraging local authorities to become more digitally-enabled, local authorities will be able to use a variety of data platforms and sources more frequently, which will help them make more informed and data-driven decisions.

For example, in the North East the relative pressure on housing, the quality of education, the availability of jobs and the importance of the high street could indicate a positive income from investment in town centre regeneration.

While in London, the quality of skills and education, the shortage of labour and pressure on housing could drive a plan based on investment and the repurposing of accommodation. We believe local leaders are best placed to tackle these challenges with their unique local understanding.

While cities and regions may be grappling with their own individual challenges, they are united by their desire for sustainable and inclusive growth. There is little variation among the regions in public priorities—the cost of living crisis has driven a nationwide shift towards more economic or finance-focused priorities. The public sector is looking to the Government to hold its promise of making every part of the country better off—and the private sector too, speaks of prioritising delivering growth and prosperity. Some 81% of UK businesses back an urgent, joined up and intelligent approach to industrial policy, according to our separate Framework for Growth report. The third sector also has a vital role to play around engaging communities and driving inclusive growth.

A successful place-based approach to driving good growth will require a level of collaboration between central and local government, business, charities and other service providers that has historically been rarely seen. It will need clear outcomes that harness the digital revolution, drive increased productivity, prioritise skills development and is conscious of doing what is right for nature and our precious environment. For local leaders, **this is a moment to reassess their goals for growth** and to use the **right tools**, the **right data** and the **right relationships** to set out a **local inclusive growth plan**—which links to, and localises, the priorities of central government.

Measuring good growth

The Good Growth for Cities Index is a composite index which measures the performance and characteristics of cities and regions in the UK.

The Index seeks to recognise that if growth is essentially about improving the prosperity, opportunities and wellbeing of the general public, the focus must go beyond traditional measures of economic success, such as gross domestic product (GDP) or gross value added (GVA).

How we measure public priorities:

Our annual Index covers a list of broad measures of economic wellbeing—factors the public identify as most important to their work and finances, and are therefore essential for judging economic success. We work closely with the cross party think-tank Demos to understand how the macroeconomic squeeze on people’s finances has influenced public priorities. We also seek to understand any regional differences to public priorities. We survey over 2,000 members of the public who rank their priorities in terms of relative importance.

How we rank the cities:

We analyse the public priorities alongside both publicly and supplier-sourced data at the local authority level to understand how each city is performing. The city rank outlines the relative **performance** of cities on each public priority on the Good Growth Index. The higher the city scores on the public's top priorities, the better the city performs on our Index.

For further details of our methodology, please see Appendix: Methodology.

02 Public priorities turn firmly inwards

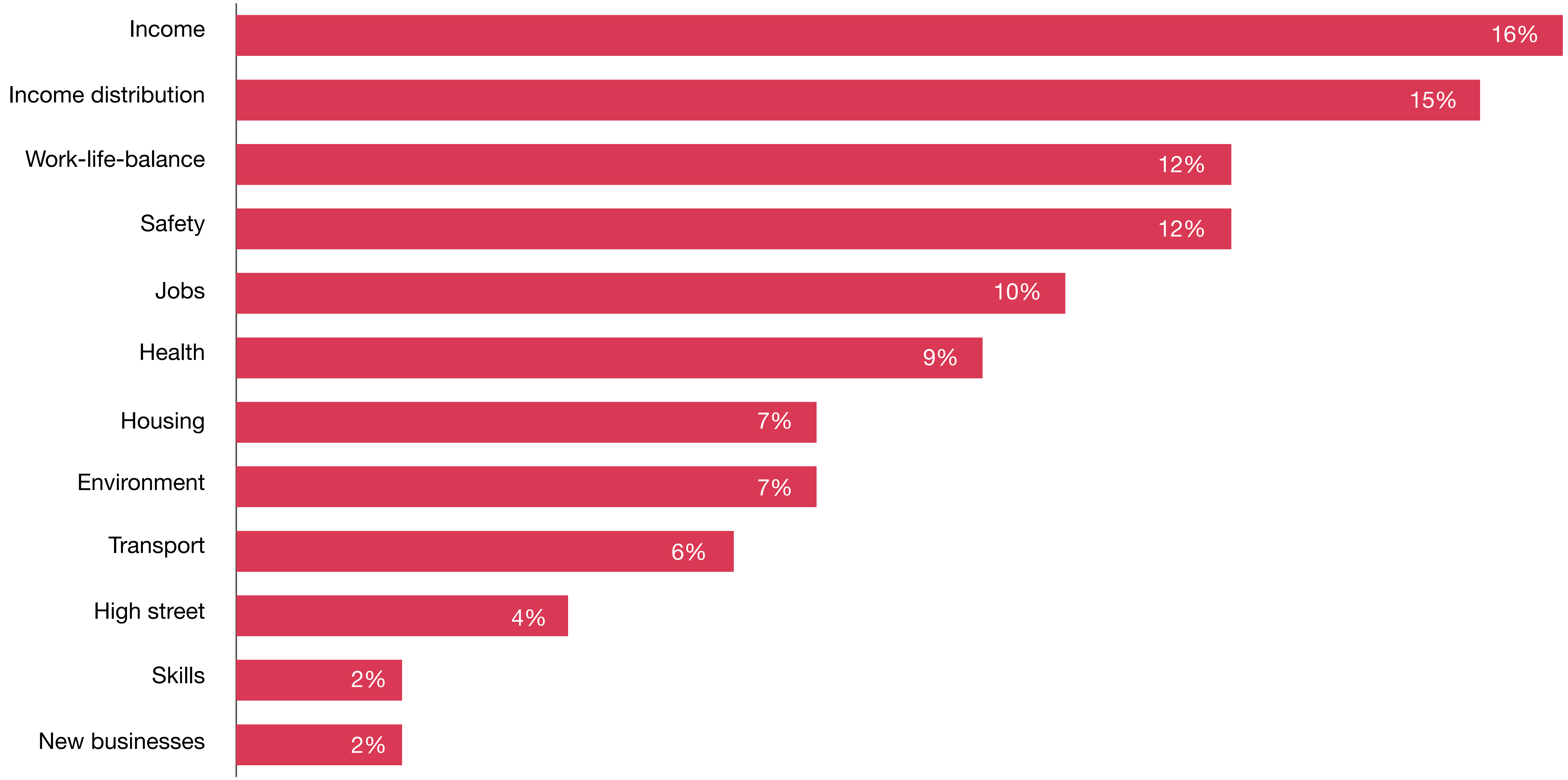
The ongoing squeeze on living standards sees the UK public focus primarily on their financial wellbeing this year. With soaring prices and high interest rates continuing into 2024, income is now the top priority for the public and has seen the greatest increase in importance compared to last year.

This year sees a continued shift in the importance of the more economic or finance focused measures compared to our 2023 Index, with income, jobs, and housing all seeing an increase in relative importance. Along with health, these have seen the largest increases from last year's Index. We believe these increases are partially due to the monetary policies set by the Bank of England over the past 18 months and the continued squeeze people have felt as a result of a high inflationary environment.

On the other hand, there are declines in the relative importance of income distribution, skills, and environment compared to last year.

Factors such as skills and environment have declined partially due to the shift away from the pandemic, where there was a heightened focus on gaining skills and education in lieu of employment opportunities and the increased attention that was made during this time towards the UK's Net Zero commitments. It is also notable that high streets have declined further which underlines a long-running consumer behaviour trend and points to the continued challenge around the use of high street spaces.

Figure 1: Measures of economic success, ranked highest to lowest in terms of their weightings, rounded to nearest whole number[1]



Source: Demos/PwC Analysis (2023)

1 Figures do not total 100% due to rounding of each indicator

Figure 2: Our revised Good Growth weightings compared to 2023 [2, 3]

Income	▲ 16%	Previous weighting: 14%
Income distribution	▼ 15%	Previous weighting: 16%
Work-life balance	▶ 12%	Previous weighting: 12%
Safety	▶ 12%	Previous weighting: 12%
Jobs	▲ 10%	Previous weighting: 9%
Health	▲ 9%	Previous weighting: 7%
Housing	▲ 7%	Previous weighting: 6%
Transport	▼ 6%	Previous weighting: 6%
Environment	▼ 6%	Previous weighting: 7%
High street and shops	▼ 3%	Previous weighting: 4%
Skills	▼ 2%	Previous weighting: 4%
New businesses	▶ 2%	Previous weighting: 2%

Source: Demos/PwC Analysis (2024)

2 We have rounded up income for completeness of the overall indicators, as the figures otherwise do not sum to 100%
3 We have rounded down for completeness of the overall indicators, as the figures otherwise do not sum to 100%

Extending our research to estimate public priorities at regional levels across the UK (see **Figure 3**), we can see public priorities in each region are fairly consistent, with limited differences between regions. The difference between the highest and lowest weightings within each public priority do not exceed by more than 5%.

The most significant variation is across income distribution, with those in Wales placing this priority at 13.% compared to the other variables, and 4.2 percentage points lower than Yorkshire and Humberside.

Figure 3: 2024 Good Growth weightings by UK region (% for each region)

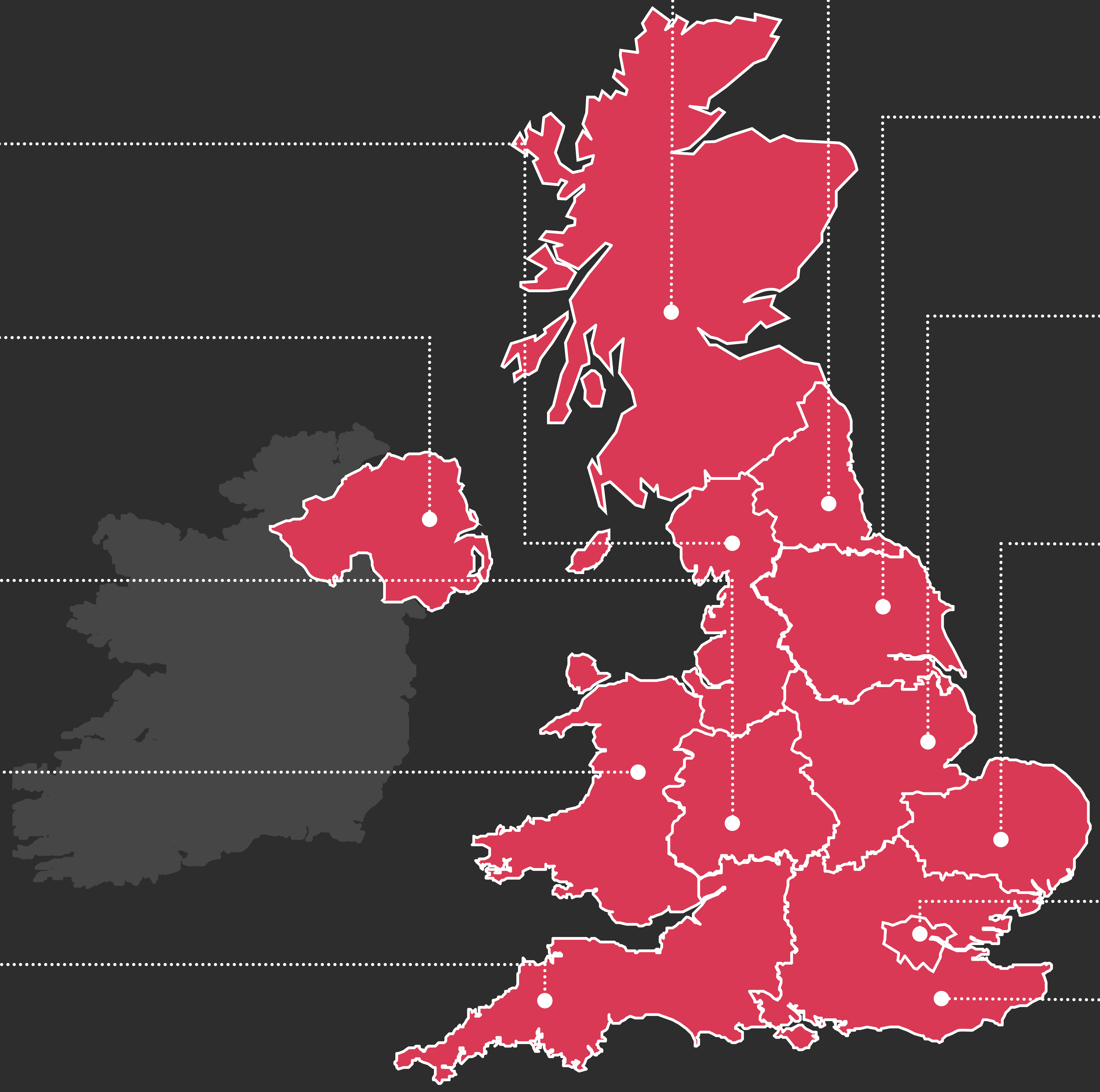
Key:

Green up indicator ▲ = higher than UK average

Red down indicator ▼ = lower than UK average

Regions	Jobs	Income	Health	Work-life balance	New businesses	Housing	Transport	Skills	Environment	Income distribution	Safety	High street & shops
Scotland	▼ 9.7	▲ 16.1	▼ 8.4	▼ 11.4	▲ 2.1	▼ 6.5	▲ 6.3	▼ 2.2	▼ 6.1	▲ 15.9	▼ 11.4	▲ 3.8
Northern Ireland	▼ 9.5	▼ 15.7	▼ 8.4	▲ 12.1	▲ 2.3	▲ 7.1	▲ 6.4	▲ 2.4	▲ 7.3	▼ 14.6	▼ 10.6	▼ 3.6
North East	▼ 9.0	▼ 15.3	▼ 8.2	▲ 12.1	▲ 2.1	▼ 6.5	▼ 5.8	▲ 2.5	▲ 6.7	▲ 15.7	▲ 12.0	▲ 4.1
North West	▲ 10.4	▲ 17.1	▲ 9.1	▼ 11.5	▲ 2.7	▲ 7.2	▼ 5.9	▼ 2.1	▼ 5.6	▼ 13.6	▼ 11.2	▼ 3.6
Yorkshire & Humberside	▲ 9.9	▼ 14.5	▲ 8.9	▲ 11.8	▼ 1.7	▼ 6.3	▼ 5.7	▼ 1.9	▼ 6.5	▲ 17.2	▲ 12.3	▼ 3.3
East Midlands	▲ 10.7	▼ 15.5	▼ 8.1	▼ 11.5	▼ 1.9	▼ 5.9	▲ 6.1	▼ 2.2	▲ 7.7	▲ 15.4	▼ 11.0	▲ 3.8
West Midlands	▼ 9.5	▼ 15.5	▲ 8.6	▲ 12.6	▼ 1.9	▲ 7.0	▲ 6.2	▼ 2.1	▼ 6.5	▲ 15.9	▼ 10.5	▼ 3.7
Wales	▲ 10.3	▲ 16.2	▼ 8.2	▲ 12.7	▼ 2.1	▼ 6.6	▼ 6.1	▲ 2.6	▲ 7.7	▼ 13.0	▼ 11.0	▲ 3.7
East of England	▼ 9.3	▼ 15.4	▲ 9.0	▼ 11.3	▼ 2.0	▲ 6.9	▲ 6.3	▲ 2.3	▼ 6.4	▼ 13.8	▲ 13.4	▲ 4.0
London	▼ 9.8	▼ 15.4	▼ 8.3	▼ 11.4	▲ 2.1	▲ 6.8	▼ 6.0	▲ 2.4	▼ 6.4	▼ 14.7	▲ 12.9	▼ 3.6
South East	▼ 9.8	▲ 17.7	▼ 8.2	▼ 11.3	▲ 2.1	▲ 6.7	▼ 6.0	▲ 2.5	▼ 6.0	▼ 14.5	▼ 11.3	▲ 3.8
South West	▲ 10.1	▼ 14.4	▼ 8.4	▼ 11.6	▲ 2.2	▼ 6.4	▲ 6.2	▲ 2.3	▲ 8.4	▼ 14.8	▼ 11.6	▼ 3.5
UK	9.9	15.9	8.5	11.7	2.1	6.7	6.1	2.3	6.6	14.9	11.7	3.7

Source: Demos/PwC Analysis (2023)



Scotland:

Scotland has the third highest weighting for commuting times (found in the transport category) among the regions, alongside the third highest weighting for income distribution. Despite this, Scotland has the third lowest weighting on work-life balance and environment.

North West:

Contrary to the North East, the North West has the highest weighting on life expectancy, and very high weighting on jobs. The North West also has very low weightings on both skills and income distribution.

Northern Ireland:

Northern Ireland places a higher priority on commuting times than anywhere else in the UK, with particularly strong weightings also evident for new businesses and housing. Northern Ireland has low prioritisations on safety, jobs and high streets.

