

Centre for Cities briefing note - Cities Outlook 2011

Leeds and Leeds city region key findings :

- Leeds is ranked second across all Core cities in terms of overall employment rate %, up from its ranking of third in 2010 report.
- “The cities best placed for a private sector-led recovery include: Milton Keynes, Reading, Aberdeen, Leeds and Bristol. These places will be better-insulated from the economic impact of the spending squeeze, and have high potential to create private sector jobs.”
- Between 2006 and 2010, Leeds was the highest performing Core city in terms of average earnings increase, considered by the report’s authors as key assessment as to how labour markets are changing over time.
- “Leeds, Edinburgh and Bristol will be the least affected major [Core] cities”
- In terms of population growth 1999 - 2009 Leeds city region has 2 of the top 6 fastest growing UK cities [Leeds and York].

Main report Overview

In essence, the report is a SWOT analysis of 64 UK cities including the sub set of England’s 8 Core cities (a loose partnership of regional cities Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield, established in 1995 to drive economic performance). The 2011 report is set amongst the backdrop of the government’s push for economic growth amidst local authority cuts.

Centre for Cities suggest that throughout the recession employment levels were more resilient than had been expected whilst acknowledging the rise in long-term unemployment. The report’s stance is that although it remains well behind its pre-recessionary peak, the economy has bounced back strongly during 2010. It accepts that the recession was nationwide revealing that during 2009, 62 out of 64 UK cities saw more businesses close than new businesses being created.

The report states that given the imminent public sector job cuts, UK cities and their hinterlands containing over 70 percent of Great Britain’s private sector jobs, will be critical to driving private sector growth in the future. 11 of Britain’s major cities (London, Birmingham, Bristol, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham, Sheffield) provide more than one in three (37 percent) of Britain’s private sector jobs.

The report mentions the demise of the RDAs and the arrival of LEPs but offers no critique of this change in strategy.

Recession and (speed of) recovery

In terms of cities playing a role in the economy's recovery, the report illustrates that cities have a different base from which to start this recovery, recognising the manufacturing industry shed 10.8 percent of its jobs between Q1 2008 and Q3 2009 and construction sector lost 9.0 percent. "So employment in cities with large numbers of workers in these sectors – such as Hull and Doncaster - was always going to suffer more than employment in cities with a stronger emphasis on services – such as Reading and Brighton - which only shed 1.3 percent of its workforce over the course of the recession."

Impact on cities from need to reduce deficit

This chapter of the report principally assesses cuts in welfare state brought about by the October comprehensive spending review and the public sector job losses and private sector response.

In the analysis of its total welfare bill Leeds scores quite well against other major cities in terms. Barnsley and Wakefield appear as the worst performing (i.e. highest in this ranking) cities across Leeds city region with bills estimated at £3,043 and £2,840 per capita respectively, 14th and 27th in the rankings (whilst Manchester appears at 25th, and Leeds 51st). The report identifies the North West as the hardest hit in terms of welfare cuts, "In total, Birkenhead's welfare cuts are likely to take at least £61 million out of its economy, which equates to a cut of about £197 per capita. Leeds, Edinburgh and Bristol will be the least affected major cities. Their projected cuts amount to £125 for every person in each city."

In terms of vulnerability to public sector job losses the report identifies those likely to be 'most affected' as the cities of Newport, Swansea & Plymouth. Those likely to be 'least affected' identified as those with typically high levels of hi tech such as Swindon, Milton Keynes and Aldershot.

When assessing opportunities for growth, the report evaluates an amalgamation of key economic factors such as claimant count, employment rate, job losses likely in public sector, resident with high level qualifications and business stock comparisons within cities against a national average. The result is a table of cities (no ranking applied) with the most potential growth as set out below:

Leeds
Aberdeen
Bristol
Milton Keynes
Reading

As part of the same analysis, a table of cities viewed as ‘most vulnerable’ is arrived at (no ranking applied) . None of the 5 most vulnerable are cities from within the Leeds city region.

Birkenhead
Liverpool
Newport
Swansea
Sunderland

City Monitor comparative data

Each year the report analyses a range of top level statistics (from Office for National Statistics principally) of the major cities. This may not identify key issues by city, however it allows for a comparison between UK and Core cities on key economic indicators.

A summary of this comparative data is provided below.

Fastest growing city by population

	Annual growth rate % 1999 - 2009
Milton Keynes	1.36
Swindon	1.16
York	1.04
Norwich	1.01
Cambridge	0.98
Leeds	0.97

Business stock

Headline comparisons identify levels of business stocks remain higher in the South than in the North of the country.

Employment & Skills

With an employment rate of 61.3 percent, almost ten percentage points below the Great Britain average and 0.9 percentage points below last year’s employment rate, Hull replaces Liverpool as the city with the lowest employment rate.

Bristol remains the major (core) city with the highest employment rate, at 74.2 percent, 1.5 percentage points below last year’s. Bristol is followed by Leeds, which has an employment rate of 70.4 percent.

Across 2008 - 2010 Leeds appears as one of only two of the Core cities to experience an employment rate increase and over the same period saw its position amongst Core city employment rankings rise from 3rd to 2nd.

In the wider 64 city analysis York remains high in both the 'cities with lowest claimant count' ranking table (7th) and 'cities with residents with high level qualifications' ranking (5th). Wakefield and Barnsley are amongst the lowest ranked cities for those with percentage of high skills. Barnsley features in the bottom five cities for increases in claimant counts between 2008 and 2009.

Earnings

The report views 'earnings growth' analysis as a key assessment as to how labour markets are changing over time. Between 2006 and 2010, allowing for inflation 20 out of 63 cities analysed saw their average earnings increase above inflation. Leeds was ranked 6th overall in this table (and top performing amongst the Core cities subset).

Disparities and Social Deprivation

Centre for Cities report evaluates disparities within cities and accept that across the country large cities tend to be more unequal. The report uses the Index of Multiple Deprivation to measure inequalities. Here Leeds scores poorly, placed 58th out of 63 (Glasgow 59th, Birmingham 60th, Edinburgh 57th, Manchester 50th).