

IM, irwinmitchell



Sustainable Cities

Summer 2019



Welcome

to the latest edition of
UK Powerhouse



Combatting Climate Change	4-5
Sustainable Cities	6-23
Key Findings	24-25
Annual GDP Review	26-27
Powerhouse Tracker	28-41
Conclusion	42

Victoria Brackett
CEO of Business Legal Services
victoria.brackett@irwinmitchell.com

This edition follows on from our series of specialist Brexit studies and continues to provide our unique examination of the strength of the UK economy.

While our quarterly tracker offers a valuable insight into the UK's regional economies, up until now we haven't examined the important theme of environmental sustainability.

In June, the government announced its intention to target net zero emissions by 2050. The fact that the topic of climate change and sustainability has reached the highest level of government and business makes it a particular topical subject for this UK Powerhouse report.

We believe that we, and the rest of the UK's business community, have an important role to play here.

Indeed, the journey to becoming more environmentally sustainable provides many challenges. These hurdles, along with some of the advantages and opportunities that moving towards being carbon neutral will bring businesses, are discussed in this report.

To start examining some of the issues and to understand the size of the task that lies ahead, we've commissioned Cebr to look at four indicators of environmental sustainability through the lens of our 46 UK Powerhouse locations.

Their analysis has revealed some interesting results in terms of the variations that exist. It also highlights some of the areas where improvements need to be made in order for the UK to realise its ambition.

I hope you find the report interesting and I welcome your feedback.



Combatting Climate Change

Over recent months, evidence of climate breakdown has grown, with extreme weather events across the world causing death and destruction. The Intergovernmental Panel on Climate Change (IPCC) has issued a stark warning: the world is now way off-track in cutting the required amount of greenhouse gas emissions to reverse this course. By 2030, climate change is projected to cost \$700 billion annually. Addressing environmental issues as part of economic performance is a prudent, responsible and necessary response. It's great to see Irwin Mitchell tackling the environmental challenges we face, but we all need to do more, including business.

Government targets, while welcome, don't drive progress to net zero carbon by 2030, the preferred date to avoid an unliveable planet due to climate change. Business In The Community (BITC) sees many of its members moving faster than government policy, with programmes to eliminate carbon and compensate for past damage (through carbon-positive programmes to take carbon out of the atmosphere e.g. reforestation, offsetting, developing new materials that sequester carbon).

Recently, CO₂ levels recently hit 415ppm for the first time in human history. The IPCC says we need "rapid, far-reaching and unprecedented changes in all aspects of society" to cut greenhouse gas emissions to net zero by 2050 at the latest, with an absolute minimum cut of 45% by 2030. This will only halt runaway climate change. If we wish to limit the destruction of our natural world and its impact on people, we need to reach carbon zero before 2030.

Cities are key to a future low carbon, low environmental impact lifestyle – enabling people to lead good, equitable lives is essential. From properly-insulated low-energy homes and effective transport solutions to finding and using new materials to limit our use of resources, as well as green and blue infrastructure supporting high wellbeing and providing new food sources, every element requires innovative thinking and resources to implement them. This is everyone's responsibility. We all have a role to play to make our lives good, happy, and low impact.

It's not good enough for us to sit back and wish this situation away. For the sake of future generations, we can't afford to do nothing.

On our current trajectory, we'll come in well above the 1.5°C warming that gives us a reasonable chance of achieving a liveable planet for our children and our retirements.

We encourage businesses to sign up to the BITC Waste to Wealth commitment to work together to achieve a sustainable future. Waste to Wealth brings together business, government, academia and civil society to unlock opportunities to double the nation's resource productivity and eliminate avoidable waste by 2030.

We can only tackle climate change with the support of leaders of innovative businesses. BITC's Waste to Wealth programme is the start of an ambitious programme of research, learning and practical action. Waste to Wealth will support businesses to define individual and collaborative action plans and start to identify innovative solutions to shared challenges.



Nick Diamond

Membership Director,
Business In The Community

Sustainable Cities

A UK Powerhouse ranking

Measuring the performance of cities solely through their economic performance means that metrics that are important to local people are often overlooked.

People are increasingly concerned by the level of carbon emissions and other pollutants generated in the UK. The first section of this report analyses the Powerhouse cities across four indicators to discover which are the most environmentally sustainable: carbon dioxide emissions, low and zero emission commuters, renewable electricity installations, waste recycling.

Eight of the ten least polluting cities are located in Southern England



Bournemouth emitted the least amount of carbon dioxide per person out of all the Powerhouse cities in 2017



34% of people in Inner London travel by public transport to work, whereas 21% of commuters in Cambridge either cycle or walk



Just 3% of Bournemouth's population use low emission transport to get to work



19,000 solar panels were installed at the Nissan Factory in Sunderland as it aims to go emission-free



Peterborough is the leading city for renewable electricity installations, with 12% of households having systems installed as of 2017



37% of all waste collected across the UK Powerhouse cities was recycled



The best city for waste recycling is Stockport, where 58% of all waste collected is recycled



UK Cities

Pollution levels – carbon dioxide emissions

League table ranking		CO ₂ emissions (kt CO ₂) per capita (2017)	Change (YoY)
1	Bournemouth	3.0	-6.2%
2	Ipswich	3.0	-4.1%
3	Southampton	3.1	-6.3%
4	Brighton	3.1	-4.7%
5	Outer London	3.1	-5.3%
6	London	3.3	-6.7%
7	Exeter	3.4	-7.7%
8	Plymouth	3.4	-5.5%
9	Reading	3.4	-6.2%
10	Bristol	3.5	-3.5%
11	Nottingham	3.6	-6.3%
12	Liverpool	3.6	-4.4%
13	Leicester	3.7	-5.0%
14	Coventry	3.7	-6.3%
15	Inner London	3.7	-8.4%
16	Birmingham	3.7	-6.4%
17	Wolverhampton	3.7	-4.9%
18	Norwich	3.8	-3.8%
19	Portsmouth	3.8	-6.3%
20	Manchester	3.8	-6.0%