West Midlands:

The West Midlands has the second highest weighting on work-life balance and income distribution, with the lowest weighting placed on safety and with low weightings on skills, jobs and new businesses.

Wales:

Wales has the highest priority placed on skills and work-life balance. It also has the lowest prioritisation of income distribution and the second lowest weighting on health.

South West:

The South West has the lowest weighting on income, and a very low relative priority placed on high streets. However, the South West places a lot of weight on new businesses and has the highest weighting on the environment.

North East:

The North East has the highest weighting for high streets of any UK region, and a very high weighting on skills. This contrasts with having the lowest weighting on jobs and low weightings on transport, life expectancy and income.

Yorkshire and Humberside:

Yorkshire and Humberside has the highest weighting on income distribution, however it also has the lowest weighting on skills, transport, new businesses and high streets.

East Midlands:

While the East Midlands has the highest weighting on jobs of any UK region, it has the second lowest weighting on life expectancy and housing and a very low weighting on skills, safety and new businesses.

East of England:

The East of England has the highest weight placed on safety and high weightings placed on health and high streets, however it also has very low prioritisation of jobs and work-life balance.

London:

London shows a strong weighting for safety and skills. However, in contrast to last year, it no longer has the strongest weightings for income and income distribution, with most weightings now following Index averages.

South East:

The South East places the highest weighting on incomes, with the lowest weighting on work-life balance relative to other regions. The South East also has the second lowest weighting on the environment, contrary to the highest last year.

Spotlight on Sheffield: Bringing culture and nature together to drive growth

Sheffield has a wealth of natural and cultural assets with green spaces, woodlands and reserves spanning 61% of the city and the Peak District National Park in its boundary. The city is increasingly focused on not only highlighting the health and social benefits of these green spaces, but also their economic potential. These assets help to attract and retain talent, offering a great place to live with a balance of both city and outdoor living.

Three new multi-generational neighbourhoods are being built across Sheffield city centre, contributing to delivery of 20,000 new homes and benefitting from investments in infrastructure around public transport and energy. Building on the successful foundations of regeneration across the city, the Heart of the City development and Kelham Island demonstrate Sheffield's track record in driving growth in this area and offer a model for continued development.

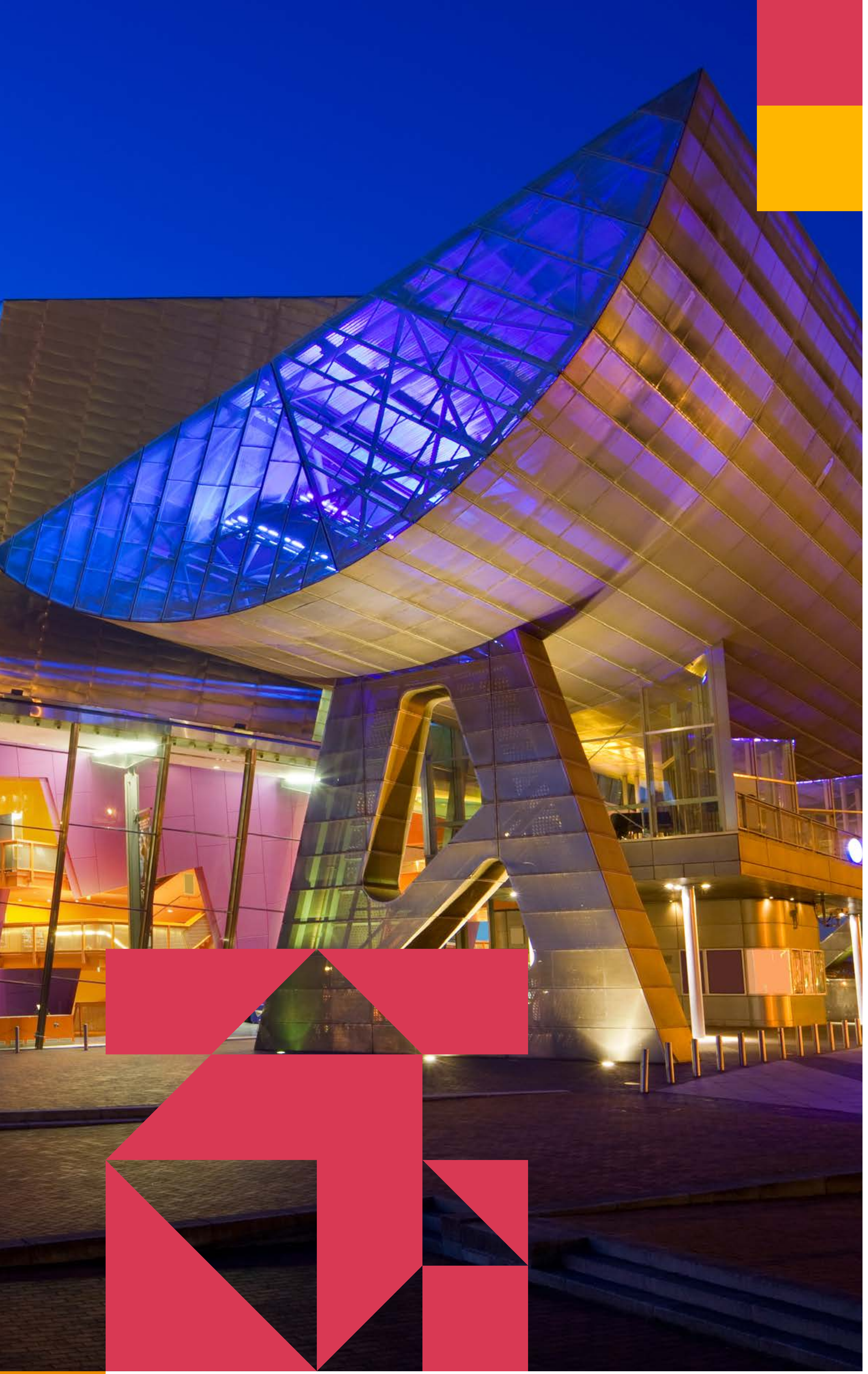
Working with partners, Sheffield has set out robust plans to be a leading UK and global economy. This includes a 10-year growth plan that is underpinned by strategies focused on skills and employment, culture, transport and housing to drive productivity and boost prosperity across the city.

Sheffield's strong sense of community and collaboration is also a key driver of its economic transformation. Despite the lasting impact of industrial decline, the region is now shaping the future of the UK's manufacturing, digital, and health sectors. The Advanced Manufacturing Innovation District, for example, connects researchers, businesses and production facilities, and has attracted manufacturing giants such as Boeing, McLaren and Rolls-Royce. The Advanced Wellbeing Research Centre, led by Sheffield Hallam University, is taking a similar approach, bringing together a blend of public and private partners to co-produce innovations that support people's health.

The Sheffield Innovation Spine demonstrates how the city is building on existing strengths in advanced manufacturing and health tech, scaling up while also continuing to innovate. The city also has one of the largest Clean Tech clusters with unique capabilities in the decarbonisation of industry, heat networks and sustainable fuels.

Sheffield is a city dominated by small businesses, with 81% of enterprises employing 10 people or fewer. Start-ups benefit from more affordable office costs, access to talent through the city's universities and the potential to drive significant returns. To enable businesses to further grow and scale up in the city, Sheffield is looking to transform its infrastructure and to operate within national and global supply chains more effectively. This will also boost long-term graduate retention, capitalising on Sheffield's above-average graduate retention rate of 42%.

The city's plans for growth bring its unique offering—balancing culture and nature—to the fore. With its green spaces, thriving industry hubs, and community feel, Sheffield is shaping itself as a liveable and vibrant place to live and work.



03 Skills, work-life balance and jobs drive improvements

Across UK cities, this year's Index results show the largest improvement in the category of youth and adult skills, with more people attaining higher level qualifications. We also see continued improvements in work-life balance and jobs. On the other hand, the rising cost of living has caused a notable decline in the house price-to-earnings ratio, which has limited overall improvement in the Index.

This year's Index analyses the performance of the UK's cities and local authorities between 2020 and 2022, while the 2023 Index measured the performance between 2019 and 2021. As a result, we now have a more complete picture of how the UK's local authorities and cities have changed since the pandemic.

The analysis in this section explores the underlying performance of the local authorities, while the previous section analysed the changes in public priorities. Figure 4 outlines the change in the score for each variable in this year's Good Growth Index (2020-22) compared to our previous 2023 Good Growth Index (2019-21). Overall, there is a marked improvement in youth and adult skills, work-life balance and jobs.

Skills

The improvement in both youth and adult skills is likely to be driven by the reduction in employment opportunities seen during the pandemic which prompted more people to turn to further education to enhance their skills. More people in the UK are obtaining Regulated Qualifications Framework (RQF) 3+ qualifications, equivalent to A-levels or higher level qualifications, such as Bachelors and Masters level degrees at universities.

Work-life balance

We also see a notable improvement in work-life balance in the UK. People continue to prioritise their work-life balance as they make active choices to pursue fulfilment outside of work, with fewer people in employment working more than 45 hours per week compared to before the pandemic. This is unsurprising, and perhaps underpinned by the renewed attention people have taken towards prioritising their work-life balance since the pandemic.

Jobs

There is a marked improvement in jobs, driven by a lower unemployment rate in the UK. There are a variety of reasons for this, including the use of the UK furlough scheme which meant people on furlough were not considered 'unemployed', more individuals being out of work through long-term sickness which means they are not part of the eligible working population and a more confident business environment during 2022 where business hired more workers as the economy picked up.

Housing

There is, however, a decline in other variables, such as housing, indicating where public policy should focus in order to deliver good growth in UK cities. The house price-to-earnings ratio and health sees the largest decline since our previous Index, with cost of living pressures impacting housing affordability and access to adequate healthcare. With real incomes unable to keep pace with price rises on housing, fuel and other material goods, it is unsurprising that the UK has deteriorated on these indicators.

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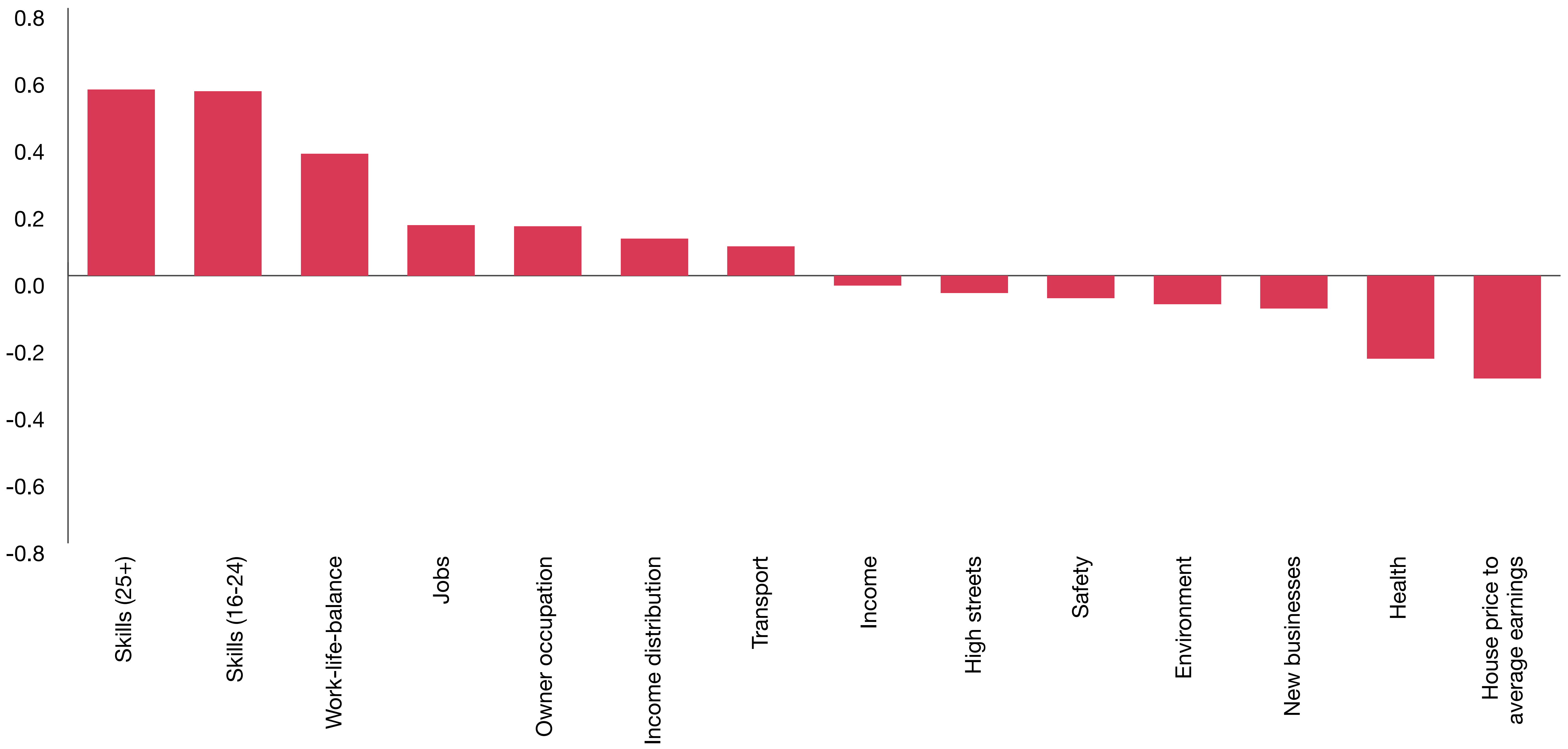
Figure 4: Average change in score since the 2023 Good Growth Index (2019-21), ordered from highest to lowest, by indicator of the Index*



Source: Demos/PwC Analysis (2023)

*Note: As outlined in the methodology, there are two variables in our index that consist of two indicators. The housing variable consists of owner occupation and house price-to-earnings ratio, and the skills variable consists of youth and adult skills. These have been separated out in Figure 4 to determine the change for each of these indicators.

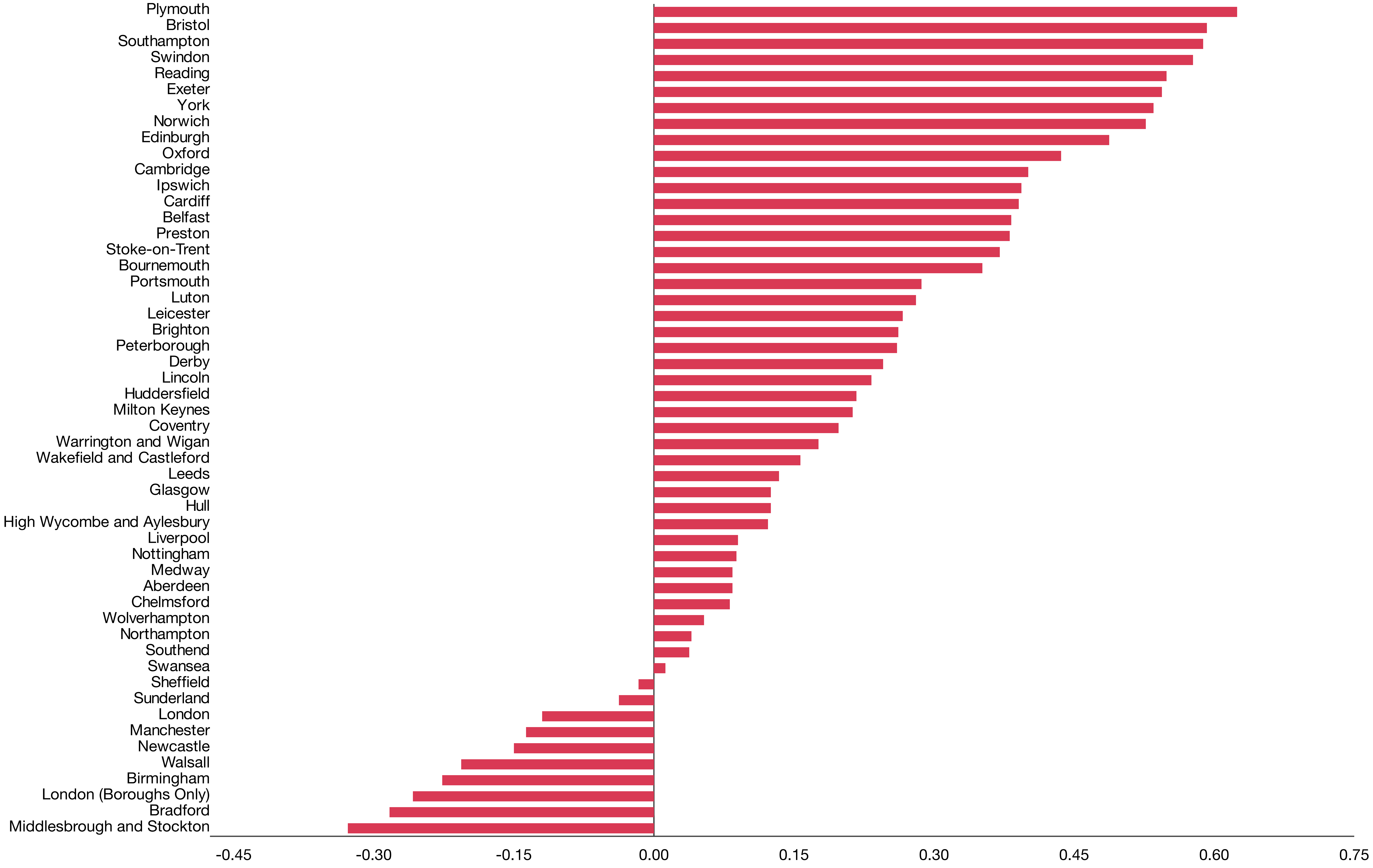
Insights:

It is worth noting that the public priorities and the city rankings are captured at different times. The priorities of the public in this year's Index are captured as of January 2024, whereas the performance of cities in this year's Index is measured through a three-year weighted average of 2020—2022. The lag is due to data availability issues.

