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Local Heroes: Why The Key To City Growth Is More Local Decision Making

OCO Global conducted research on the growth trends for 11 UK cities outside London, combining economic data with health, wealth and educational themes.

The results show that there is no one model of successful growth, and different cities excel in different themes.

The results have implications for how city growth and levelling up is managed by government.

The current system is inefficient, and where money is spent, and what it is spent on, needs to be further devolved to local elected mayors and local decision makers.

Introduction

A city brings people together to live, work, and play, and it is only by looking at the interplay between these forces that cities can be fully understood. In 2024, OCO Global set out to examine how eleven cities in the UK have developed over the last ten years across five interrelated pillars: their economy; prosperity of individuals; well-being of citizens; education and skills; and the attractiveness of property.
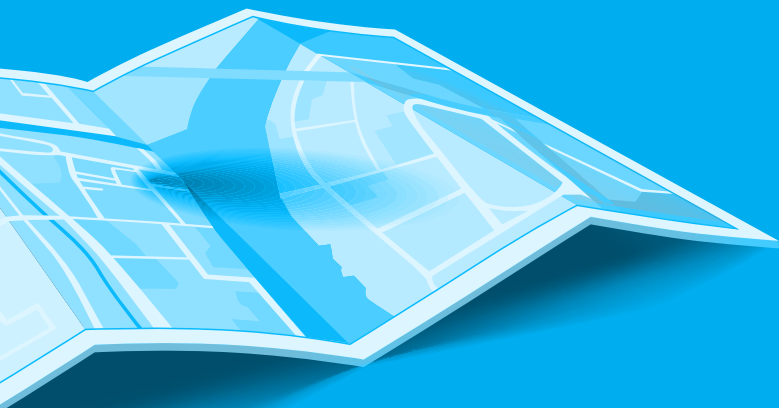
The eleven cities were a combination of regional capitals, city regions that incorporate multiple local authorities working together, and core cities (for ease of reading, these are listed in the text by the largest city in each group).

Edinburgh

Belfast

Newcastle

Leeds

Liverpool

Manchester

Sheffield

Cardiff

Nottingham

Birmingham

Bristol

Each pillar contained between eight to ten data points that measured current size/performance of a city, and growth over ten years (see appendix for data points and sources). Cities were ranked on each data point and an overall score for each pillar was obtained by combining these ranking scores. Data points were also weighted to place more emphasis on growth which was the focus of the study.

A final rating for each city was obtained by combining scores across the five pillars (economy, prosperity, wellbeing, education, and property), with each pillar receiving the same weighting at this stage.

There Is No One Model Of City Growth

Four groups emerged when cities were clustered by overall scores.

Edinburgh stood apart as a Top Tier city that performed strongly across all areas.

Close behind were the three Booming Cities of Belfast, Bristol and Manchester which were leaders in many pillars but still had areas for improvement.

The third group of Solid Performers typically ranked in the top five in their strongest pillars but were ranked lower in other areas. These included Cardiff, Leeds, Liverpool, and Newcastle.

The final group of Moderate Performers (Birmingham, Nottingham, and Sheffield) ranked towards the bottom of pillars although all had at least one stronger performing pillar.

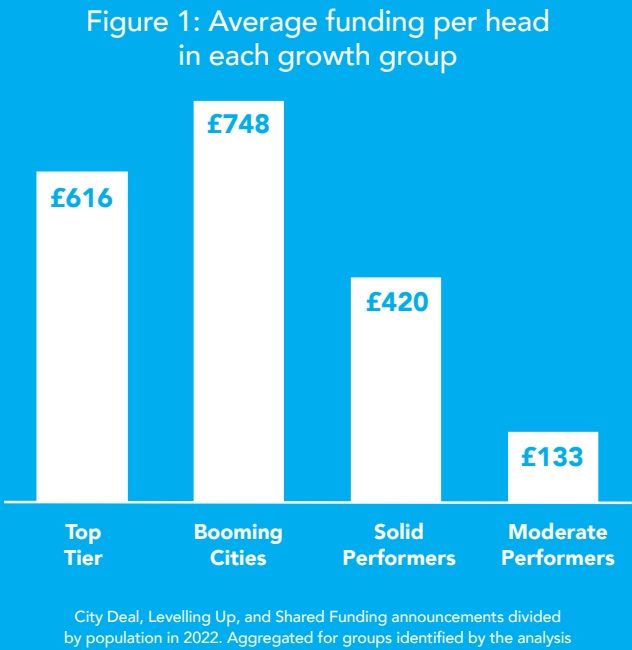| Top Tier	Booming Cities	Solid Performers	Moderate Performers
Edinburgh	Belfast Bristol Manchester	Cardiff Leeds Liverpool Newcastle	Birmingham Nottingham Sheffield

A key finding from the analysis was how cities excelled in different areas and arrived at their final score in different ways. For example, Bristol scored highly for education and prosperity, while its fellow booming city, Manchester, scored highly on economy, well-being, and property.