21	Sheffield	3.9	-7.0%
22	Bradford	3.9	-4.2%
23	York	4.0	-5.9%
24	Hull	4.1	-4.0%
25	Stockport	4.1	-3.2%
26	Glasgow	4.2	-4.5%
27	Cambridge	4.3	-4.7%
28	Greater Manchester	4.3	-4.3%
29	Oxford	4.4	-5.1%
30	Derby	4.4	-4.9%
31	Newcastle	4.4	-5.3%
32	Stoke-on-Trent	4.4	-19.4%
33	Middlesbrough	4.5	-4.4%
34	Edinburgh	4.5	-5.8%
35	Belfast	4.5	5.0%
36	Cardiff	4.6	-8.4%
37	Swansea	4.6	2.9%
38	Swindon	4.9	-5.0%
39	Leeds	5.1	-4.2%
40	Peterborough	5.1	-1.8%
41	Milton Keynes	5.2	-2.9%
42	Sunderland	5.2	8.5%
43	Aberdeen	5.4	-3.9%
44	Rotherham	5.6	-5.4%
45	Wakefield	5.8	-7.9%
46	Doncaster	6.7	-0.5%



Pollution levels

Bournemouth emitted the least amount of carbon dioxide (CO₂) per capita in 2017 out of all of the UK Powerhouse cities, at 3.0 kt CO₂ per person. Its low emissions can be partly attributed to the city's environmental strategy. This encourages the use of renewable energy, improved energy efficiency in new buildings, and greener travel.¹ This has paid off – Bournemouth has decreased its carbon emissions per capita at an average rate of 4.9% per year since 2011. Stoke recorded the largest year-on-year change, reducing its per capita emissions by 19.4% between 2016 and 2017.

Eight of the ten least polluting Powerhouse cities are located in Southern England. Manufacturing and industrial production emit more greenhouse gases than the service sector, so it's not surprising to see cities in Southern England, with a mainly service-driven economy, top the list of the least polluting cities. On the other hand, the majority of the UK's manufacturing and industrial plants are in Middle and Northern England.

Carbon emissions per capita decreased across all UK Powerhouse cities, with the exception of Belfast, Swansea and Sunderland. Rising 8.5% between 2016 and 2017, the North East city of Sunderland recorded the highest increase in per capita carbon. This was followed by Belfast, which saw a 5% increase over the same period.

Looking at the capital, we see that Outer London places fifth on the list, with 3.1 kt CO₂ emissions per person. Inner London comes in ten places lower, at fifteenth, with CO₂ emissions of 3.7 kt per capita. Interestingly, Inner London saw the second largest year-on-year decrease in CO₂ emissions of 8.4% in 2017. This can be partly explained by the introduction of further restrictions in the low emissions zone, making it more expensive to travel by car. In the north, Greater Manchester decreased per capita emissions from the previous year by 4.3%, whereas Inner Manchester achieved a reduction of 6%.

¹ [https://www.bournemouth.gov.uk/planningbuilding/CoreStrategyDocuments/Core-Strategy-\(1\).pdf](https://www.bournemouth.gov.uk/planningbuilding/CoreStrategyDocuments/Core-Strategy-(1).pdf)

UK Cities

Environmentally-friendly commuting

League table ranking	Share of population using low emission transport (2017 estimate)*	League table ranking	Share of population using zero emission transport (2017 estimate)**		
1	Inner London	34%	1	Cambridge	21%
2	London	28%	2	Oxford	16%
3	Outer London	25%	3	York	15%
4	Brighton	14%	4	Norwich	14%
5	Reading	12%	5	Bristol	14%
6	Newcastle	12%	6	Exeter	13%
7	Manchester	11%	7	Brighton	12%
8	Liverpool	11%	8	Portsmouth	11%
9	Oxford	10%	9	Reading	10%
10	Sheffield	9%	10	Inner London	10%
11	Birmingham	9%	11	Ipswich	10%
12	Leeds	9%	12	Cardiff	9%
13	Sunderland	8%	13	Southampton	9%
14	Nottingham	8%	14	Hull	9%
15	Stockport	7%	15	Plymouth	9%
16	Wolverhampton	7%	16	Leicester	8%
17	Greater Manchester	7%	17	Nottingham	8%

18	Bradford	7%	18	Derby	8%
19	Hull	7%	19	London	7%
20	Southampton	7%	20	Peterborough	6%
21	Cambridge	6%	21	Leeds	6%
22	Cardiff	6%	22	Manchester	6%
23	Portsmouth	6%	23	Newcastle	6%
24	Exeter	6%	24	Sheffield	6%
25	Milton Keynes	6%	25	Swindon	6%
26	Ipswich	6%	26	Middlesbrough	6%
27	Bristol	6%	27	Doncaster	6%
28	Plymouth	6%	28	Swansea	6%
29	Coventry	6%	29	Coventry	5%
30	York	5%	30	Liverpool	5%
31	Swindon	5%	31	Wakefield	5%
32	Leicester	5%	32	Bradford	5%
33	Peterborough	5%	33	Stoke-on-Trent	5%
34	Wakefield	5%	34	Stockport	5%
35	Middlesbrough	5%	35	Milton Keynes	5%
36	Doncaster	5%	36	Outer London	5%
37	Norwich	5%	37	Greater Manchester	5%
38	Rotherham	5%	38	Wolverhampton	5%
39	Stoke-on-Trent	4%	39	Sunderland	5%
40	Derby	4%	40	Bournemouth	5%
41	Swansea	3%	41	Rotherham	4%
42	Bournemouth	3%	42	Birmingham	4%

*Low emission transport includes travels by bus/coach, rail and underground.

**Zero emission transport includes travel by walking or cycling.



Environmentally-friendly commuting

The table of UK Powerhouse cities by share of environmentally friendly commuters considers the share of people commuting using either low or zero emission transportation to get to work. Data was only available for England and Wales, so UK Powerhouse cities in Scotland and Northern Ireland are excluded. Low emission transport includes bus, coach, rail and underground. Zero emission transport in this context refers to cycling and walking.