This can point to interesting developments. For example, though this year the public did not rank skills as highly as it did during the pandemic when there was a greater focus on upskilling, the actual performance of skills within cities this year (as measured by the percentage of individuals who have attained RVQ3+ qualifications) has increased compared to our previous Index. This has helped some cities move up in the rankings. Conversely, the public has placed a higher priority on health this year, but actual performance on health (as measured by life expectancy) has worsened across local authorities in the UK.

Figure 5 presents the overall distribution of cities' scores, defined by travel to work areas (TTWAs) and our baseline over 2017-19.

Figure 5: 2024 Good Growth for Cities Index results by city, ranked highest to lowest

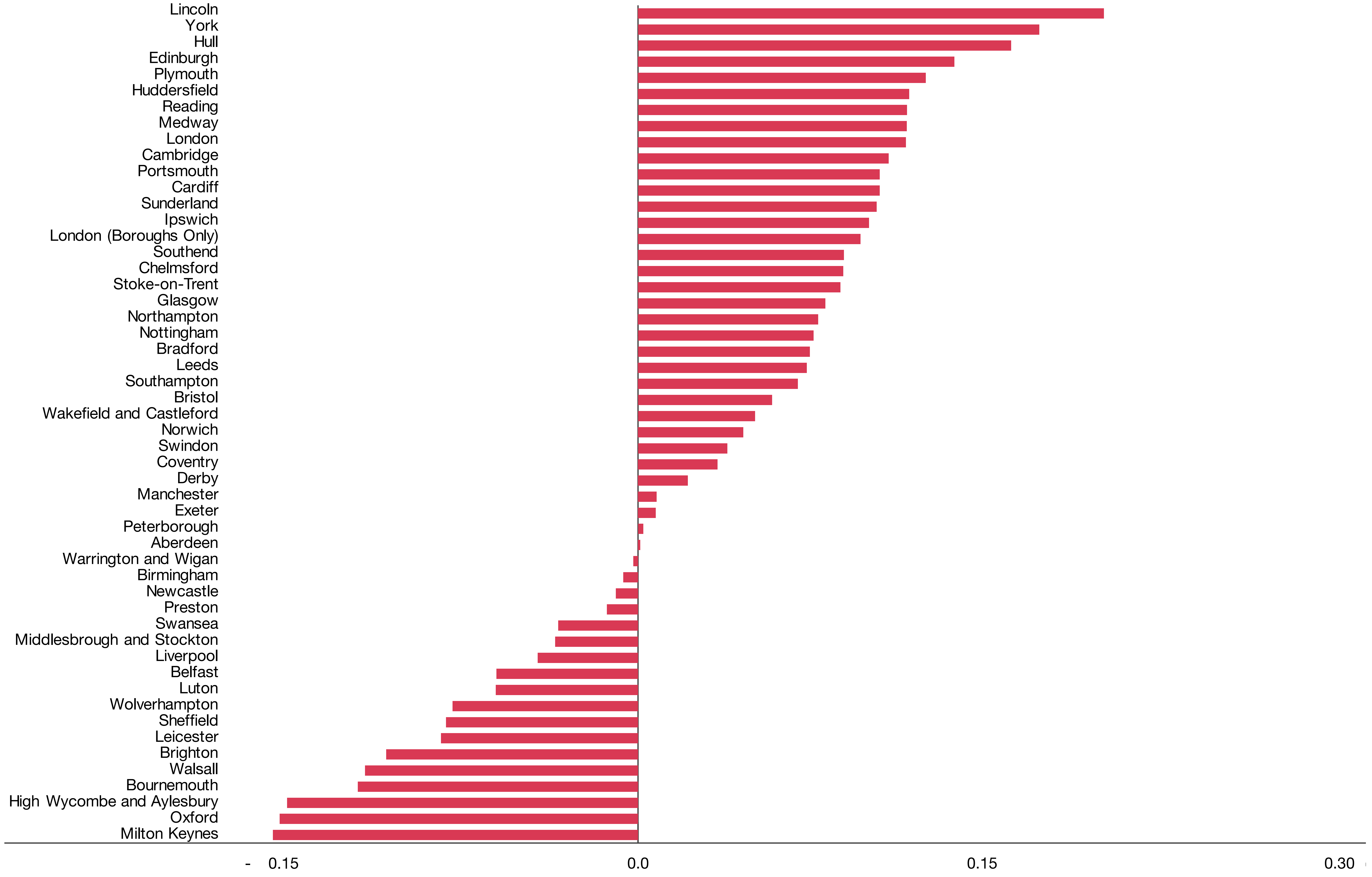


Source: Demos/PwC Analysis (2023) Note: The data covers the period 2020—2022

Good Growth scores by city

Plymouth and Bristol rise significantly to first and second place in this year's Index, with Southampton remaining strong in third place. Plymouth secures first place with high scores across income distribution, work-life balance and jobs. The shift of public priorities this year also contributes to some movement in city rankings, with significant changes in weightings across the variables prompting broad changes to overall scores. Bristol similarly performs well on jobs and work-life balance, also scoring highly on skills.

Figure 6: Change in Good Growth Index score by city, from previous scores to current scores using latest weightings, ranked by highest to lowest change

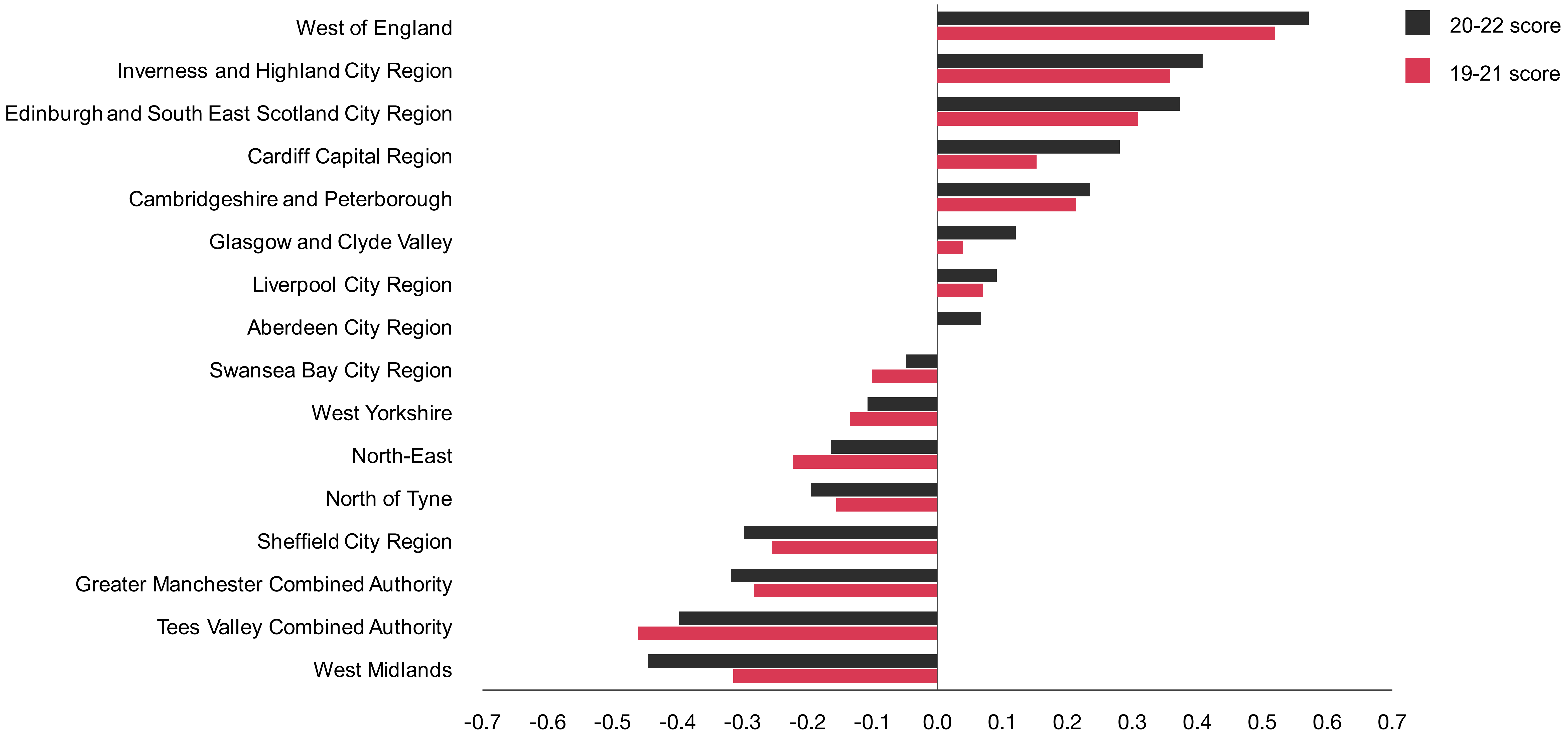


Source: Demos/PwC Analysis (2023)

Good Growth scores by Combined Authorities

Almost all Combined Authorities (CAs) improved their Index scores this year, with the Cardiff City region, Glasgow and Clyde Valley, and Aberdeen City Region showing particular improvement. The West of England remains top of the CA Index, scoring highly on skills, jobs and environment.

Figure 7: 2024 Good Growth Index scores by Combined Authority area, ranked highest to lowest

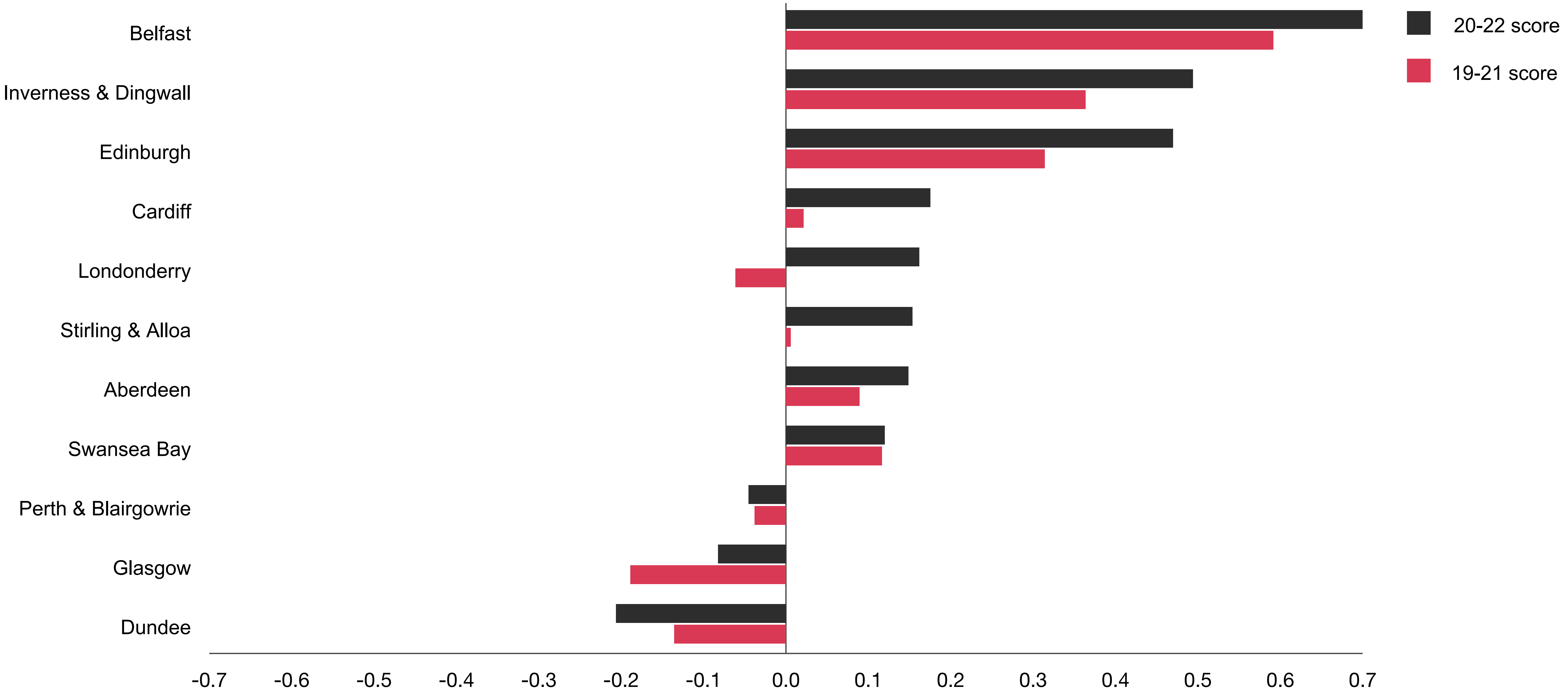


Source: Demos/PwC Analysis (2023)

Good Growth scores by Devolved Administrations

Belfast, Inverness & Dingwall and Edinburgh remain top of the Index for cities in the Devolved Administrations (DAs) this year, maintaining the top three spots from last year. While most cities improved their Index score, Cardiff is the biggest climber, with work-life balance, owner occupation, income distribution and safety improving significantly for the DA this year.

Figure 8: 2024 Good Growth Index scores in devolved regions, ranked highest to lowest

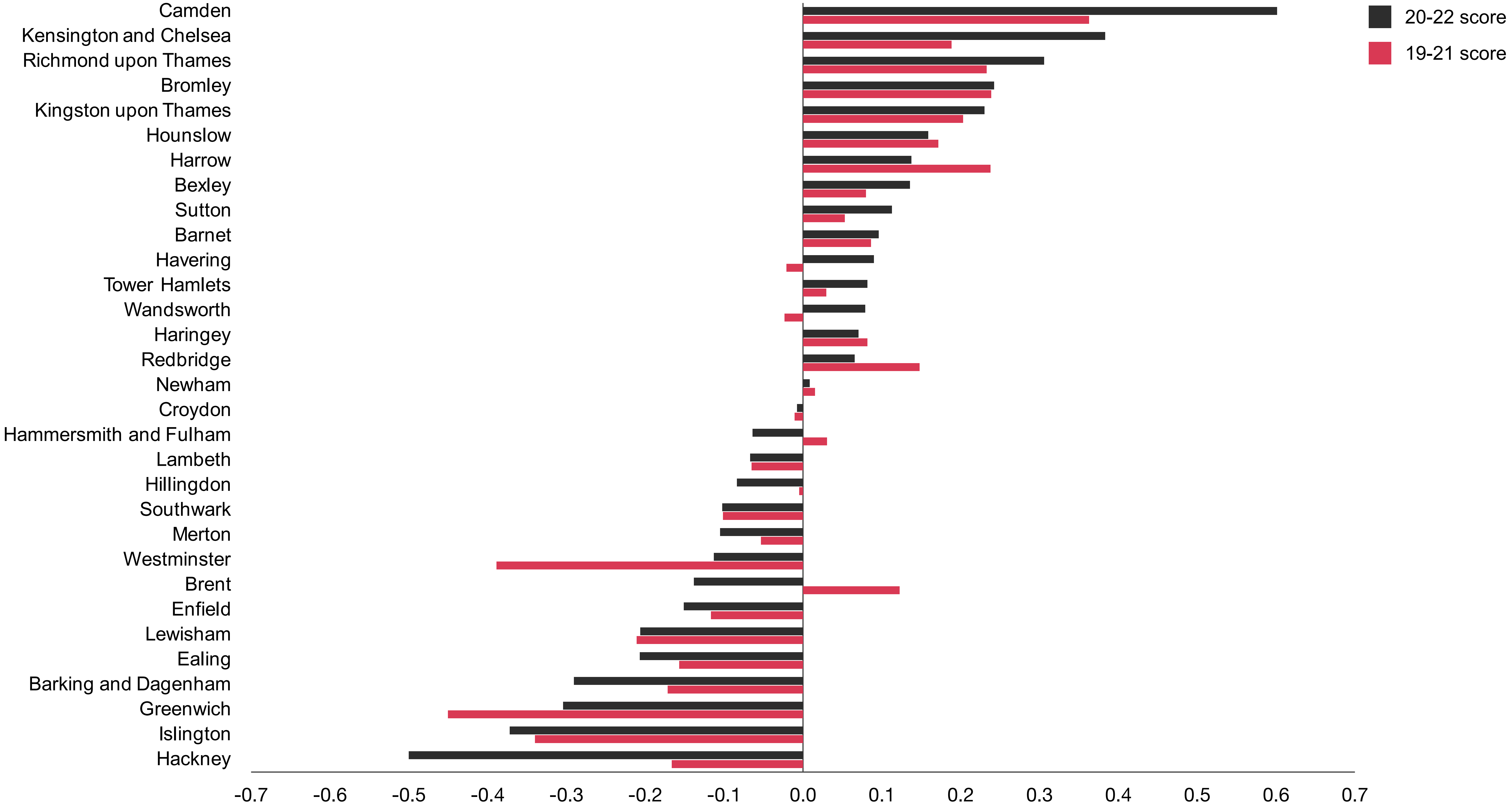


Source: PwC Analysis (2023)

Good Growth scores in London Boroughs

Camden claims the top spot among the London Boroughs this year, maintaining its lead from last year with strong performance on life expectancy, new businesses and transport. Both Westminster and Kensington and Chelsea show significant improvements, with Kensington and Chelsea rising to second place in the Index with strong performance on income, life expectancy and commuting times.