A key fact that central government has failed to realise is that cities tend to excel in different areas, and there is no one model of successful city growth that can be imposed on cities.

Centralised Funding Decisions Will Not Solve Unique Problems

The final part of the analysis was to look at the funding each city has received from various funding sources designed to 'level up' other parts of the UK with London and the Southeast. The three sources of funding examined were City Deals, which first emerged in 2013, through to more recent Levelling Up funds and Shared Prosperity funds. While these do not account for all central government funding, they still account for over £6 billion of funding designed to improve cities and the prosperity and quality of life of citizens.

When funding per head is aggregated for each city cluster identified in the research, a pattern emerges that higher-performing cities will generally receive the most money, while moderate performers receive significantly less.

Figure 1: Average funding per head in each growth group

Top Tier	Booming Cities	Solid Performers	Moderate Performers
£616	£748	£420	£133

City Deal, Levelling Up, and Shared Funding announcements divided by population in 2022. Aggregated for groups identified by the analysis

While it is not possible to identify causality between these funds and city growth, the results suggest that central government funding is not being used efficiently.

The diagram above is the antithesis of Levelling Up. While not singularly responsible for growth, there appears to be a relationship between the funding received and a city's success. These results show that growing cities get more support while others fall behind.

In effect, funding that was designed to level up the country is perpetuating differences. We believe this is related to taking a centralised view of what are very different challenges and opportunities across cities. While these funds do provide a degree of devolution, the fact that cities are required to regularly bid for central funds means that overall decisions are still being taken at the centre.

This has also created a system where funding is allocated to those who are best at applying for it rather than those who needs it the most. This gives a further advantage to booming cities who can prove they are successful in spending it. This problem was aptly summed up by ex -Mayor of the West Midlands Andy Street when he criticised the 'bidding and begging bowl culture' that exists at present.

How To Change The System

The first step towards change is to recognise the problem, and our research has shown that a centralised approach will not solve the unique challenges and opportunities that exist in each city.

Secondly, a centralised funding system based on regular bidding for funds has likely produced some winners but has done so at the expense of others. At best this will level up parts of the country while exacerbating inequality in other areas. Political devolution needs to be matched by economic devolution that leaves elected mayors with more authority and resources to make long-term plans to meet the needs of their economy and citizens.

City Pen Portraits

The following section gives a short profile of the most interesting findings for each city that was analysed in the research. It also includes a selection of data points that highlight strengths or challenges in each city.
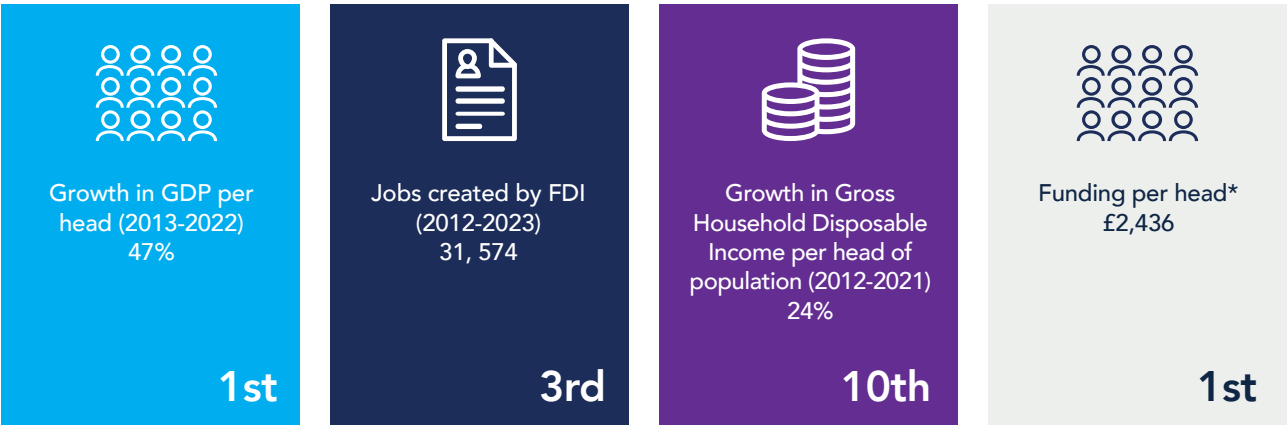
Edinburgh