The UK Powerhouse city with the highest share of low emission commuters is Greater London, where 28% of the population uses some sort of public transport to get to work. Given the highly-developed bus and rail network, it's unsurprising that Inner and Outer London top the list of highest share of low emission commuters.

More than three million people in London rely on buses, underground and rail to get to work every day.

Further large-scale investments have been made to improve the transport links within London in recent years, for example Crossrail and the extension of the Northern line. The modal share of public transportation is relatively low among the larger cities outside London, such as Manchester, Liverpool and Birmingham, suggesting that many commuters still choose the car to get to work. Brighton has the third-largest share of low emission transport commuters, with a large share using public transport to get to London.

We've also estimated the share of people who are zero emission commuters. This includes those who either walk or cycle to work.

The UK Powerhouse city with the highest share of zero emission commuters is Cambridge with 21%. A new cycling route has recently opened in the city, making it easier for people to reach the centre by bicycle from the northern outer areas of the city. This is just one of 18 major cycling projects currently under progress in Cambridge, underlining the local government's efforts to establish Cambridge as Britain's cycling city.²

The UK Powerhouse table of zero emission transport shows that smaller cities have a comparative advantage in zero emission modes of transport. It's likely that these cities benefit from the smaller geographic areas that make it more feasible to cycle or walk to work. Despite this, 10% of Inner London's population either walk or cycle to work. A key agenda for the Mayor of London has been to make cycling routes safer and more accessible in London, with several new cycle routes proposed in order to encourage more people to cycle around the city.³

Interestingly, Bournemouth performed relatively poorly for environmentally-friendly commuters, even though it had the lowest per capita carbon emission in 2017. Only 3% of its population use low emission transport to get to work, and the share of those who use zero emission transport is slightly higher at 5% – this is still far behind the top performing cities. If Bournemouth can improve its share of low and zero emission transport, carbon emissions can decrease even further. This makes it possible for Bournemouth to become one of the most sustainable cities in the UK.

² <https://www.greatercambridge.org.uk/news/new-cycle-route-opened-to-improve-links-with-the-city/>

³ <https://www.london.gov.uk/sites/default/files/mayors-transport-strategy-2018.pdf/>

UK Cities

Renewable electricity installations

League table ranking	Total number of installations (as end of 2017)	Share of households with installations	
1	Peterborough	9,100	12%
2	Sunderland	8,800	7%
3	Plymouth	6,200	6%
4	Doncaster	7,200	5%
5	Rotherham	5,400	5%
6	Nottingham	6,000	5%
7	Exeter	2,200	4%
8	Derby	4,200	4%
9	Wakefield	5,500	4%
10	York	3,100	4%
11	Leicester	4,400	4%
12	Stockport	4,200	3%
13	Milton Keynes	3,400	3%
14	Manchester	6,600	3%
15	Cambridge	1,400	3%
16	Stoke-on-Trent	3,300	3%
17	Ipswich	1,600	3%
18	Middlesbrough	1,700	3%
19	Swindon	2,400	3%
20	Bournemouth	2,200	3%

21	Greater Manchester	30,100	3%
22	Reading	1,600	2%
23	Swansea	2,600	2%
24	Newcastle	2,900	2%
25	Southampton	2,400	2%
26	Cardiff	3,300	2%
27	Bristol	4,100	2%
28	Hull	2,600	2%
29	Sheffield	5,400	2%
30	Leeds	7,400	2%
31	Norwich	1,400	2%
32	Oxford	1,200	2%
33	Bradford	4,000	2%
34	Coventry	2,500	2%
35	Brighton	1,900	2%
36	Birmingham	7,000	2%
37	Wolverhampton	1,700	2%
38	Liverpool	3,300	2%
39	Portsmouth	1,200	1%
40	Aberdeen	1,300	1%
41	Outer London	13,800	1%
42	Glasgow	2,700	1%
43	Edinburgh	1,900	1%
44	London	18,800	1%
45	Inner London	5,000	0%
46	Belfast	100	0%



IM irwinmitchell

Are you ready for the next
Industrial Revolution?

Renewable electricity installations

The most common form of renewable energy installations in the UK is that of photovoltaics – the transformation of solar power into energy.

The leading UK Powerhouse city for renewable electricity is Peterborough, where 12 % of all households in 2017 had renewable electricity installed.

Greater Manchester had the highest number of renewable systems installed, at 30,100, yet this only represents 3 % of households in the region.

In Sunderland, ranked second, 7 % of households had renewable energy systems installed as of 2017. It's not only households that are opting to invest in renewable energy in the North East city. The Nissan factory switched to solar panels in 2016, installing 19,000 photovoltaic panels, as part of its goal to make the factory emission-free. Despite both of these efforts, Sunderland increased its per capita carbon emissions from 2016 to 2017 by 8.5 %. This suggests further actions are necessary for the city to reach its carbon goals by 2020.⁴



Learn how our experts
can help you take advantage

Download our exclusive report now

www.irwinmitchell.com

⁴https://www.sunderland.gov.uk/media/19695/Carbon-Plan-2017-2020/pdf/Carbon_Plan_2017-2020.pdf

UK Cities

Waste recycling

League table ranking	Local authority collected waste sent for recycling (2017 / 2018)
1	Stockport 56%
2	Milton Keynes 52%
3	Bournemouth 49%
4	Oxford 48%
5	Hull 48%
6	Bristol 47%
7	Cambridge 46%
8	Doncaster 46%
9	Greater Manchester 45%
10	Rotherham 44%
11	York 44%
12	Wakefield 44%
13	Peterborough 43%
14	Swindon 42%
15	Wolverhampton 39%
16	Leicester 39%
17	Plymouth 37%
18	Manchester 37%
19	Newcastle 37%
20	Leeds 36%

21	Ipswich	36%
22	Norwich	36%
23	Outer London	36%
24	Bradford	34%
25	Derby	34%
26	Stoke-on-Trent	32%
27	Middlesbrough	32%
28	Coventry	31%
29	Sheffield	30%
30	London	30%
31	Nottingham	29%
32	Exeter	29%
33	Brighton	29%
34	Reading	28%
35	Sunderland	28%
36	Southampton	25%
37	Liverpool	25%
38	Portsmouth	24%
39	Inner London	21%
40	Birmingham	20%



Waste recycling

As data on local authority recycling was only available for England, the UK Powerhouse table on waste recycling excludes Scotland, Wales and Northern Ireland.