Figure 9: 2024 Good Growth Index scores in the London Boroughs, ranked highest to lowest



Source: Demos/PwC Analysis (2023)

Spotlight on Swansea: Transforming for shared prosperity

Swansea's plan to transform into a hub of inclusive growth and opportunity rests on targeted investments, strategic collaborations and a focus on skills. The city's need for transformation is driven, in part, by its lagging productivity and the decline of its industrial sector. While manufacturing is likely to continue playing a role in the local economy, the uncertainty around the future of Tata Steel's furnaces in Port Talbot highlights the region's need for diversification.

The shift to a service-led economy has, however, reinforced the need to reimagine and rebuild the heart of the city. City leaders say that with the post-war reconstruction efforts of the 1950s coming to the end of their useful life, plans have shifted towards investing heavily to develop a more sustainable and attractive city.

In 2014, the City Council launched an ambitious £1 billion regeneration programme to transform the centre and surrounding areas. Completed initiatives include Swansea Arena, a multi-purpose venue that opened in 2022, and pedestrian and cyclist pathways that connect the city centre and coastline. In 2024 the Council will complete '71-72 Kingsway' a high quality digitally-enhanced workspace, with sustainability as its core. Many historic buildings around the city are also being brought back into use in new and imaginative ways. There are also plans in place to create a new waterfront district with places to eat, drink and entertain, along with investments in a green energy transport hub with one of the largest energy generating facilities in the UK.

These efforts are making Swansea a more attractive region for investors and businesses alike. The number of businesses in Swansea has risen steadily over the last five years and start-up survival rates are keeping pace with the rest of Wales and the UK. Affordable office spaces, a high graduate retention rate and the effective roll out of government support, including the Shared Prosperity Fund and Levelling Up Fund, have helped start-ups survive and grow.

As the city's economic base has evolved, so too have its skills requirements. For over a decade, city leaders have placed a strong emphasis on strengthening links between education providers and employers, with the Regional Learning and Skills Partnership (RLSP) playing a vital role in identifying employer needs and creating opportunities to address skill gaps. Supported by the Swansea Bay City Deal, a £1.3 billion investment in the regional economy, the RLSP creates pathways into high-growth areas including digital, construction, energy, health, and smart manufacturing.

Swansea does, however, continue to grapple with economic disparity, with areas marked by significant deprivation. The cost of energy, insufficient access to affordable and safe housing and low emotional well-being are some of the key areas of concern. The City Council takes a holistic approach to these challenges, with the provision of more affordable housing, greater access to health services and the regeneration of outdoor spaces. The city's More Homes initiative saw Swansea Council add almost 90 affordable houses to its stock of 13,712 for rent in 2023, while a £7 million investment in children's play areas is currently being rolled out. Alongside concerted efforts to boost skills, support local businesses, and transform the city centre, it's clear that Swansea is forging a path towards a more prosperous and inclusive future.

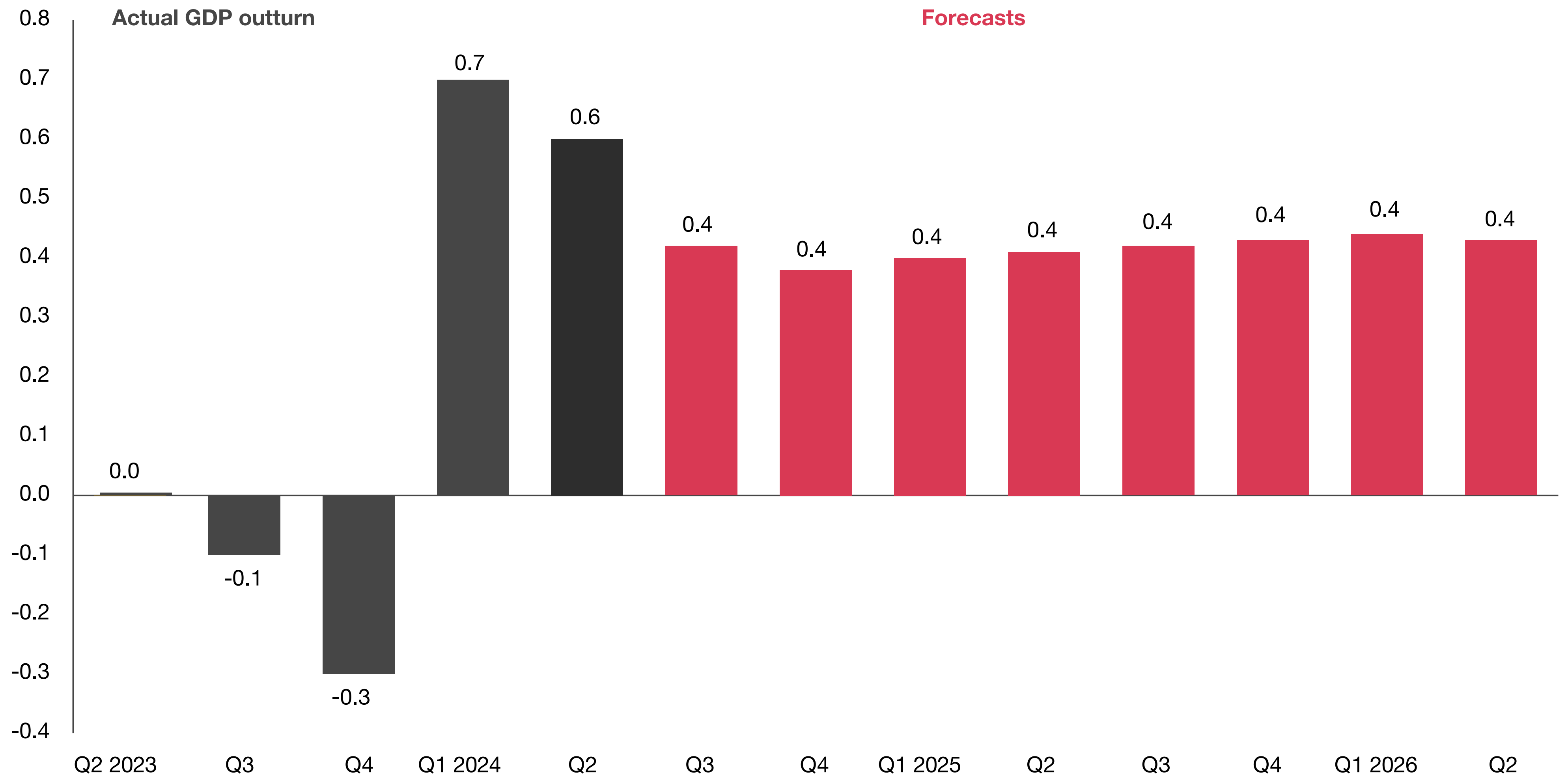
04 Rosier economic outlook for the UK

A tough macroeconomic environment has not only changed the public's priorities but also impacted real economic growth in UK cities. The cost of living crisis, coupled with tighter monetary policy, resulted in a small recession at the end of last year. While the economy has not yet fully recovered, we expect activity to pick up later this year and into the next.

UK economic outlook

Following a recessionary period towards the end of 2023, latest ONS figures indicate that the UK economy is steadily recovering, with actual quarter-on-quarter (QOQ) GDP for the first quarter of 2024 at 0.7% and for the second quarter at 0.6% (**Figure 10**). This positive economic growth is partially driven by an uplift in UK business, improvements in household finances, and a declining trend in inflation. Decreasing energy prices and reductions in the prices of core goods and services have led to a fall in overall inflation, significantly easing the cost of living crisis and boosting economic activity.

Figure 10: UK real GDP quarter-on-quarter growth, 2023 Q2—2026 Q2



Source: ONS (August 2024); PwC UK Economic Outlook (July 2024) PwC UK Economic Outlook (July 2024)

Latest estimates from the ONS show Consumer Prices Index (CPI) inflation has continued its downward trend in 2024, reaching 2.8% in May and June and upticking slightly in July to 3.1%. Our latest UK Economic Outlook predicts that CPI inflation will continue to hover around the Bank of England's target level of 2% for the remainder of 2024. Following the Bank's first cut in interest rates in August 2024, we expect the Bank to further loosen UK interest rates through one or two further cuts towards the end of the calendar year, which should foster a more positive economic outlook for the UK. Partly reflecting looser financial conditions, we expect UK economic growth to pick up more steadily in 2025. In our main scenario, on an annual average basis, we expect the UK economy will grow by around 1.0% this year and 1.7% next year.

Sectoral outlook

Although the overall outlook is more optimistic, the UK's sectoral economic performance will vary due to a range of economic factors, such as market demand, regulation, productivity, and innovation. A breakdown of sector growth rates is shown in **Figure 11**.

Strong growth in the public sector is expected in 2024 with Public Administration, Defence, and other services seeing a growth rate of 2.2%, and human health and social work activities seeing a growth rate of 1.1%. This is partly due to the fewer industrial actions expected this year compared to the last and the uptick in the output of these industries.

We also expect the Transportation and Storage sector to grow by 3.0% in 2024 and 3.7% in 2025. This growth is expected to be partly driven by an increase in domestic consumer spending as tourism returns to pre-pandemic levels.

On the other hand, we expect the UK's Financial Services and Insurance sector to see a slight contraction in 2024, with the wider macroeconomic environment weighing down growth. Higher employment and borrowing costs, driven by increased inflation and interest rates over the past year, are significant factors. In addition, insurers prices have started to moderate in 2024, limiting the overall growth of revenue in the Insurance sector. However, with interest rate cuts on the horizon, there is optimism that activity in these sectors has troughed and will start to pick up again as costs stabilise.

Spotlight on Walsall: Driving transformation through projects and partnerships

Walsall's £1.5 billion transformation to drive major improvements through projects and partnerships is already underway, creating more than 4,000 new jobs and building more than 1,000 new homes across the borough. The Council has consulted with the public and local businesses to help drive change by meeting local needs with people and businesses at the heart of this transformation.

Walsall has identified two key areas for improvement; community safety and health, with the borough's younger residents in particular citing these as issues in the area. Walsall has a slightly higher crime rate than the national average with 118 crimes per 1,000 people compared to the national rate of 85. To address this and to improve perceptions and make the borough safer, plans are in place to change the high street, bringing a greater diversity of visitors to the area. By investing in the area and increasing footfall, Walsall is ready to start attracting private sector investment to drive transformation. Local colleges, universities, businesses, community groups and public services are building a long-term vision with the Council to make the borough feel safer and to become a healthier place to live.

This involves improving the council-owned Saddlers Centre, creating a new plaza, green spaces, a bridge over the canal and the development of a digital hub and a Creative Industries Enterprise Centre (CIEC), all of which play a key role in enhancing the borough. The Council is also driving forward plans to improve local entertainment by introducing a new theatre and event spaces to attract a greater diversity of people.

The We are Walsall 2040 initiative is another example of this progress, bringing together more than 10,000 residents and businesses across the borough to develop a vision for the future.

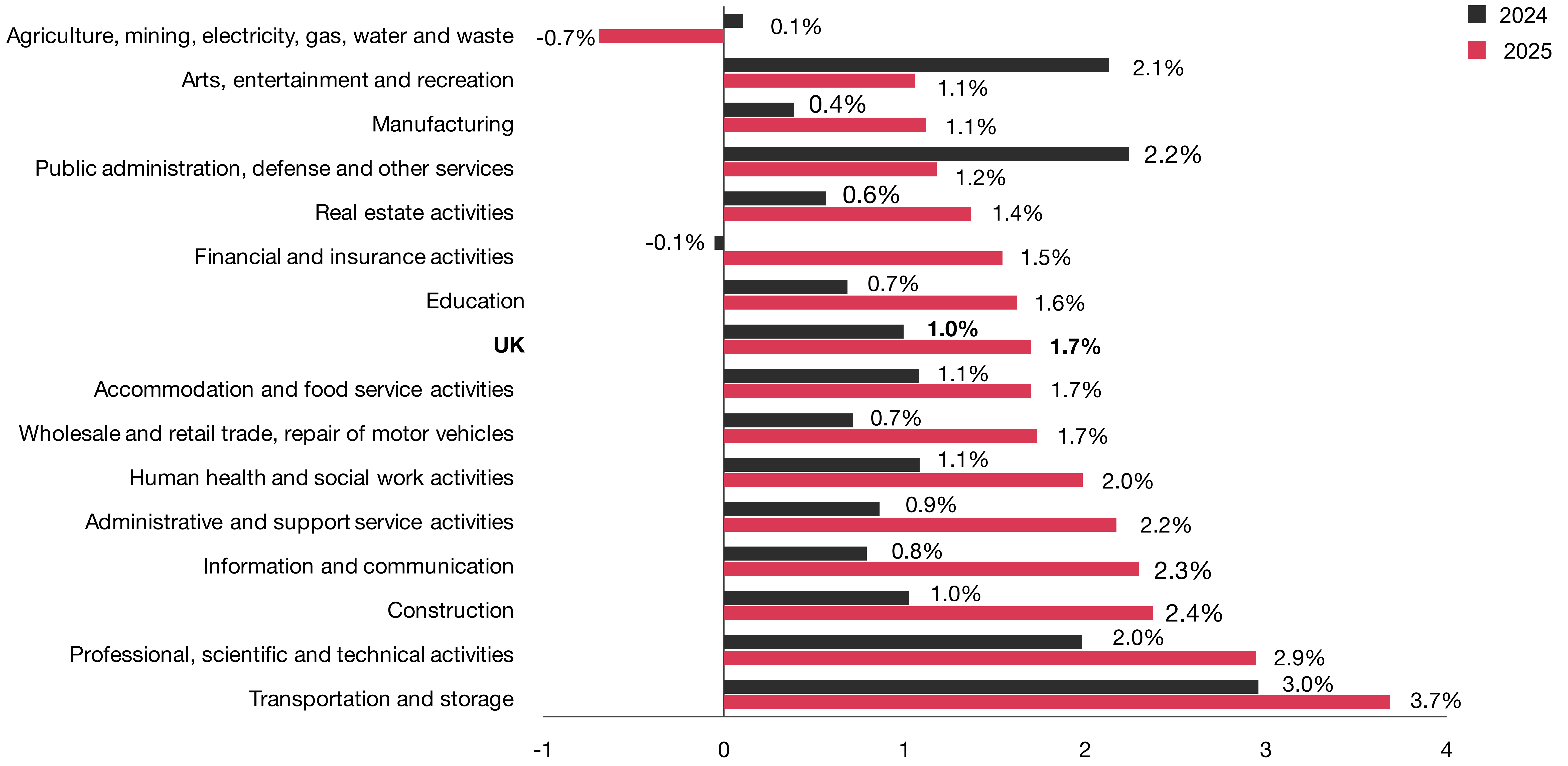
And, with a presence this year at the UK's Real Estate Investment and Infrastructure Forum (UKREiiF,) opportunities are being promoted across the region including a huge amount of work in the pipeline to drive growth.