A consistent performer across all pillars, Edinburgh stood out for high levels of productivity, income, employment, and health. This has not gone unnoticed, and Edinburgh has become a desirable location with some of the most expensive house prices and office rentals of any city in the study.
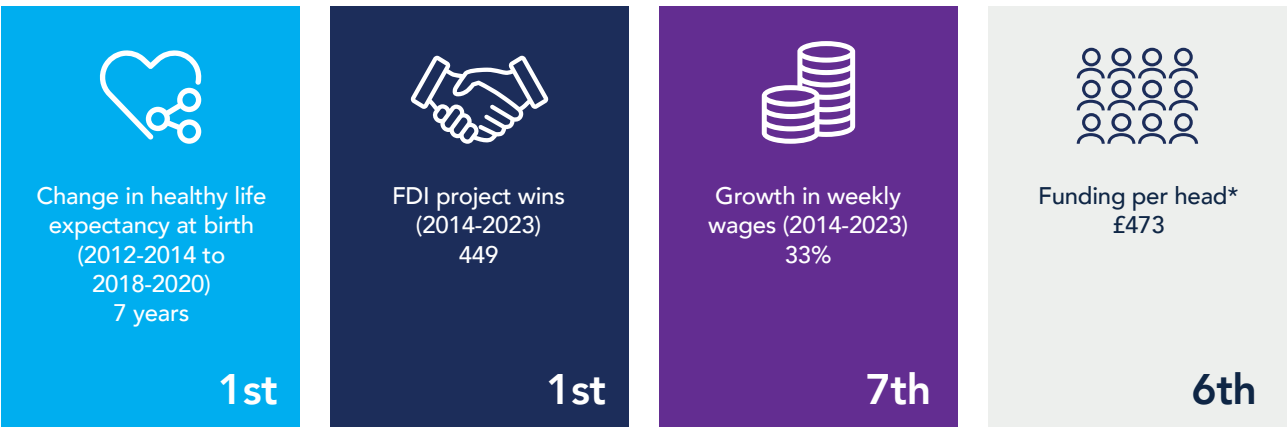
Growth in GVA per hour worked (2012-2021) 33%	Gross Household Disposable Income per head of population (2021) £24,161	Percentage of population in good or very good health 86%	Funding per head* £616
2nd	1st	1st	5th

Belfast

In any model based on growth, Belfast's smaller size and fast growth over the last ten years meant it was going to stand out. In particular, the economy has boomed, with GDP per head growth ranked highest across the cities. Belfast has also benefited by attracting international investment, an area where it has punched above its weight for the last ten years. While the economy is strong, Belfast did not see similar growth in individual prosperity or well-being - the city has grown but not everyone is benefitting.

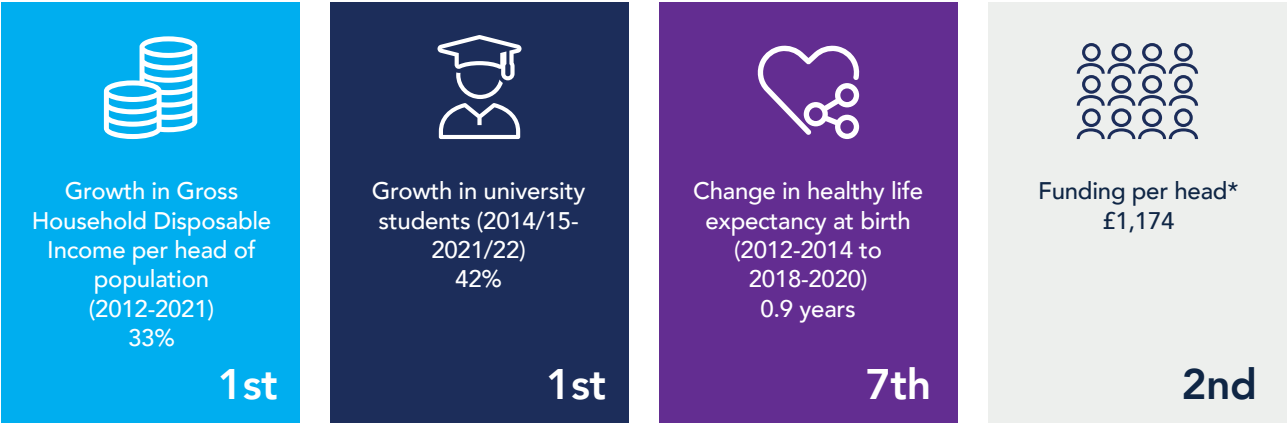| Growth in GDP per head (2013-2022) 47%	Jobs created by FDI (2012-2023) 31, 574	Growth in Gross Household Disposable Income per head of population (2012-2021) 24%	Funding per head* £2,436
1st	3rd	10th	1st