The highest-ranked UK Powerhouse city for waste recycling is Stockport, where 56 % of all waste collected is recycled.

One reason for the high level of waste recycling in Stockport can be found in their latest environmental policy – “We love Stockport.” This aims to reduce the amounts of waste and litter produced, and raise awareness of the benefits of recycling.⁵

Milton Keynes and Bournemouth are ranked second and third respectively – 52 % of all waste collected in Milton Keynes, and 49 % of all waste collected in Bournemouth, is recycled.

In contrast, the worst performing cities are Inner London and Birmingham, where only 21 % and 20 % of all waste collected was recycled respectively.

On average, the Powerhouse cities recycled 37 % of all waste collected on a local authority level.

⁵<https://www.stockport.gov.uk/showcase/we-love-stockport>

I am able to have peace of mind for the future

At Irwin Mitchell Private Wealth we understand everyone’s situation is different. That’s why we offer a human touch as well as an expert hand to help guide you through the complexities of life.

We strive to make our clients’ lives easier; it’s what we’ve always done. Which means you’re able to look to the future with assurance and ultimate peace of mind.

irwinmitchell.com/private



IM irwinmitchell
private wealth

Expert Hand. Human Touch.

Tax & Trusts | Wills & Probate | Disputes | Property & Family

“IM Private Wealth” is a trading style of Irwin Mitchell LLP, which is authorised and regulated by the Solicitors Regulation Authority.

Irwin Mitchell's
Powerhouse Tracker

Official economic data sources for the UK's cities are often dated and fail to provide a reliable snapshot of the UK's localised economies – the last set of regional economic accounts corresponds to the economy in 2017. To more accurately estimate current economic activity, Cebr has utilised a range of more timely indicators to create a 'nowcast' of gross value added (GVA) and employment for a range of key cities across the UK. The latest outputs of this give us a picture of how the regional economies of the UK performed in Q1 2019 – and looks ahead to performance in Q1 2021.

The UK economy expanded by 0.5% in the first three months of the 2019



The manufacturing sector saw a 1.9% quarter-on-quarter increase in output, driven by stockpiling ahead of the initial Brexit deadline in March



Reading was the fastest growing UK Powerhouse city in Q1, with an estimated 2% annual GVA growth



Leading the way for employment growth in Q1 2019 was Stoke-on-Trent, with a 1.9% annual expansion



The 76.1% employment rate is the joint-highest on record



The UK's 5.6% trade deficit is the highest since Q3 2016



By Q1 2021, Milton Keynes, Oxford and Cambridge are forecast to lead the way for GVA growth



Leeds will overtake Stoke-on-Trent to be the top-ranking city for employment growth by Q1 2021



UK Economy:

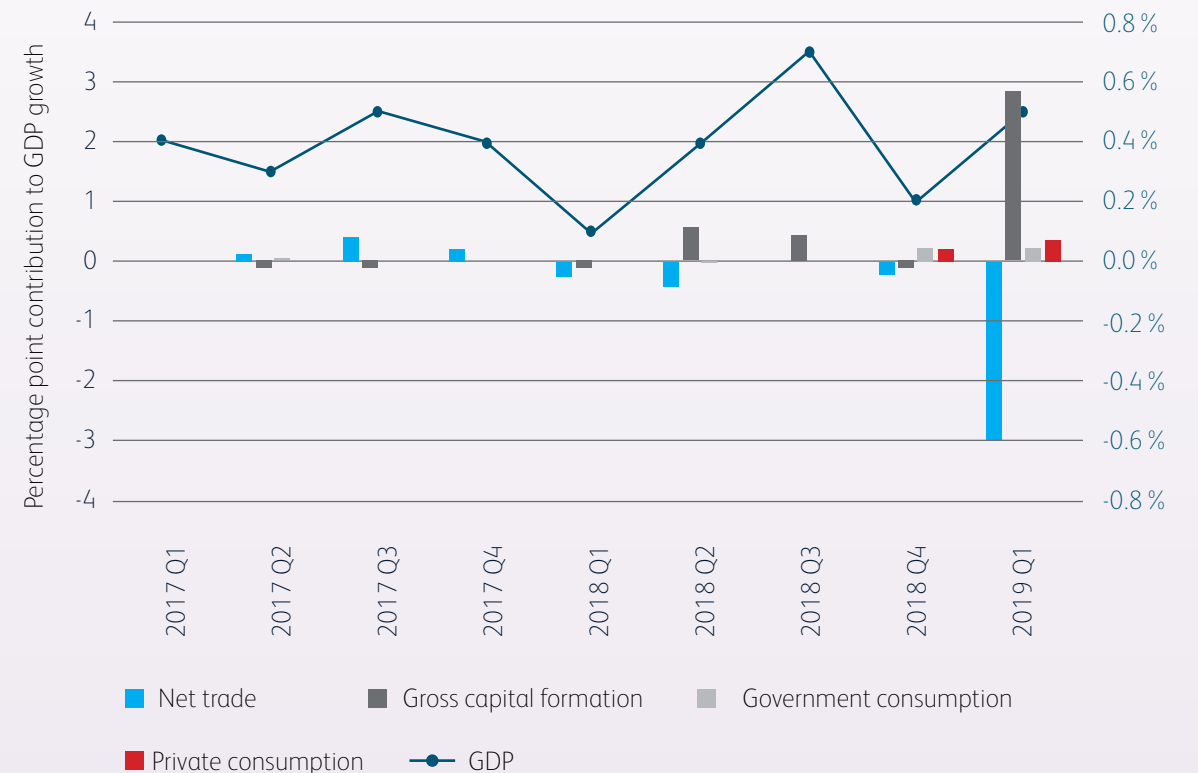
First quarter GDP growth rebounds due to stockpiling activity

The UK economy expanded by 0.5% in the first three months of 2019, according to data from the Office for National Statistics (ONS). This headline figure indicates a significant improvement on the 0.2% quarterly increase in Q4 2018. In comparison with Q1 2018, UK GDP increased by 1.8%, the highest since Q3 2017.