Another area of focus is on improving skills across the borough and boosting employment rates. The CIEC is at the heart of this drive, supporting creative industries, linking with local universities and offering training for community groups to address gaps in skill sets in the region. Additionally, the College's new construction centre and adult learning centre will help provide residents with training and enable locals to retrain for the workforce. SPARK Walsall is also a key project which has transformed a large brownfield site into the largest employment site in the region, creating many job opportunities for local people. Walsall is already making headway with an employment rate of 73.5% in 2023—this is the highest rate on record for Walsall according to the Office for National Statistics Annual Population Survey and brings the borough closer to the national average of 74.5%.

With a pipeline of projects lined up and a coherent strategy in place, Walsall is establishing itself as a credible partner already committed to driving growth and enhancing the potential of the borough.

This, combined with a thriving manufacturing sector, a growing population and well-connected central location, makes the borough a popular location for businesses and increasingly for residents. The Local Government Chronicle Awards recently recognised Walsall as the most improved council in the country, demonstrating the progress that has been made to date as it prepares to drive ahead and deliver further growth.

Figure 11: Projected GVA growth rate by sector, % annual change in 2024 and 2025

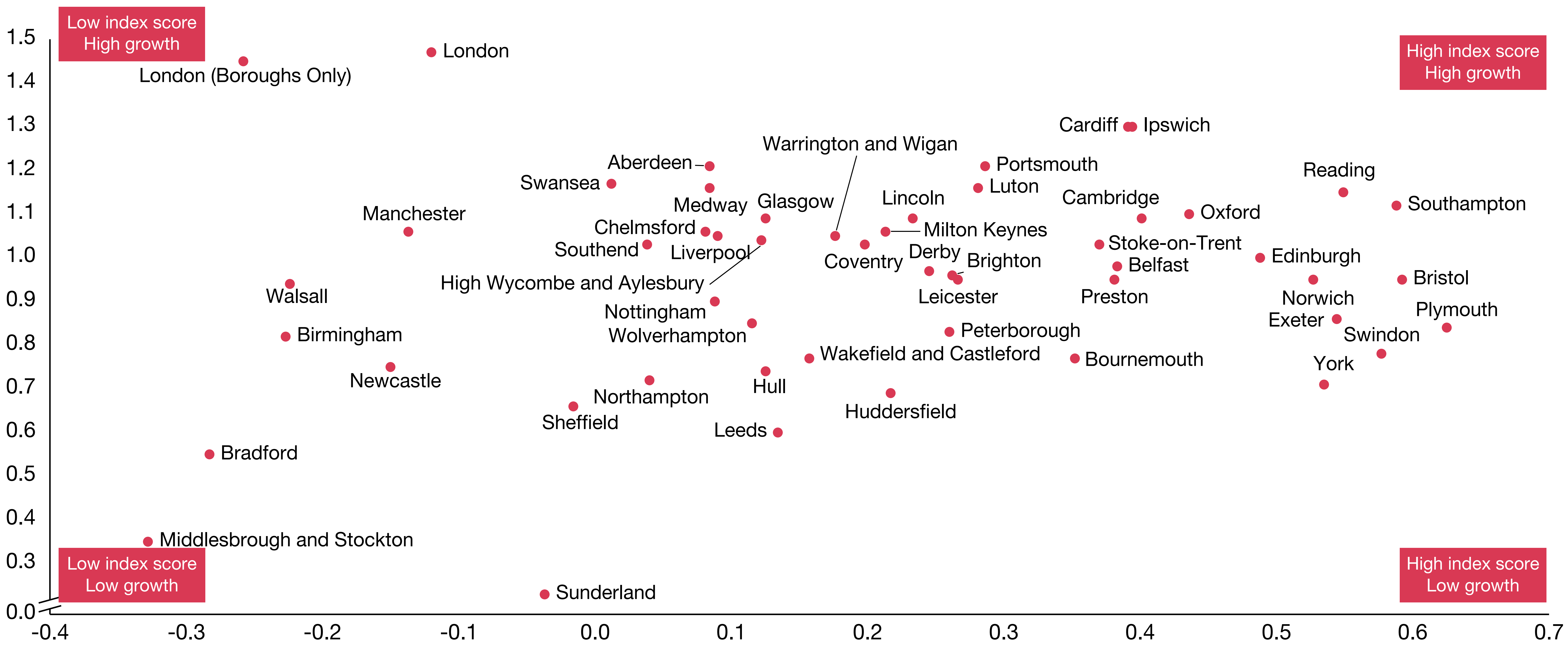


Source: iHS Markit, PwC Analysis (2024)

City outlook

Figure 12 illustrates the 2024 annual GVA growth rate of each city in our Index, and their corresponding Good Growth scores this year. High performing cities in the Index, such as Plymouth, Bristol and Swindon, have relatively average economic outlooks for 2024, consistent with that of cities that are lower in the Index, such as Walsall, Birmingham and Nottingham.

Figure 12: 2024 annual GVA growth rate by city (%) and Good Growth for Cities Index score



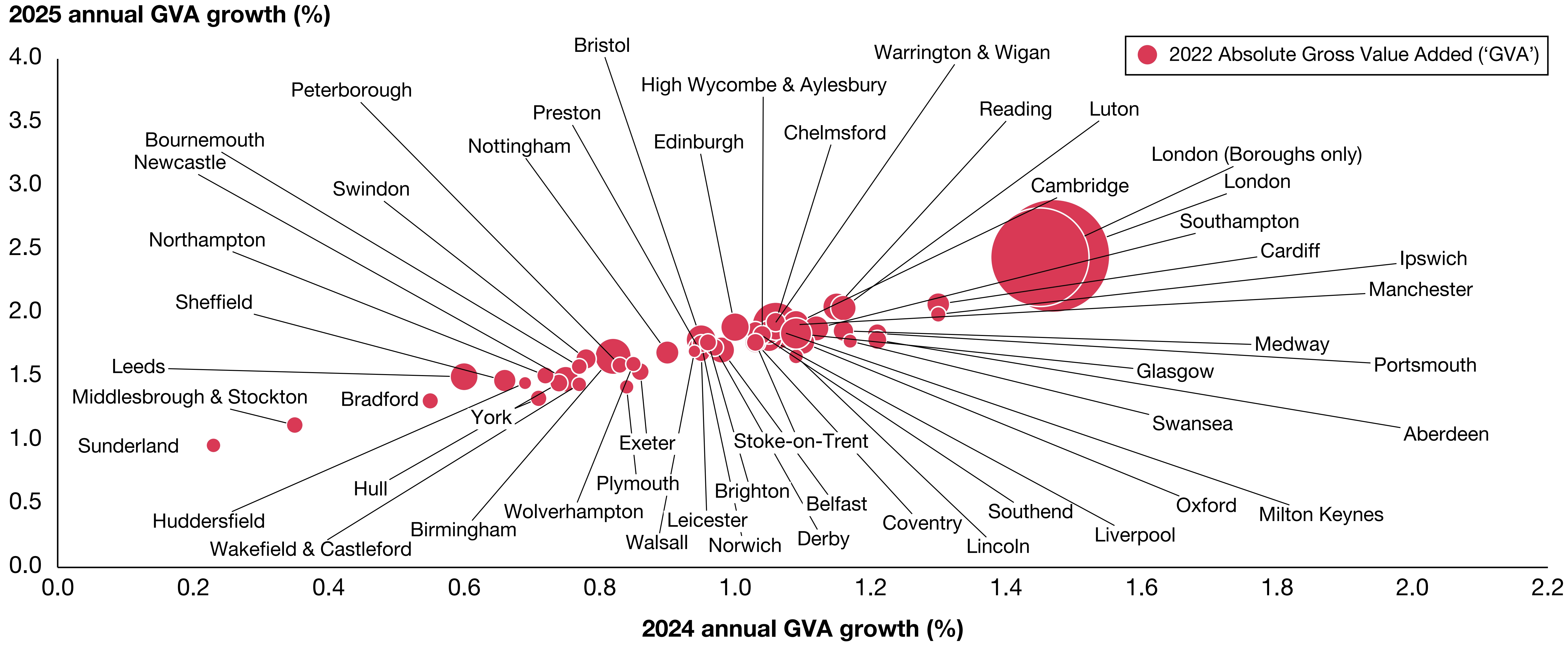
Source: PwC Analysis (2024)

Part of the reason London and Manchester, for example, demonstrate stronger economic growth in annual GVA growth terms is due to their sectoral composition. The relatively higher levels of wealth and prosperity in these cities are likely to spur economic growth. This gives these cities an opportunity to address their low standards of living, demonstrated by their low performance in the Good Growth Index this year.

Our analysis further demonstrates it is possible to have strong economic growth while maintaining good scores in the Good Growth Index. In the top-right corner of **Figure 12**, there are cities that maintain a strong Good Growth score and a strong economic outlook for 2024. Ipswich, Reading, and Southampton are among the cities in the Top 10 of our Index that are expected to see economic growth of at least 1.1% in 2024. This demonstrates that strong social, environmental and economic performance can act as a prelude to strong economic growth in the future.

Looking ahead, the 2024 and 2025 annual GVA growth rates for each city are shown in **Figure 13**. We expect cities that demonstrate strong economic growth in 2024 to secure strong economic growth again in 2025. This, again, is due to their sectoral forecasts, but also wider elements such as network effects, high growth rates attract investments which in turn draw in more businesses, people, developers and ultimately, further economic growth.

Figure 13: 2024 and 2025 annual GVA growth rates by city (%)



Source: PwC analysis (2024)

Several cities are projected to have strong growth relative to other cities in both 2024 and 2025, with Cardiff, Ipswich, and London all expected to see growth of at least 1.3% in 2024 and 1.9% in 2025. London is expected to be the best performer of the 52 cities (including London (Boroughs only)), with growth of 1.5% in 2024 and 2.4% in 2025. The particularly high growth in 2025 is due to the strong performance forecast for the technology, professional and administrative services sectors—which are all expected to see growth upward of 2.9% in 2025.

At the opposite end, Sunderland is expected to perform relatively poorly, with a growth forecast of 0.2% for 2024 and 1.0% for 2025. This is significantly below the average growth rates for the UK, which are 1.0% for 2024 and 1.7% for 2025. The sluggish growth in the financial and insurance sectors, as well as the manufacturing industry—which makes up over 20% of Sunderland's economy—partly drives this underperformance.

Spotlight on Aberdeen: Building a skilled workforce for a greener future

As the powerhouse of the UK's oil and gas industry, recent geopolitical instability and rising global energy costs has seen a renewed focus on Aberdeen. Greater efforts are being taken to protect domestic supply and reinforce the importance of the North Sea to the UK's energy security.

Aberdeen has long supported economic growth in North East Scotland and fuelled innovation, skill and infrastructure. It's a legacy city leaders are now building on as they work towards a new vision. Using its engineering expertise, infrastructure and natural resources, Aberdeen sees itself as a leader in Europe's low-carbon future. Public and private partnerships and investments are driving the rollout of green energy solutions—including offshore wind, hydrogen, and carbon capture.

The development of Scotland's largest energy transition cluster, the Energy Transition Zone (ETZ), is a key part of the vision. Supported by funding from the Scottish and UK Governments, the ETZ aims to deliver dedicated space for low-carbon businesses and create 10,000 energy transition-related jobs across the region by 2030. In parallel, funding is being channelled into green technology through the Net Zero Technology Centre (NTZC), a not-for-profit established through the Aberdeen City Region Deal with a £180 million investment. To date, NZTC has invested in 347 technology development projects, along with its accelerator programme which has supported 69 start-ups, collectively generating 442 green jobs (please see our Green Jobs Barometer for our definition) and safeguarding around 1,000 jobs.

Aberdeen is also paving the way for greener cities. Its fleet of hydrogen buses, for example, was the first of its kind in Europe. But city leaders say that such innovations don't happen overnight and are the result of many collaborations between the public and private sectors.

What's more, with the city responsible for 80% of the UK's direct oil and gas sector employment, Aberdeen's success as a green leader hinges on its ability to reskill its workforce and diversify.

The decline of its working age population—the most substantial decline across Scotland—compounds its need to create attractive opportunities for people to learn, work and live in the region. City leaders are focusing on growth areas in the city—such as renewable energy, digital technology, food and drink, and life sciences—and working to provide people with access to different pathways and areas of specialism. Recent developments include the rollout of a new suite of programmes, including support for school leavers, experienced workers who have been made redundant and the long-term unemployed.

In June 2023, ETZ published its Jobs and Skills Action Plan to provide people with the skills needed to capitalise on energy transition activities and ensure local communities benefit from employment opportunities. A key component of this, the Energy Transition Skills Hub, is set to open in September 2025. The project has attracted private sector support, with Shell UK contributing £1.8m to the project and supporting the creation of 1,000 jobs in energy transition over five years. Aimed at supporting Aberdeen's leading role in the UK's green transition, these investments signal a highly promising future for the region.

Tourism also has a major role to play in Aberdeen's economic future with significant room for growth compared to over subscribed cities. Aberdeen City Council has invested over £500 million in driving tourism and culture activity with redevelopment of the Art Gallery, Provost Skene's House Museum, Union Terrace Gardens and the Music Hall, plus the creation of TECA, Scotland's most sustainable major conference and entertainment venue with the highest indoor arena capacity in the country. As well as retaining talent, the city is keen to promote its vast tourism and cultural offerings to encourage more people to visit and relocate.

05 Challenges and opportunities ahead

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Despite growing optimism about the UK economy and the prospect of a major programme of devolution, local government continues to operate in a period of rapid transformation.

The changing political and economic landscape, coupled with ongoing advancements in technology, requires local government to act decisively and strategically in their transformation journey to secure growth—particularly in the polarising areas of housing, education and jobs.

Our research highlights the public's growing demand for action in these areas, which not only form the bedrock of individual financial well-being but also impact nationwide economic growth.

Four key areas present both challenges and opportunities for local areas:

01 Housing affordability

Housing affordability has worsened in recent years, with the average house price-to-earnings ratio in the UK currently over eight times, compared to just four times in the 1990s.[4]

In cities, a lack of strong housing supply and an increasingly competitive market has caused a steep increase in prices for both buyers and renters, further exacerbated by interest rate rises since 2021. The high cost of renting in the private sector is also restricting opportunities to save towards a deposit, limiting people's ability to get onto the housing ladder.

The previous Government implemented a number of demand-side initiatives (such as Help-to-buy and Lifetime Investment Savings Accounts) to improve the purchasing power of potential buyers. While such efforts support first time buyers, wider research suggests supply-side solutions are more effective in addressing the housing challenge.[5] Increased housebuilding, investment in retrofitting and upgrades and an increase in the availability of affordable housing, all help to improve housing outcomes.[6]

4 Burn-Murdoch, J, (2024) The housing crisis is still being underplayed
5 Bramley, G. (2019). Housing supply requirements across Great Britain for low-income households and homeless people: Research for Crisis and the National Housing Federation, Main Technical Report. Heriot-Watt University.
6 Homes England (2023). What is affordable housing?

The delivery of additional affordable housing is particularly important given the increase in social housing waiting lists over the last six years. **Table 1** shows the number of households that have applied for social housing support since 2018.

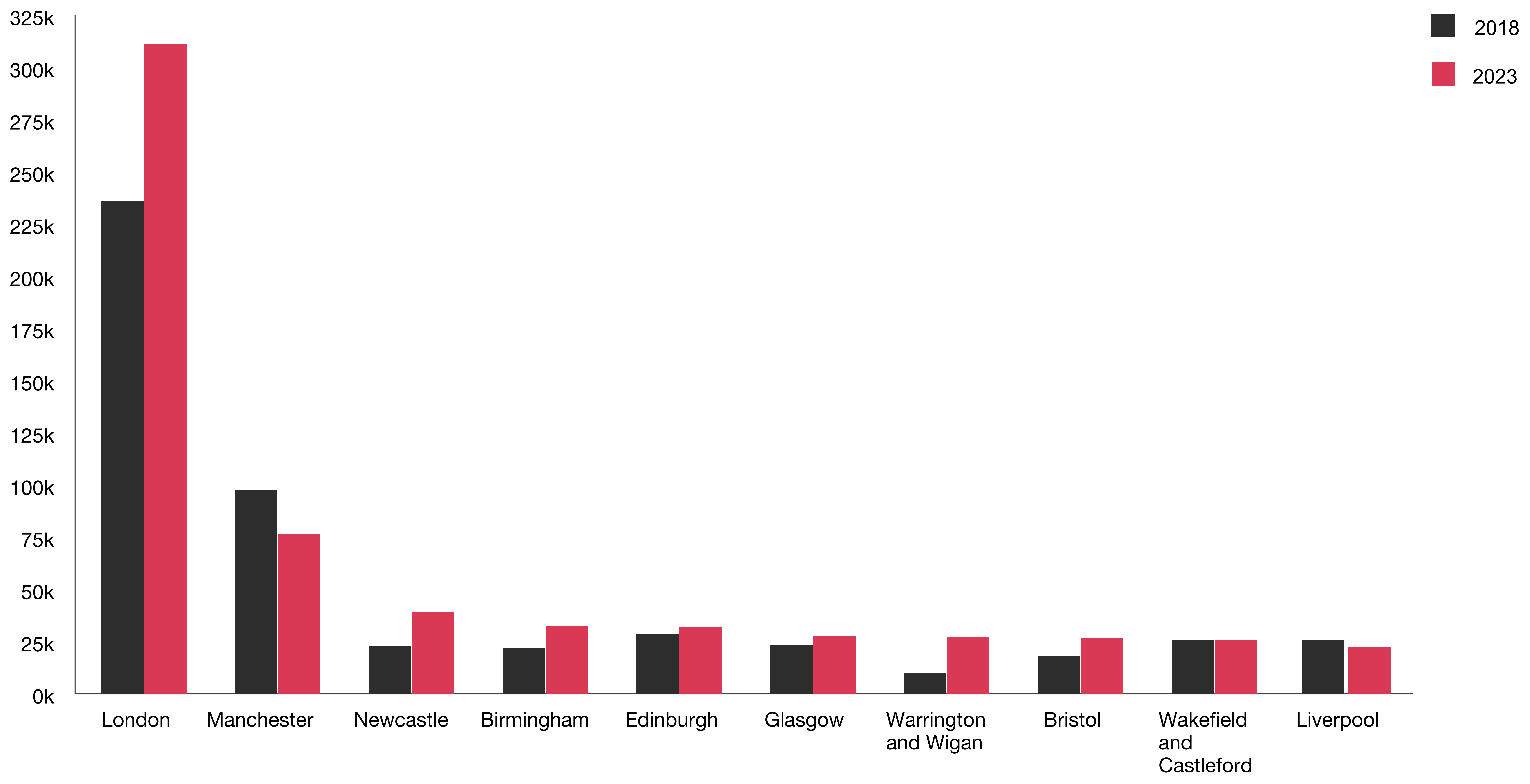
Table 1: Number of households or applicants applying for social housing support, 2018—2023, by UK region, rounded to nearest thousand

Region	2018	2019	2020	2021	2022	2023
England	1,126,000	1,160,000	1,137,000	1,183,000	1,215,000	1,287,000
Scotland	158,000	158,000	165,000	179,000	167,000	175,000
Northern Ireland	36,000	38,000	39,000	44,000	44,000	45,000
Wales	Data unavailable for Wales					

Source: Department for levelling up, Housing and communities (2024), Scottish Government (2024), Northern Ireland Housing Executive (2023)[7]

7 Official statistics for Wales were not available at the time of research, although estimates around the number of applications for social housing stood at ~67,000 households as of 2020 according to Shelter Cymru

Figure 14: Top 10 highest numbers of households or applicants on local authorities' housing waiting lists by TTWA, excluding Welsh and Northern Ireland cities, ordered by largest waiting list in 2023, 2018—2023



Source: Department for levelling up, Housing and communities (2024) and Scottish Government (2024)

The growing demand for affordable housing is driven by several factors including rising inflation and cost of living pressures which are squeezing incomes. These pressures are further compounded by the lack of security in the private rental sector, where rent increases and "no fault evictions" can create uncertainty for tenants, prompting many to seek more stable tenures in affordable housing.

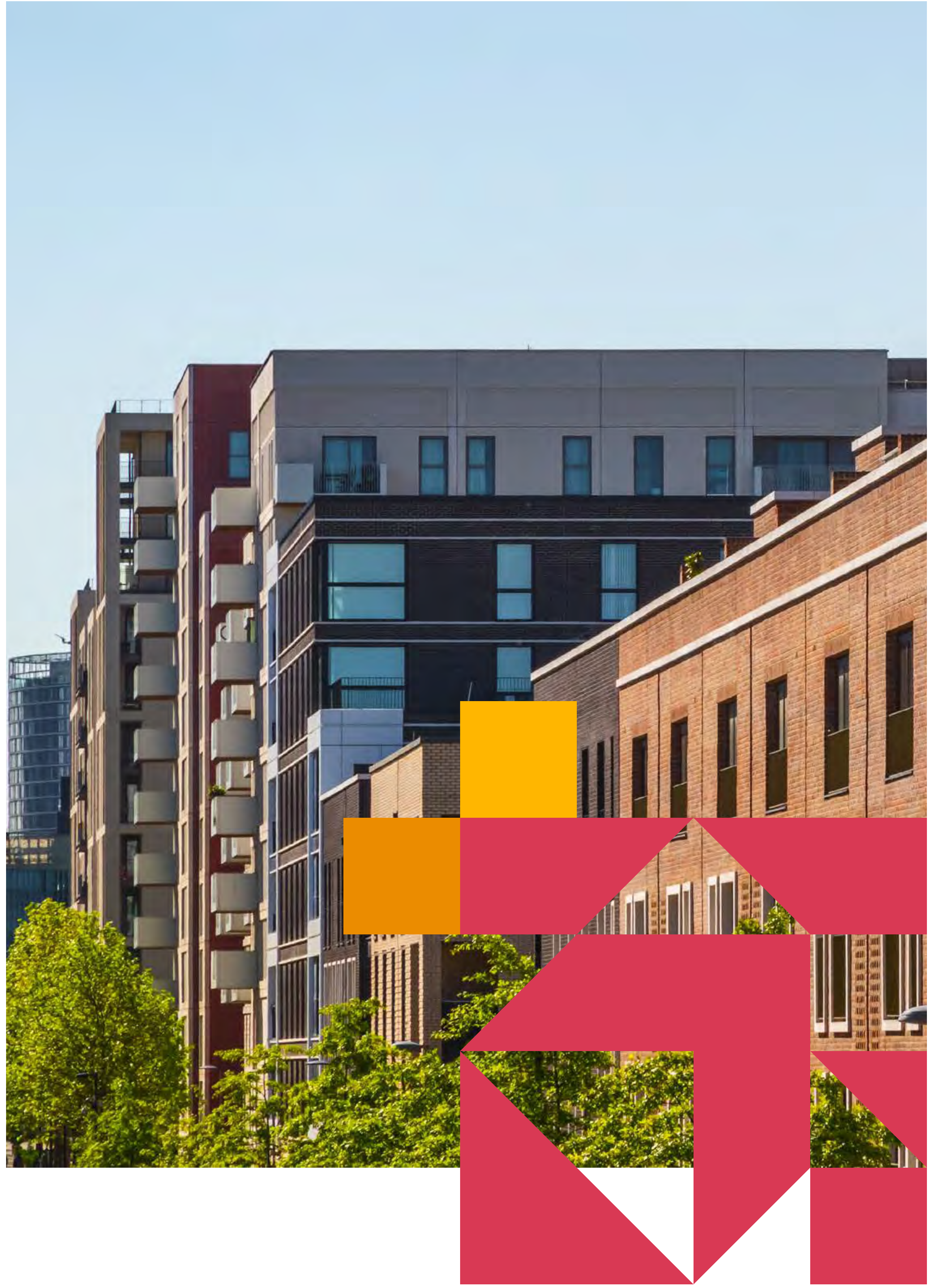
A decrease in the availability of social rental homes, combined with the long-term impact of the Right to Buy scheme, has led to homes exiting the affordable housing sector more quickly than they are being replaced. Additionally, reductions in the development pipelines of Registered Providers could potentially exacerbate these challenges as they allocate more resources to improving the condition of existing stock and meeting regulatory standards.

There is more local leaders can do to secure and channel the financial resources required to deliver affordable housing in the areas where the need is greatest. Solutions that promote and enhance collaboration between the public sector, housing associations, third sector organisations, private capital, and development capability will facilitate the innovation needed to unlock delivery at scale.

In England, the Government funding of affordable housing is the responsibility of Homes England. In Scotland, responsibility for affordable housing falls across local councils, housing associations and cooperatives. In London, this responsibility lies with the Greater London Authority (‘GLA’). Effective housing delivery requires a broad ecosystem of government, private and third sectors operating nationally, regionally and locally.

Local decision makers are often better placed to understand inherent local challenges, existing housing stock, and spatial plans, but they lack funding. In response to this, the role of private and institutional actors with an appetite to finance, deliver and manage local affordable housing projects can help address this challenge. Local leaders can provide investors with the right conditions to invest with confidence over the longer term. This can be through more tangible measures, such as more preferable financial conditions (such as providing access to land on deferred payment terms when macroeconomic conditions become difficult), or more intangible approaches, such as building relationships with partners involved in the delivery of affordable housing, including Housing Associations and other Registered Providers.

By incentivising the delivery of affordable housing in local areas, local leaders can provide the right platform for partners to deliver good, affordable homes. Regardless of the responsible authority or approach, prioritising the building of affordable and social housing should reduce waiting lists, lessen the burden on local authorities by reducing the number of households in temporary accommodation, and improve outcomes for households across the UK.



Spotlight on Wolverhampton: Investing to boost prosperity

Improving the lives and opportunities of residents is a major priority for Wolverhampton. Getting more people into good jobs and training is an ambition backed by significant investment. The Council and partners are building a new £60 million city learning quarter, which opens in September 2025 and will be a high-quality learning and skills centre for all ages. There's also a push to develop a new Green Innovation Corridor—backed by £24 million in government funding—to stimulate jobs and opportunities in the green economy. Collaboration on the West Midlands Interchange has potential to give the city access to 8,500 job opportunities. These plans will help create good job opportunities for residents which is traditionally a challenge for Wolverhampton with local roles tending to be low wage, low skilled, manufacturing roles.

One area where Wolverhampton has made significant progress is in education. The city has transformed its underperforming schools, with 93% now rated good or outstanding by Ofsted. This shift in educational standards has improved some of the city's worst schools and offers families a better quality of life with school performance exceeding both national and regional averages.

The city is also focusing on introducing initiatives that promote cultural activities, investing in major events and putting on free, family-friendly activities across the city. These initiatives, along with its Premier League football team, high quality green spaces, and affordable housing have become central to improving residents' work-life balance. This builds on £48 million investment in music and entertainment with The Halls Wolverhampton reopening in May 2023.

A particular focus has been on providing good quality, affordable housing in well connected neighbourhoods. This extends beyond just building new homes to improving social housing and remediating on brownfield land too. With considerable investments for building high quality homes in the city centre, Wolverhampton is improving vibrancy, boosting footfall and increasing home ownership across the city. A recent example is the development agreement with English Cities Fund which is helping to deliver the City Centre West regeneration of up to 1,000 new homes, a project that is transforming the city.

The city has a lot to offer with its central location and close proximity to transport links. The transformation in the city centre is also attracting more visitors which is key for high street businesses. Tourism in the region was worth £458 million in 2023, up 23% from the previous year. As the city turns its efforts to creating new job opportunities and addressing income levels, Wolverhampton will continue to grow, boosting economic prosperity and attracting more residents to the city.

02

Homelessness

Homelessness continues to rise across the UK amid ongoing challenges with housing affordability. Issues driving increased homelessness include soaring private sector rental prices, the cost of living crisis and ongoing cuts to public services which have led to intervention rather than prevention from councils.

Cities typically experience higher rates of homelessness more than rural areas due to greater population density, the higher cost of living, and the increased competition in housing markets. **Table 2** outlines statistics around homelessness by each UK region in 2023.

Table 2: Homelessness figures by UK region, 2023, rounded to the nearest one hundred

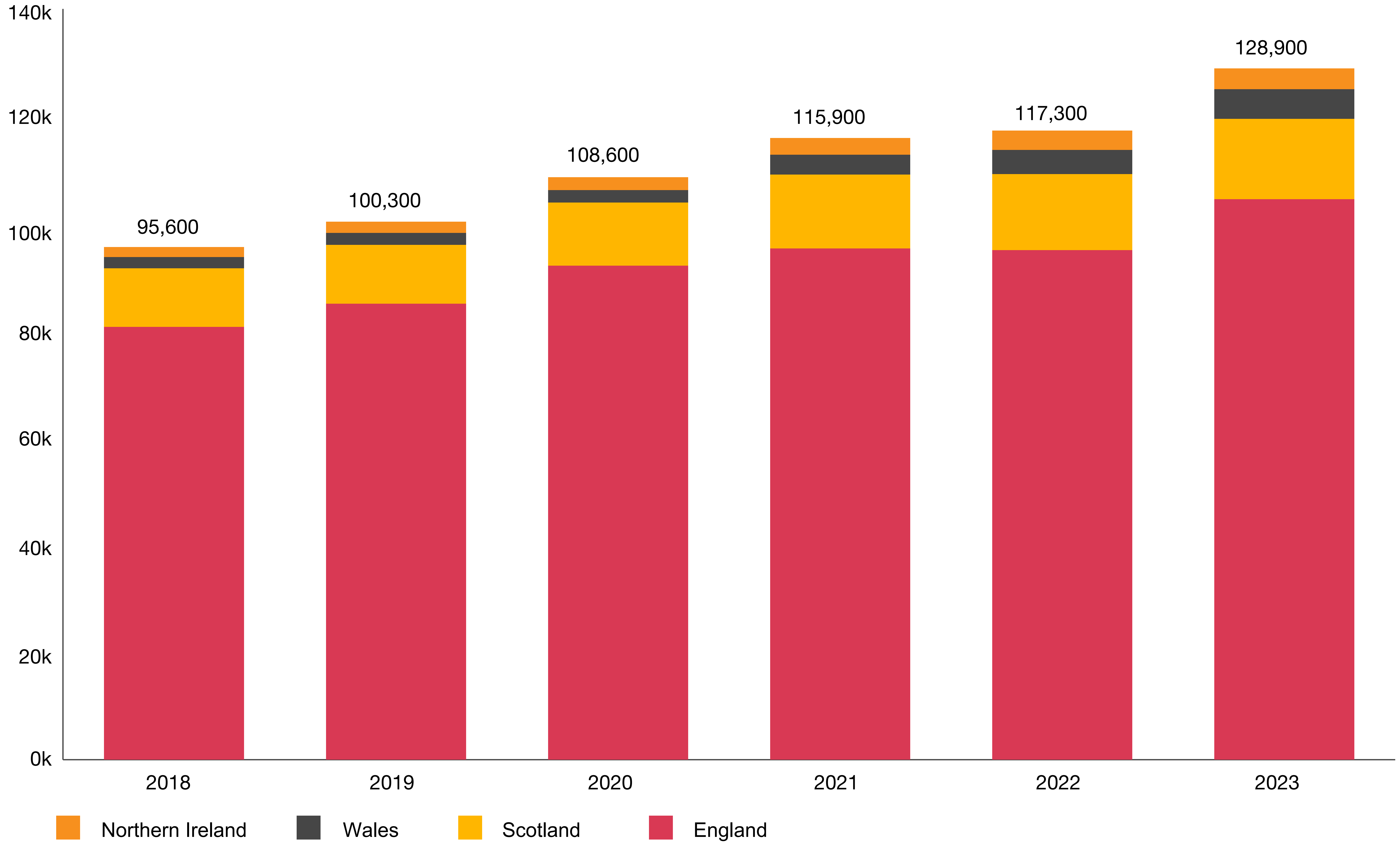
England	Scotland	Wales	Northern Ireland
309,000	53,000	12,500	8,500

Source: Shelter (2023), Scottish Government (2023),Welsh Government (2023) and NISRA (2023)

Given the shortage of suitable affordable housing, an increasing number of homeless people are being housed in council-funded temporary accommodation, as shown in **Figure 15**. This growth is particularly notable in certain cities, with the use of temporary accommodation roughly doubling in Birmingham, Bristol and Nottingham between 2018 and 2023, and increasing by more than seven times in Liverpool.[8]

8 DLUHC (2023). Statutory homelessness live tables

Figure 15: Number of households in temporary accommodation, 2018-2023 (Data reported as of Q1 annually)



Source: UK Gov statutory homelessness (2023), Scottish Government homelessness statistics (2023), StatsWales (2023), Northern Ireland homelessness bulletin (2023)