Upward pressure on the growth rate came from the manufacturing sector, which saw a 1.9% quarter-on-quarter increase in output. This was driven by stockpiling ahead of the initial Brexit deadline of Friday 29 March. Service output increased by just 0.4%. This improvement in GDP comes despite the UK trade deficit widening to 5.6% in Q1. This deficit is the highest since the third quarter of 2016 – and one of the largest on record. A large part of this was due to imports of unspecified goods, including non-monetary gold, which doesn't affect headline GDP.

Gross fixed capital formation contributed 2.8% to the quarterly growth rate in Q1, with an upwards contribution from business investment. This increased by 0.4% quarter-on-quarter after four consecutive quarters of contraction. Business investment is heavily impacted by construction and IT spending, and it's likely that the mild weather in February brought forward spending on new commercial property. A strong labour market means that many companies are still willing to invest in essential IT equipment for staff, despite Brexit uncertainty.

Figure 1 - GDP percentage growth (right-hand side): UK expenditure components percentage contribution to GDP growth (left-hand side), quarter-on-quarter



Source: Office for National Statistics, Cebr analysis

The employment rate remained at 76.1% in Q1 2019 – the joint-highest estimate on record. Meanwhile, the unemployment rate fell to 3.8%, down from 4.0% in Q4 2018. Over the year, the total number of people in employment rose by 354,000, to 32.7 million.

UK Cities in Q1 2019

Powerhouse table

GVA

League table ranking	GVA Q1 2019, £millions (Annualised, constant 2013 prices)	Growth (YoY)	
1	Reading	6,400	2.0%
2	Cambridge	8,900	2.0%
3	Oxford	8,400	1.8%
4	Milton Keynes	11,500	1.7%
5	Ipswich	4,500	1.6%
6	Peterborough	5,300	1.5%
7	Portsmouth	5,400	1.4%
8	Norwich	2,600	1.3%
9	Southampton	6,100	1.3%
10	Coventry	8,100	1.3%
11	Wakefield	6,800	1.3%
12	Exeter	4,700	1.2%
13	Brighton	7,200	1.2%
14	Outer London	122,200	1.2%
15	Sunderland	5,700	1.2%
16	Nottingham	9,000	1.2%
17	Stockport	6,500	1.1%
18	Rotherham	4,400	1.1%
19	York	4,800	1.1%
20	Aberdeen	12,200	1.1%

21	Hull	5,100	1.1%
22	Birmingham	25,900	1.1%
23	Leicester	7,100	1.0%
24	London	388,700	1.0%
25	Derby	6,600	1.0%
26	Greater Manchester	60,400	1.0%
27	Manchester	17,800	1.0%
28	Swindon	6,600	1.0%
29	Bournemouth	4,600	1.0%
30	Doncaster	5,100	1.0%
31	Glasgow	17,800	1.0%
32	Stoke-on-Trent	4,900	0.9%
33	Inner London	266,500	0.9%
34	Newcastle	9,400	0.8%
35	Bristol	13,400	0.8%
36	Leeds	21,500	0.8%
37	Edinburgh	21,300	0.8%
38	Bradford	9,300	0.8%
39	Liverpool	10,500	0.7%
40	Wolverhampton	4,500	0.7%
41	Sheffield	11,300	0.6%
42	Cardiff	10,100	0.6%
43	Middlesbrough	3,200	0.6%
44	Plymouth	5,000	0.6%
45	Swansea	4,400	0.3%
46	Belfast	15,300	0.2%