For many, temporary accommodation ends up as a longer term solution, with 41% of homeless households in England living in temporary accommodation for two years or longer as of 2023.[9] This places a huge strain on local council budgets, with local councils in England spending £1.7 billion between April 2022 and March 2023, marking 62% increase in spending since 2018.[10]

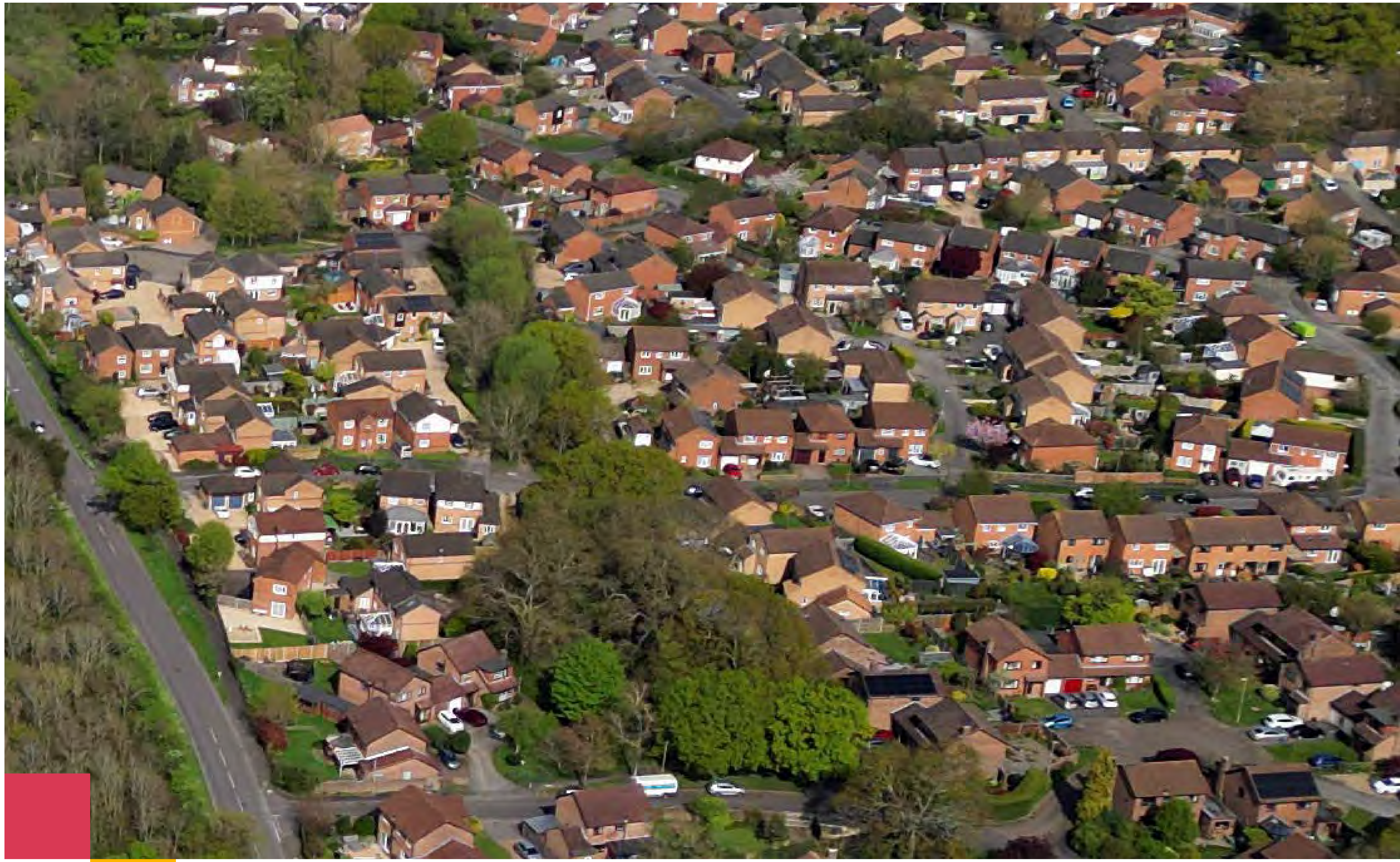
Latest figures from various sources suggest there are significant numbers of children living in temporary accommodation in the UK (see **Table 3**). The instability caused by homelessness and moving between homes constantly can have long term impacts on children, potentially impacting school attendance, participation in social activities, and missed opportunities in building important skills for later in life.

9 Ibid
10 Shelter England, 2023. Homeless accommodation bill hits £1.7bn

Table 3: Number of children living in temporary accommodation by UK region, rounded to nearest hundred

	England	Scotland	Wales	Northern Ireland	Total
# of children	131,500	9,500	3,100	4,600	**148,700**

Source: All refer to 2023 Q1, except NI which covers 2023 H1. Department for levelling Up, Housing and communities (2024), Scottish Government (2023), Welsh Government (2023) and Northern Ireland homeslessness bulletin (2023)



The impact of homelessness on education for children, and employment for adults, is felt by the wider economy too, as productivity suffers and the strain on the NHS increases. It is more critical than ever for the private, public and third sector to step in and support local authorities in tackling homelessness. One of the ways organisations and charities can support homelessness is by providing access to free vocational education and skills training, to broaden employment opportunities and access to better paid jobs. For the tens of thousands of young people who are homeless, qualifications and vocational training are key to providing the helping hand needed to make a new start.[11]

11 Centrepoint—How we can end youth homelessness

03

Education

Access to good quality education varies considerably within and between UK regions.

Data from school evaluation bodies demonstrates the inequalities that exist both within and between state education providers across the UK. As education is devolved to each nation, the performance of schools is scored and measured by separate evaluation bodies.

For example, in England, the Five-Year Ofsted Inspection Data provides an overview of the inequalities that we see in the quality of education being delivered.[12] Schools in London seemingly perform better relative to other schools around England, with 25% of primary and secondary schools receiving an Outstanding rating for Overall Effectiveness in 2023, compared to just 9% in the East Midlands. **Table 4** demonstrates the differences in average scores seen across England.

Table 4: Percentage of primary and secondary schools in each English region, rated in each Ofsted performance band for 'Overall Effectiveness', as at 31st August 2023

Region	1—Outstanding	2—Good	3—Requires improvement	4—Inadequate
East Midlands	9%	77%	11%	3%
East of England	13%	75%	10%	2%
London	25%	70%	4%	1%
North East	14%	76%	8%	2%
North West	15%	74%	8%	3%
South East	13%	77%	8%	2%
South West	11%	75%	11%	3%
West Midlands	13%	74%	10%	3%
Yorkshire and The Humber	12%	74%	11%	3%
Average	**14%**	**75%**	**9%**	**2%**

Source: Ofsted (2023)—Five-Year Ofsted Inspection Data

Within each local area, there is great variation too—in the Greater Manchester area some 18% of primary and secondary schools in Salford local authority place either in '3—Requires improvement' or '4—Inadequate', compared to just 7% in the neighbouring Trafford local authority. The disparity in the quality of education being offered between local authorities can lead to entrenched long-term inequalities within areas, with implications for skills, employment prospects and income.

Recent trends point towards a worsening in the quality of education, through the decline of teaching standards and the ability to access it in the UK. Educational participation has fallen, with school attendance across the UK lower than before the pandemic. **Table 5** compares the UK's absence rate pre and post-pandemic.

12 We note that there are other measures that can be used to measure quality of education provision, such as the Progress 8 and Attainment 8 data series

Table 5: Comparison of overall absence rates in schools by UK region, for full academic year, from 2018-19 to 2022-23

UK Region	Pre pandemic (2018-19)	Post pandemic (2022-23)
England	4.3%	7.5%
Scotland	7.0%	9.7%
Wales	N/A – data available only from 2020	11.1%
Northern Ireland	7.6%	12.1% (2021/22)

Source: UK Government (2024), Scottish Government (2024), Welsh Government (2024) and Northern Ireland Department of Education (2024)

A nationwide strategy to improve education is needed—one that focuses on targeting areas lagging behind the rest of the UK. This could drive greater consistency in the quality of education provided, and avoid instances where children born just miles apart receive widely different qualities of education.

The Schools White Paper from the Department for Education (DoE) sets out their aim of ensuring every primary school pupil in England achieves the minimum standard in reading, writing, and maths, and improving teacher retention to raise standards in the worst-performing areas.[13] Targeted actions such as these, alongside tackling issues around housing inequality to reduce instability in families' lives, could generate long-term benefits for educational attainment and ultimately greater prosperity and growth.

The DoE also outlined plans to improve attendance in May 2022, issuing direct guidance for parents, schools, and local authorities.[14] The Department's plans include greater responsibility for local authorities to monitor attendance and identify schools that need further support, with consequences (such as lower Ofsted ratings) for schools with consistently low attendance.

In January 2024, the Government also announced the expansion of its 'attendance hubs' policy. Under this initiative, schools come together to share practical solutions to improve attendance—covering 32 hubs and 2,000 schools across England.[15] While fines for parents and families were previously issued when there was persistent absenteeism, these have been proven ineffective at times.[16]

13 Department for Education, 2022. Opportunity for all: strong schools with great teachers for your child
14 Department for Education, 2022. Working together to improve school attendance
15 Department for Education, 2024. Major national drive to improve school attendance
16 https://publications.parliament.uk/pa/cm5803/cmselect/cmeduc/970/summary.html

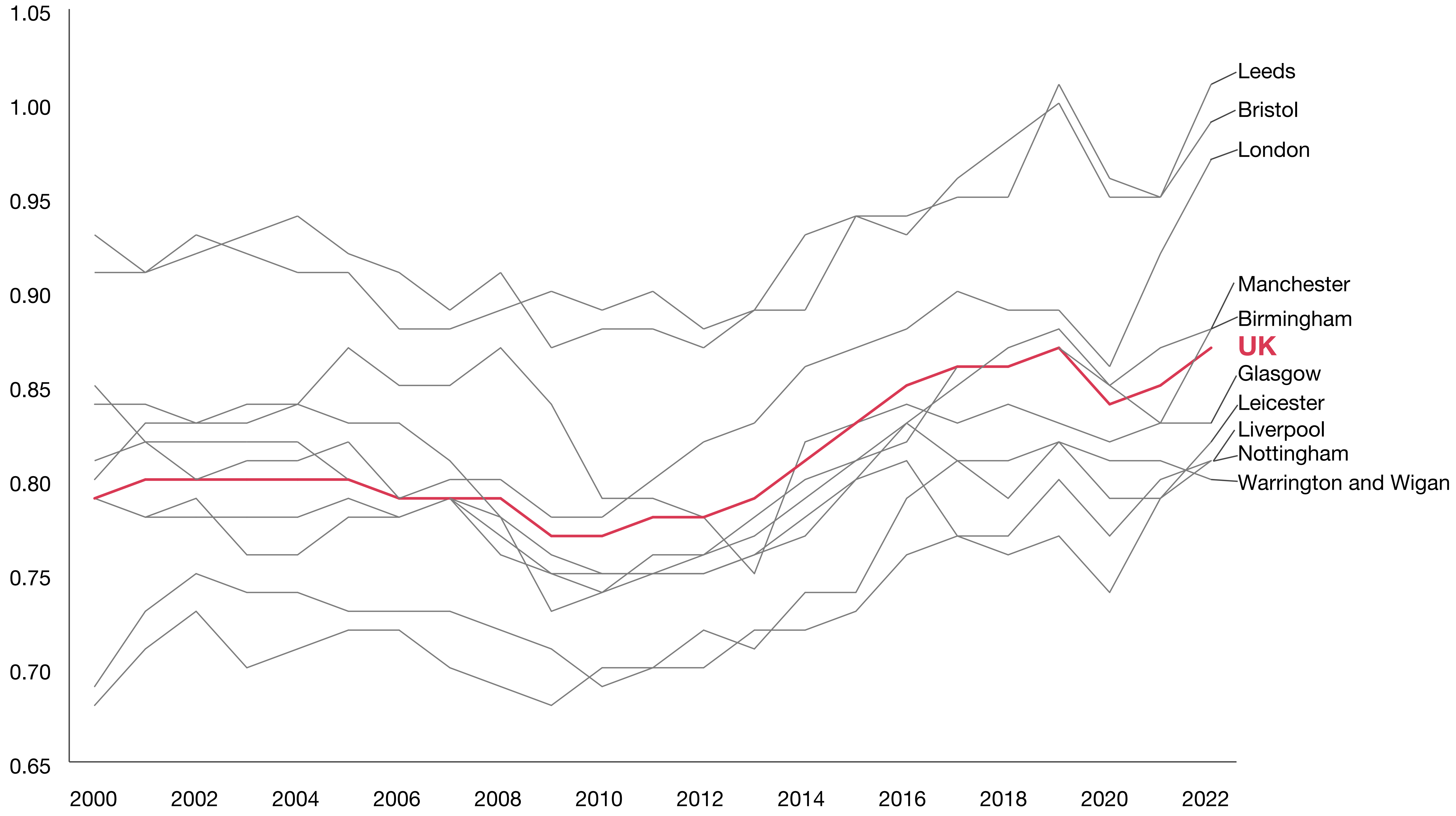
04 Access to jobs

The number of job opportunities available per person in the UK has improved since the financial crisis of 2008, but a large difference remains within and between cities suggesting growing job inequality.

Peoples' access to jobs in their local area can be measured by the level of job density—the ratio between the number of workforce jobs and the working age population. A job density of 1.0 represents an area with a job for every working age resident, with a lower number reflecting fewer jobs per person.

Some of the higher job densities in the UK can be found in Bristol, London and Leeds, which have all consistently held higher densities than the UK average since records began in 2000, as seen in **Figure 16**. On the other hand, cities such as Cardiff, Liverpool and Newcastle have lower than average job densities—demonstrating an undersupply of jobs and consequent unemployment. To improve the availability of jobs, local areas need to attract businesses to relocate to their area and/or encourage existing businesses to expand their operations.

Figure 16: Job density by TTWA (top 10 TTWAs in 2023), 2000-2022



Source: ONS Nomis job density (2023)

Between 2000 and 2022, job density in the UK has increased from 0.79 to 0.87. This trend is reflected in the vast majority of cities in our Index, with 45 cities seeing higher job densities in 2022 than 2000. This is partially due to the growth that we have seen in central business districts (CBDs) in UK cities, which are essential spaces for cities where job density is typically higher. In contrast, suburban areas are yet to see the same kind of growth in job density, as better transport links allow people to reach job opportunities in CBDs.

This is seen in Liverpool, which has a much higher job density than neighbouring Sefton (0.94 compared to 0.61). The difference not only reflects how opportunities differ from neighbouring local authorities, but also explains why there can be such a stark contrast in employment levels in neighbouring areas. Sefton had an unemployment rate of 4.3% in 2022, compared to just 2.7% in Liverpool.

While access to jobs has improved since 2000 across the UK, it masks the growing inequality between neighbouring local authorities. Local areas with lower job densities can improve their access to jobs by attracting businesses to areas where job density is slightly lower. This will require local areas to adopt new approaches to demonstrate their unique appeal to businesses.

Spotlight on London: Taking a collaborative approach to drive progress

By collaborating, both regionally and sub-regionally across London, London boroughs have made significant progress in developing new business, increasing economic activity and improving adult skills. London government at local, sub-regional and regional levels, manages and delivers over £500 million of employment and skills provision each year including the Adult Skills Fund (ASF), the Work and Health Programme (WHP), UK Shared Prosperity Fund (UKSPF) and substantive local programmes. Programmes such as the Job Entry Targeted Support (JETS) scheme support job entry for Londoners at a local level and help tackle the diverse needs of different boroughs.

While these programmes recognise the scale and complexity of the city, further testing and evaluation is needed to determine how effective the devolution of such efforts are. Particularly as businesses in London are still facing challenges in accessing the specific skills they need.

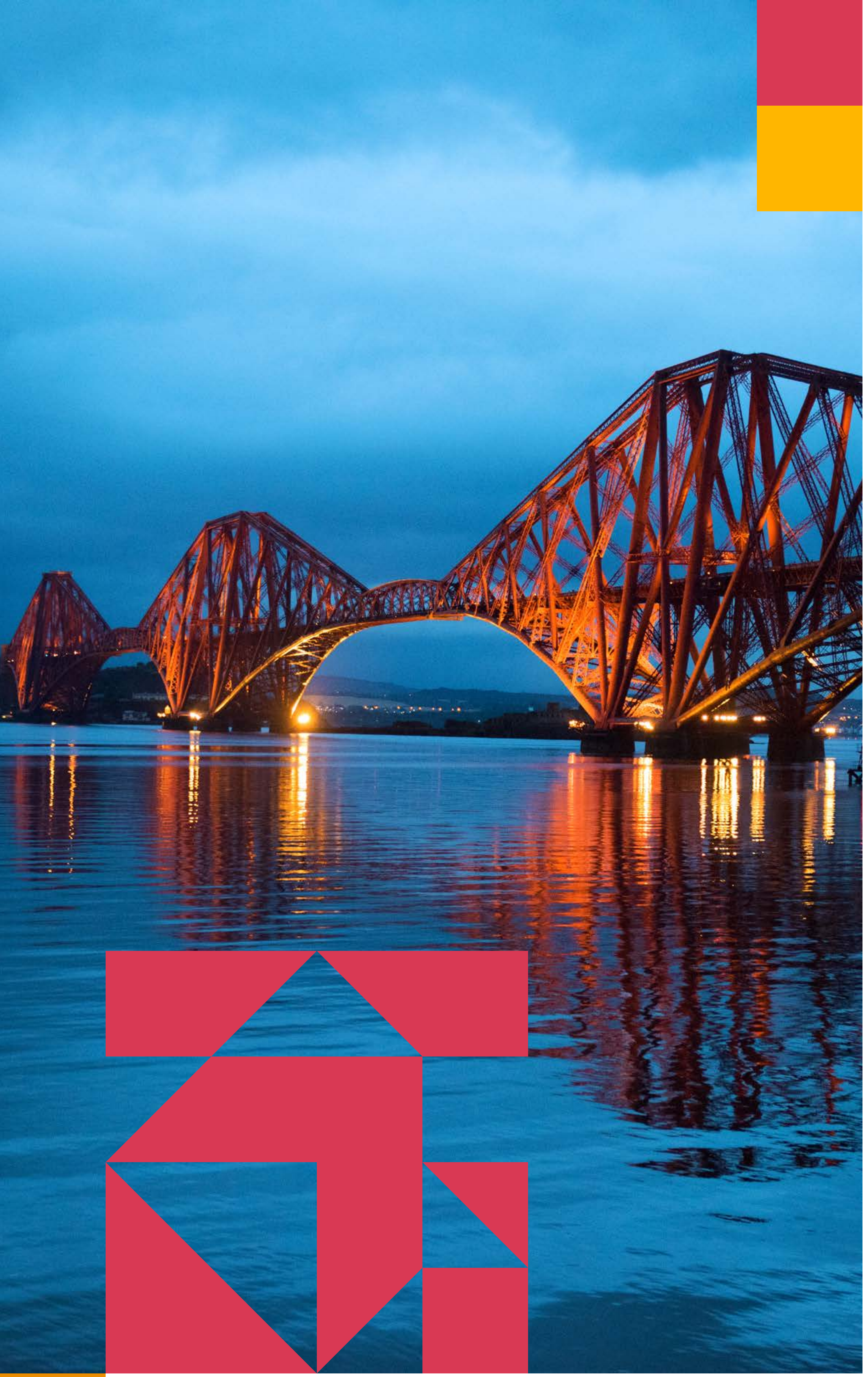
Housing is the critical issue for London and the impact on the city's workforce is significant. With planning permission granted for 298,000 new homes in the city, and London Mayor Sadiq Khan pledging 16,000 "low cost rent" homes by 2026, investments are being made across the capital to boost housing affordability. But the pace of construction remains slow, amid ongoing concerns around the high cost of materials for developers, alongside supply issues and a lack of skilled labour.

The issue is most keenly felt by low to medium income earners—particularly families who are priced out of the city centre. London Councils analysis shows that around one child in every classroom is homeless with boroughs' monthly spending on temporary accommodation for homeless households growing by almost 40% last year to £90 million a month.

Despite the need for greater evaluation, devolution is producing results in areas where it has been trialled. In 2022/23, 81% of Londoners participating in adult education were either employed or pursuing further learning after completing their course. Specifically, 46% of non-retired learners experienced a positive economic or educational change.

Programmes run on a sub-regional basis have enabled London to outperform expectations around employment support by addressing the diverse needs of different boroughs effectively. Developing this approach and tracking its effectiveness is key as the disparity between boroughs is so great. For example, the quality of life for those in Camden—which sits at the top of the Good Growth London Boroughs Index—varies greatly from Hackney which is at the bottom.

To date, this has felt more like delegation rather than true devolution with boroughs being handed a solution with a specific budget rather than being given the autonomy to address the needs of their constituents. But, with greater investment and more testing, London boroughs can drive further progress to tackle ongoing challenges.



06 Delivering a devolved growth strategy

In responding to the scale and diversity of these economic challenges and opportunities, local authorities will find crucial mechanisms in place-based, targeted development strategies.

With a new Government in place, they have an opportunity to take stock and assess carefully why something still matters, what it looks like in practice, and how they can grasp the opportunities Labour's emphasis on devolution will bring them.

In last year's report, we argued the UK needs to accelerate devolution to drive inclusive growth across the regions. Expanding the breadth of the shift towards devolved power across the UK and increasing the depth of devolution in localities within existing deals, supports the distribution of accountabilities and responsibilities to those who are best-placed to make decisions.

This approach needs to be backed up by policy action at the central government level: giving city regions greater fiscal flexibility and freedom to invest in local infrastructure, innovation and skills. We believe an interconnected system of governance would connect the rich network of businesses, communities and knowledge to foster place-based good growth.[17]

Our position is based on significant evidence that outcomes are improved—more socially inclusive and better targeted—when taken at the local level. While devolution is by no means a silver bullet, it does mean:

- National policy can be delivered better to meet the needs of people and place—local policy makers' proximity to local issues means they are better equipped to identify and align policy to priorities. This matters particularly for the delivery of public services, housing and transport connections—which are inherently place-based.
- Efficiencies can be delivered—local policy makers are more likely to be aware of other policies in place, reducing double-counting.
- Stronger local institutions and leadership means local industrial strategy can be delivered via buy-in from local business and stakeholders.

17 https://www.pwc.co.uk/government-public-sector/good-growth/assets/pdf/good-growth-2023.pdf

Place-based strategies have gained increasing traction over the last decade, and should continue to do so under the new Government. A number of new devolution deals have formed in the last year alone, including:

- Level 4 deeper devolution deals with West Yorkshire, Liverpool City Region and South Yorkshire Combined Authorities. The West Midlands Combined Authority has also been granted additional Level 4 powers.
- Level 3 deals in Greater Lincolnshire and Hull and East Yorkshire.
- Level 2 deals with Cornwall, Lancashire, Buckinghamshire Council, Surrey County Council and Warwickshire County Council.

However, our analysis suggests that as devolution gains more traction, deals risk falling short by trying to follow a cookie cutter approach and aspiring to reproduce the trailblazing deals that, for example, formed the original Greater Manchester Combined Authority. In practice, devolution entails developing a local inclusive growth plan which links to, and localises, the priorities of central government. Such fiscal devolution will also need to go hand-in-hand with providing responsibility at the local level.

As a starting point, cities and local authorities can significantly enhance their understanding of populations and identify their comparative regional advantages by using advanced data analytic techniques and digitally-enabled tools. By digitalising IT systems and integrating a wider range of data sources, such as demographic statistics, economic performance metrics and social indicators, authorities can build a more comprehensive, real-time profile of their communities.

Collaborative use of data between government, employers and academia can provide great results

The recent Pathways to Work Commission report from Barnsley Council and the South Yorkshire Mayoral Authority addresses one of the greatest challenges facing the UK: tackling the deep-seated problem of economic inactivity. As the biggest single in-depth study of long-term worklessness, it offers a series of highly practical recommendations that could significantly contribute to the Government's ambition of delivering robust economic growth.

Tools such as Geographic Information Systems (GIS), spatial models (provided by the International Growth Centre) and predictive analytics can uncover patterns and insights to inform local decision-making. This granular view fosters a more nuanced and actionable understanding of place for local authorities to target investment into.

Business leaders' priorities

An industrial strategy needs to encompass the public sector

Our research shows that both public and private sector leaders feel that any strategy that focuses on the private sector, to the exclusion of the public sector, would only be looking at half of the picture. Improved productivity within the public sector is also highlighted as a catalyst for wider economic growth, as it would enable a greater number of more productive partnerships, and increased collaboration with the private sector.

73% believe that any future changes should be focused on improving the general business environment, rather than the specific needs of individual sectors

Source: PwC's Framework for Growth

Looking ahead, the Government's clear commitment to a devolved economic growth strategy builds on the precedent set under the Conservatives and paves the way for a new era of devolution which should see the delivery of more inclusive growth across the UK.

As this era begins, it is clear that a strategy for growth must place the public sector at its core, while working hand in hand with the private and third sectors. The public's priorities outlined in this report reflect the huge inequalities in our increasingly polarised economy, where growth is being held back by access to housing, jobs and education.

Our Framework for Growth research shows UK businesses not only recognise this, but are looking to the Government to deliver a framework for regional growth.

We discuss what a joined up approach to devolution could look like in our Agenda for Action video below, featuring Rachel Taylor, UK Government and Health Industries Lead, Karen Finlayson, Regional Lead for UK Government and Health and special guests Kate Josephs, Chief Executive of Sheffield City Council and Andy Haldane, Chief Executive of the Royal Society of Arts (RSA) and PwC advisor.

Agenda for action

Appendix

Methodology

Good Growth Index methodology

In developing the Demos-PwC Good Growth for Cities Index this year, we have used the same methodology as in previous editions. We have made adjustments to the periodic data that we assess, but have maintained the way we calculate the weighting analysis this year. The variables, and the weights applied to them, are outlined in **Figure A1** below.

Comparisons to our report last year is still possible as the underlying methodology remains consistent. Our overall approach to developing the Index is summarised in **Figure A1**.

Figure A1: Our Approach

		Quantitative analysis			
01 Scoping	02 Consultation	03 Review of data	04 Polling	05 Index	06 Conclusions
• Review of methodology for cities Index and agree changes. • Agree list of cities and city regions for the Index.	Informal discussion with a range of local authorities and others on how to further develop the Index, taking account of feedback on previous reports.	• Review and update of latest available data for Index variables. • Assemble database.	Poll of c.2,000 UK citizens of working age to test for continuing validity of weightings from earlier studies.	• Determine weights from supplementary polling and previous analysis. • Calculate indeces. • Robustness checks.	Develop conclusions for local public leaders and officials, central government and businesses.

The occasional piece of local authority level data is missing, and where this happens the data is benchmarked to an appropriate local or regional alternative. However, this does not have a material impact on the results.

Figure A2: Index variables, geographical areas and weights

Category	Measure	Time period	Geography	Weight
Income distribution	Ratio of median to mean income	2020-2022	Local authority	15%
Income	Gross disposable household income (GDHI) per head scaled by regional price indices	2020-2022	Local authority	16%
Safety	Violence against the person, weapons and drugs offences	2020-2022	Local authority	12%
Work-life balance	% in employment working more than 45 hrs per week	2020-2022	Local authority	12%
Jobs	Unemployment rate	2020-2022	Local authority and travel-to-work areas	10%
Health	Life expectancy	2020-2022	Local authority	9%
Environment	Carbon emissions: grams of Carbon Dioxide (CO_2) for every £1 of GVA generated (/£ of GVA)	2020-2022	Local authority	6%
Transport	Average commuting time to work	2020-2022	Local authority	6%
Housing	Housing price to earnings ratio and owner occupation rate	2020-2022	Local authority	7%
High street & shops	Stores openings & closures	2020-2022	Local authority	3%
Skills	Share of population, aged 16-24 and 25-64, with RQF 3+	2020-2022	Local authority	2%
New businesses	New businesses per head of population	2020-2022	Local authority	2%

We have rounded up/down variables for completeness of the overall indicators, to enable the sum of the weightings to equate to 100%.

Constructing the Index

The scores for each city are given relative to a base year of 2017-19 (i.e. a score of zero means that a city's Index score in 2020-22 is equal to the 2017-19 average score for all UK cities in the Index). For each element of the Index, a city receives a score equivalent to the number of standard deviations it is away from the mean score on that indicator for all cities. As a result, a score of +0.2 means a city performs 0.2 standard deviations better than the sample mean for that element of the Index in the base year.

The scores for each element are then weighted and summed to create the overall Good Growth Index score for that city. The approach is the same for the analysis of different geographies, such as those covered by Combined Authorities. This is the same approach we have taken in previous reports and is standard practice when constructing such indices.

Our list of cities

Our framework for the cities we include in our analysis is outlined below.

- **Population size:** all cities contain ~340,000 or more people, based on 2019 population data.[18]
- **Mix:** one of the most important criteria for any city list is to ensure there is a mix of economies in order to provide interesting good growth comparisons.
- **Spread:** we ensure we have a good geographical spread, including cities in the devolved nations.

The use of this methodology means we have 51 cities in our Index (plus one for London (Boroughs only)).[19] The full list of cities included in this year's Index is set out in Figure A3 here.

Figure A3: All 51 cities included in our Index, excluding London (Boroughs only).

1	London	12	Leeds	23	Reading	34	Preston	45	Bournemouth
2	Manchester	13	Warrington and Wigan	24	Oxford	35	High Wycombe and Aylesbury	46	Plymouth
3	Birmingham	14	Cardiff	25	Portsmouth	36	Swansea	47	Wakefield and Castleford
4	Glasgow	15	Wolverhampton	26	Bradford	37	Aberdeen	48	York
5	Newcastle	16	Luton	27	Stoke-on-Trent	38	Swindon	49	Brighton
6	Liverpool	17	Cambridge	28	Hull	39	Sunderland	50	Northampton
7	Leicester	18	Edinburgh	29	Chelmsford	40	Milton Keynes	51	Walsall
8	Belfast	19	Southampton	30	Norwich	41	Ipswich		
9	Sheffield	20	Coventry	31	Middlesbrough and Stockton	42	Huddersfield		
10	Bristol	21	Medway	32	Exeter	43	Lincoln		
11	Nottingham	22	Southend	33	Derby	44	Peterborough		

We use Travel-to-Work Area (TTWA) definitions to recognise city boundaries in the Index. We recognise that other statistical definitions of cities will exist, including Local Authority, Primary Urban Area & Combined Authority levels but for the purposes of this publication, TTWA has been selected as the defined boundaries of a city.

The aggregation from local authorities to TTWAs is based upon mapping of local authorities to TTWAs in the UK shared by the Office for National Statistics (ONS). Proportions of each local authority to each TTWA are based upon 2019 population estimates.

We also apply the Good Growth Index methodology to:

10 Combined Authorities

Cambridgeshire and Peterborough, Greater Manchester, Liverpool City Region, North of Tyne, North East, Sheffield City Region, Tees Valley, West of England, West Midlands and West Yorkshire. We also look at the performance of 6 city regions in Wales and Scotland, including Aberdeen City Region, Edinburgh City Region, Inverness City Region, Glasgow City Region, Cardiff Capital Region and Swansea City Region.

10 cities in the Devolved Administrations

Belfast, Inverness & Dingwall, Edinburgh, Swansea Bay, Aberdeen, Cardiff, Stirling & Aloa, Perth & Blairgowrie, Derry/Londonderry, Dundee and Glasgow.

18 Based on mid-2019 Small Area Population Estimates
19 We engaged the ONS to understand what the proportion of each local authority was in each TTWA in June 2021. Source: ONS (2021), 'Listing of 2021 UK local authorities by component 2011 travel to work areas based on mid-2019 Small Area Population Estimates'

Economic analysis methodology

Our economic analysis forecasts the economic growth rate of the cities in our Index for 2024 and 2025. Gross Value Added (GVA) is used as the basis for economic growth rate forecasts. Our approach is dependent on three key inputs:

Regional GVA by industry figures

These provide a sectoral breakdown of GVA at Local Authority (LA) level (ONS, 2022).

Local Authority to City mapping

This allows the sectoral breakdown at a LA level to be translated to the sectoral mix at a city level.[20] We use Travel-to-Work-Areas to define the boundaries of each city in the UK.

GVA growth forecasts by sector

National level forecasts used to estimate the amount each sector is anticipated to grow in 2024 and 2025.[21]

The core modelling approach applies the national GVA growth rate forecasts for each sector to the sectoral mix of each city, allowing the development of city-level growth forecasts which consider the nature of local economic activity. These city-level growth forecasts allow us to understand and predict the economic growth rate of each city included in the Good Growth Index.

It should be noted that the GVA data on which the sectoral mix has been defined is from 2022 as this was the latest data available at the time of analysis. While this data is almost three years old, the sectoral mix of each city is unlikely to have changed significantly since this time, and therefore it is not expected to have any material impact on the results of our analysis.

20 Using ONS Local Authority data (ONS, 2021)
21 These have been developed through PwC analysis using the latest data available from the ONS

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