UK Cities in Q1 2021

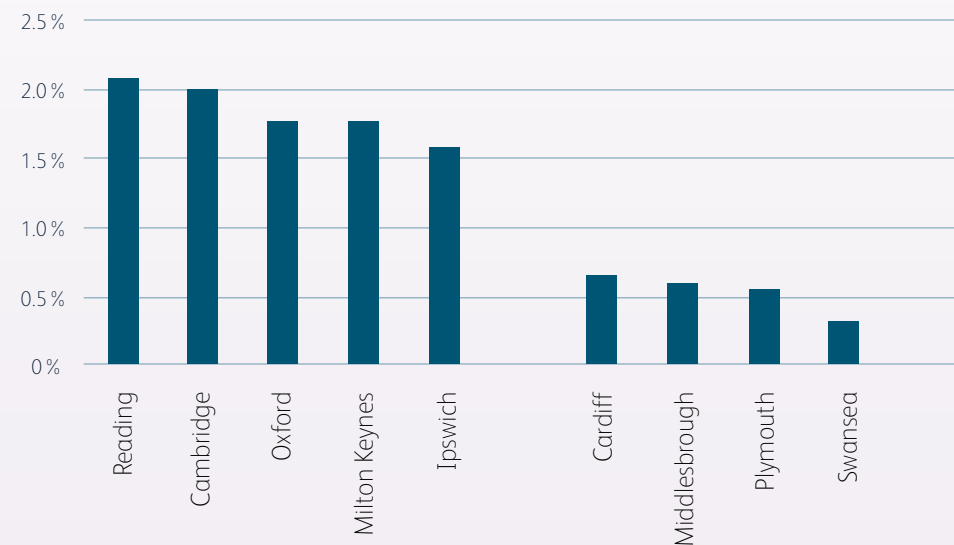
Powerhouse table

GVA

League table ranking	GVA Q1 2021, £millions (Annualised, constant 2013 prices)	Growth (YoY)	
1	Milton Keynes	12,000	2.2%
2	Oxford	8,800	2.1%
3	Cambridge	9,300	2.0%
4	Southampton	6,300	2.0%
5	Ipswich	4,600	2.0%
6	Norwich	2,700	2.0%
7	Brighton	7,500	1.9%
8	Reading	6,700	1.9%
9	Outer London	127,100	1.8%
10	Bournemouth	4,800	1.8%
11	London	401,900	1.8%
12	Inner London	274,800	1.8%
13	York	5,000	1.7%
14	Peterborough	5,600	1.7%
15	Exeter	4,900	1.7%
16	Doncaster	5,300	1.7%
17	Portsmouth	5,600	1.6%
18	Manchester	18,400	1.6%
19	Stockport	6,700	1.6%
20	Glasgow	18,300	1.6%

21	Wakefield	7,100	1.6%
22	Rotherham	4,600	1.6%
23	Birmingham	26,800	1.5%
24	Nottingham	9,300	1.5%
25	Bristol	13,800	1.5%
26	Edinburgh	21,800	1.5%
27	Swindon	6,800	1.5%
28	Greater Manchester	62,300	1.4%
29	Liverpool	10,900	1.4%
30	Aberdeen	12,700	1.4%
31	Leeds	22,200	1.4%
32	Newcastle	9,700	1.3%
33	Coventry	8,400	1.3%
34	Sheffield	11,700	1.3%
35	Leicester	7,300	1.3%
36	Stoke-on-Trent	5,100	1.3%
37	Cardiff	10,400	1.2%
38	Plymouth	5,100	1.1%
39	Swansea	4,500	1.1%
40	Bradford	9,600	1.1%
41	Sunderland	5,900	1.1%
42	Wolverhampton	4,600	1.1%
43	Hull	5,200	1.1%
44	Belfast	15,700	1.1%
45	Middlesbrough	3,200	1.0%
46	Derby	6,700	0.9%

Figure 2 - Top and bottom five cities by annual GVA growth, Q1 2019



Source: Office for National Statistics, Cebr analysis

Despite the upturn in GDP growth throughout the country, growth slowed across the UK Powerhouse cities in Q1 2019, compared to Q4 2018. This was mainly because the UK growth rate was driven by manufacturing sector stockpiling, but city economies tend to be dominated by the service sector, and this saw growth slow between Q4 2018 and Q1 2019.

The fastest-growing UK Powerhouse city in Q1 was Reading, where we estimate a 2% annual GVA growth. Out of all UK cities, it has the second largest number of businesses per 10,000 people, at 478 in 2017. At 583 per 10,000 people, only London has a higher business density. This reveals the attractiveness of the city to enterprises, and is likely to be a key source of its GVA growth.

After Reading, the Oxford-Milton Keynes-Cambridge corridor takes up the next three spots on the UK Powerhouse table for annual GVA growth.

The trio are also forecast to be the fastest-growing UK Powerhouse cities by Q1 2021 (the quarter when the transition period in the UK's current EU withdrawal agreement is set to have ended). While this scenario depends on the new Prime Minister securing a parliament majority for the withdrawal agreement, it demonstrates the resilience of these cities. The three cities benefit from high-tech manufacturing and research industries, and are supported by successful universities.

Looking at the West Midlands, the fastest-growing city in Q1 2019 with 1.3% growth is Coventry, which Birmingham is set to overtake it by Q1 2021. The key industries driving growth in the West Midlands are advanced manufacturing and engineering, and the area is home to many global businesses, including Jaguar Land Rover and Cadbury. Jaguar Land Rover recently announced it will be spending hundreds of millions of pounds on investment into electric vehicle production at its Birmingham plant. But the State of the Region report highlights that there's still a long way to go for the economy of the West Midlands.⁶ The output gap, which measures the difference between per head economic output and potential, stands at nearly £17 billion across the three Local Enterprise Partnerships in the region.

⁶ <https://www.wmca.org.uk/media/2435/state-of-the-region-2018.pdf>

Wakefield ranks the highest out of all northern cities, performing well in Q1 2019 with 1.3% GVA growth. This is set to increase to 1.6% in Q1 2021. The city benefits from good connectivity through the M1/M62 intersection, and enjoys fast rail links to London and Leeds. Wakefield also has a large manufacturing sector, with significant supply chains and strengths in logistics and the food and drink sector. The Wakefield district economic strategy 2018-2023 is in the process of reforming business, people and places in the city region, aiming to increase productivity, education levels and housing availability.

Sunderland is another high-performing northern city, and is estimated to be the fastest-growing city in the North East in Q1 2019. The city is home to many globally competitive businesses, and comes second only to Derby for the value of exports per job, according to data for 2017. Home to businesses such as Nissan, city's economy is dominated by the manufacturing sector. With this in mind, the strong performance in the latest quarter may be due to the fact that many manufacturing businesses were stockpiling in the run-up to the March 2019 Brexit deadline, and it provided only a short-term boost to growth.

By Q1 2021, York is set to be the fastest-growing UK Powerhouse city in the North. The city benefits from a young population, with 23% of inhabitants aged between 18 and 29. This is partly due to the university, which attracts young people from across the world. A recent study found that the total economic impact of all the university's activities to the UK economy in 2016-17 was worth over £1.8bn.⁷

Some of the weakest cities for Q1 2021 GVA growth will be Belfast, Middlesbrough and Derby. The economic performance of these cities is likely to suffer from Brexit in a number of different ways. Belfast will be significantly dependent on the outcome of Brexit negotiations, as the government warned that a no-deal Brexit would "affect the viability of many businesses across Northern Ireland". For Middlesbrough, evidence⁸ has suggested that sectors providing significant employment to the area will be badly affected by the UK's departure from the trading bloc. The region's chemical industry, and machinery and transport equipment exports, are at risk of dropping dramatically. Meanwhile, Derby relies heavily on the automotive sector for employment, and this is one of the sectors set to be most affected by the Brexit trade disruptions.

⁷ <https://www.york.ac.uk/about/economic-impact/>

⁸ An Equal Exit - The Institute for Public Policy Research.

I am able to be confident about my business

At Irwin Mitchell we understand that everyone's situation is different. That's why we offer a human touch as well as an expert hand to help guide you through the complexities of business.

We make our clients' lives easier, it's what we've always done. Which means you're able to be confident about your business and watch it grow.

irwinmitchell.com/business

We offer more than
just legal advice

IM irwinmitchell

Irwin Mitchell LLP is authorised and regulated by the Solicitors Regulation Authority

Expert Hand. Human Touch.

UK Cities in Q1 2019

Powerhouse table

Employment

League table ranking	Employment Level, Q1 2019	Growth (YoY)	
1	Stoke-on-Trent	120,100	1.9%
2	Leeds	469,400	1.9%
3	Birmingham	581,900	1.5%
4	Exeter	103,200	1.5%
5	Liverpool	318,700	1.5%
6	Oxford	135,300	1.5%
7	Sheffield	305,200	1.5%
8	Manchester	473,700	1.4%
9	Cambridge	134,300	1.4%
10	Bournemouth	92,600	1.3%
11	Cardiff	246,800	1.3%
12	Nottingham	231,900	1.3%
13	Inner London	3,374,300	1.2%
14	London	5,091,700	1.2%
15	Outer London	1,717,400	1.2%
16	Peterborough	115,800	1.2%
17	Glasgow	437,400	1.2%
18	Newcastle	219,800	1.1%
19	Hull	157,000	1.1%
20	Bristol	354,600	1.1%

21	Belfast	119,000	1.1%
22	Greater Manchester	1,305,900	1.1%
23	Swindon	121,400	1.1%
24	Rotherham	107,300	1.1%
25	Edinburgh	373,500	1.0%
26	Reading	121,900	1.0%
27	Coventry	198,300	0.9%
28	Southampton	152,800	0.9%
29	Plymouth	145,600	0.9%
30	Brighton	147,600	0.8%
31	Ipswich	82,400	0.8%
32	Middlesbrough	76,400	0.8%
33	Bradford	215,100	0.7%
34	Derby	150,100	0.7%
35	Milton Keynes	155,800	0.7%
36	Portsmouth	115,100	0.6%
37	Sunderland	138,900	0.6%
38	Leicester	208,000	0.6%
39	Aberdeen	177,800	0.5%
40	Norwich	135,600	0.4%
41	Wolverhampton	123,400	0.4%
42	Swansea	113,100	0.1%
43	Doncaster	131,800	0.0%
44	York	120,500	-0.2%
45	Wakefield	144,100	-0.2%
46	Stockport	114,200	-0.3%

UK Cities in Q1 2021

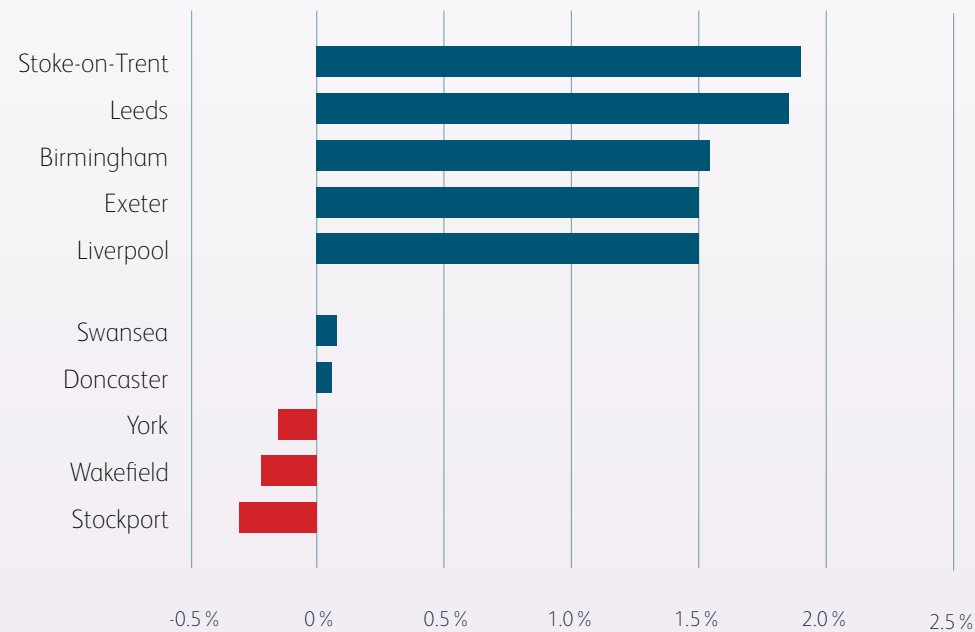
Powerhouse table

Employment

League table ranking	Employment Level, Q1 2021	Growth (YoY)	
1	Leeds	487,900	1.9%
2	Stoke-on-Trent	124,600	1.9%
3	Manchester	489,700	1.7%
4	Oxford	139,800	1.6%
5	Birmingham	600,600	1.6%
6	Cardiff	254,400	1.5%
7	Liverpool	327,800	1.4%
8	Sheffield	314,000	1.4%
9	Exeter	105,900	1.4%
10	Cambridge	138,000	1.4%
11	Glasgow	448,800	1.3%
12	Inner London	3,460,800	1.3%
13	Southampton	156,900	1.3%
14	London	5,215,500	1.2%
15	Greater Manchester	1,338,100	1.2%
16	Nottingham	237,100	1.2%
17	Hull	160,700	1.2%
18	Newcastle	224,900	1.2%
19	Peterborough	118,300	1.1%
20	Outer London	1,754,700	1.1%

21	Swindon	124,100	1.1%
22	Rotherham	109,700	1.1%
23	Bristol	361,900	1.0%
24	Milton Keynes	159,800	1.0%
25	Edinburgh	380,800	1.0%
26	Reading	124,500	0.9%
27	Bournemouth	94,400	0.9%
28	Coventry	202,100	0.9%
29	Brighton	149,900	0.8%
30	Derby	152,100	0.8%
31	Ipswich	83,700	0.8%
32	Plymouth	147,600	0.7%
33	Bradford	218,300	0.7%
34	Middlesbrough	77,500	0.7%
35	Swansea	114,900	0.7%
36	Portsmouth	116,800	0.7%
37	Norwich	137,400	0.7%
38	Leicester	210,700	0.6%
39	Sunderland	140,700	0.6%
40	Aberdeen	179,900	0.5%
41	Wolverhampton	124,600	0.4%
42	Doncaster	133,100	0.3%
43	York	120,900	0.1%
44	Wakefield	144,200	-0.1%
45	Belfast	119,300	-0.2%
46	Stockport	113,300	-0.4%

Figure 3 - Five fastest and slowest expanding cities by year-on-year employment growth in Q1 2019



Source: Office for National Statistics, Cebr analysis

When it comes to the labour markets of the UK Powerhouse cities, employment growth is estimated to have averaged around 0.9% in Q1 2019. This is forecast to pick up to 1.0% by Q1 2021.

Leading the way in Q1 2019 is Stoke-on-Trent, with 1.9% annual employment growth.

Several factors contribute to Stoke-on-Trent's strong performance. The city attracts businesses through having good availability of affordable office space. At around £13 per square foot, compared to £20 in Nottingham or £33 in Birmingham, Stoke is an attractive alternative location for many new enterprises looking to keep costs down. This is highlighted by the 830 new businesses registered in Stoke-on-Trent in 2017.⁹ Additionally, the Stoke-on-Trent and wider Staffordshire region has seen significant investment from some of the world's biggest companies, including JCB, Jaguar Land Rover and Amazon. These businesses are spending millions locally, as well as hiring significant numbers of people.

Leeds follows Stoke-on-Trent as the city with the second-highest employment growth. Over 35% of the city's working-age population is educated to NVQ4 level or above (i.e. above A-level equivalent), and this provides a strong skills base for businesses in the area. Sheffield is another high-performing Yorkshire city for employment growth, with a 1.5% annual expansion in Q1 2019. The city is also set to see growth in the years to come, with a £21m energy research centre being built at the University of Sheffield.¹⁰ Not only will the centre provide a GVA and employment boost for the science and research sector, but the construction industry will benefit from the process of building the centre.

By Q1 2021, Manchester is expected to be the third-fastest growing city for employment growth. The North Western city is a hotspot for start-ups, with the highest number as a share of the population for any city in the UK outside of London. Looking ahead, the city recently agreed the Greater Manchester Local Industrial Strategy with the government. The Strategy highlights four sectors for development and focus: health innovation, advanced manufacturing of materials, digital, and zero carbon. It also aims to be the UK's leading digital city by 2030. If successful, the city will have good chances of sustaining its strong labour market.

⁹ ONS business demography statistics

¹⁰ <https://environmentjournal.online/articles/sheffield-to-get-21m-energy-research-centre/>

A report for Irwin Mitchell



Conclusion

The article by Business In The Community's Nick Diamond demonstrates just how critical it is for all of us to really start thinking about our environmental footprint. It's vital that this extends beyond individuals and into the business community.

Although it could do more to encourage the use of zero and low emission transport, the city of Bournemouth has made positive strides to become more sustainable. This report reveals that it is a leading city when it comes to environmental sustainability, as the city emitted the least amount of CO₂ per capita in 2017. Pollution results also show that eight of the ten least polluting UK Powerhouse cities are located in the South of England, with Greater London placing sixth on the ranking list. Other large northern cities, such as Manchester and Liverpool, place further down.

The largest share of environmentally-friendly commuters are found in Greater London, where 28% of the population uses some sort of public transport to get to work. Peterborough and Stockport rank best for share of households with solar panel installations and share of waste recycled, respectively. In 2017/18, 56% of all waste collected was recycled in Stockport, whereas only 20% of the waste was recycled in Birmingham.

Overall, the findings demonstrate that the Powerhouse cities in the South perform best in terms of lower CO₂ and environmentally-friendly commuters. Cities in the North are performing relatively better in waste recycling and renewable energy installations.

If you want to find out more about making your business sustainable, please don't hesitate to get in touch.



Lee Harding

Head of Business Development

T: +44 (0)1293 742826

M: +44 (0)7909 234 291

E: lee.harding@irwinmitchell.com

Disclaimer

Whilst every effort has been made to ensure the accuracy of the material in this document, neither Centre for Economics and Business Research Ltd nor the report's authors will be liable for any loss or damages incurred through the use of the report.

Authorship and acknowledgements

This report has been produced by Cebr, an independent economics and business research consultancy established in 1992. The views expressed herein are those of the authors only and are based upon independent research by them. The report does not necessarily reflect the views of Irwin Mitchell.

Methodological Note

All forecasts in this report utilise Cebr's central scenario. Cebr's central forecasts are based on the assumption that an amended version of the Brexit withdrawal agreement will form the basis of the future UK – EU relationship. We further assume that a transitional arrangement will be put in place that allows a continuation of the current relationship without any major disruptions until at least 2021. On the immigration policy, we rely on the lower immigration population estimates assuming that a visa system will be implemented for EU nationals, but that the requirements (e.g. the minimum salary, the NHS surcharge payment, the application fees, etc.) would be more relaxed than they currently are for non-EU nationals requiring a visa.

0370 1500 100

www.irwinmitchell.com

@irwinmitchell

For a list of our offices visit our website

Irwin Mitchell LLP is authorised and regulated by the Solicitors Regulation Authority.

BLS-PH-SUM2019