Greater Manchester

Manchester stood out as one of the best cities for wellbeing, reflected in the study by the highest rates of improvement in healthy life expectancy and air quality. Economically, the city was ranked first for GDP growth and has attracted more international investment than any other city. A growing housing stock and strong property rental yields have also attracted people and money into the city. However economic growth and investment have not always been reflected in the prosperity of citizens, with unemployment and wage rate growth ranking lower than other indicators.

Change in healthy life expectancy at birth (2012-2014 to 2018-2020) 7 years	FDI project wins (2014-2023) 449	Growth in weekly wages (2014-2023) 33%	Funding per head* £473
1st	1st	7th	6th

*Funding per head includes City Deals, Shared Prosperity Funds, and Levelling Up Funds divided by population (ONS Population estimates mid-2022)
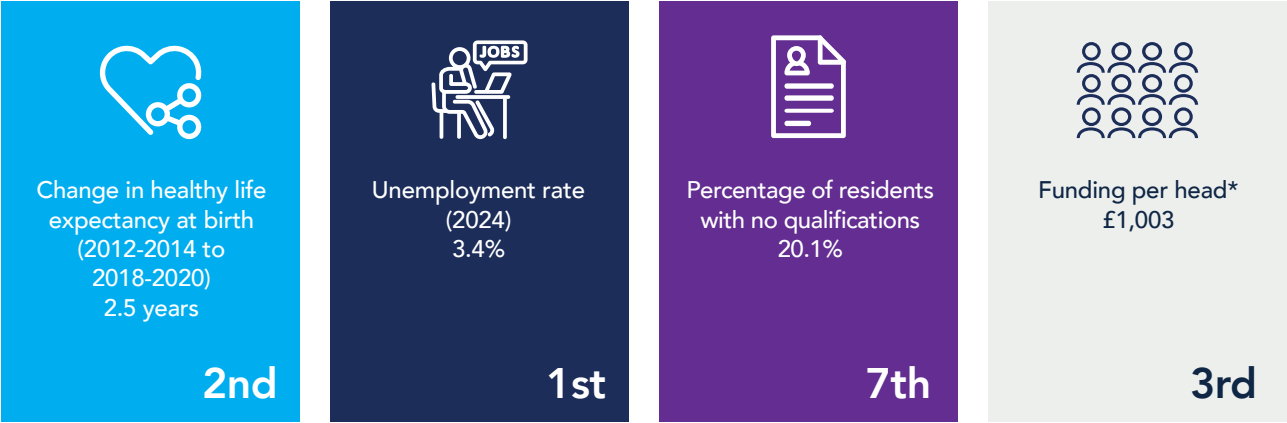
Bristol

Bristol was one of the smaller cities in the study, but it was also one of the strongest overall performers. This was based on a high-skill, high-income economy backed by a strong university base. But not all parts of the city appeared to benefit, as healthy life expectancy and the proportion of people in good health were low compared to economic strengths.

Growth in Gross Household Disposable Income per head of population (2012-2021) 33%	Growth in university students (2014/15-2021/22) 42%	Change in healthy life expectancy at birth (2012-2014 to 2018-2020) 0.9 years	Funding per head* £1,174
1st	1st	7th	2nd

Cardiff Capital Region

Cardiff was an example of sustainable city growth. While the economy has shown steady growth it was notable that the city also performed strongly on prosperity and wellbeing indicators. These include reducing unemployment, strong wage growth, and improving healthy life expectancy. However, a higher percentage of citizens with no qualifications is likely to remain a drag on future growth.

Change in healthy life expectancy at birth (2012-2014 to 2018-2020) 2.5 years	Unemployment rate (2024) 3.4%	Percentage of residents with no qualifications 20.1%	Funding per head* £1,003
2nd	1st	7th	3rd

Liverpool City Region

Strong employment and wage growth helped Liverpool grow the prosperity of citizens over the ten years, but wellbeing remained sluggish due to lower healthy life expectancy and fewer people in feeling good or very good health. The economy in Liverpool has not performed as well as others, with GDP growth and FDI towards the bottom of the ranking. But Liverpool remains attractive with lower house prices and office rental prices.

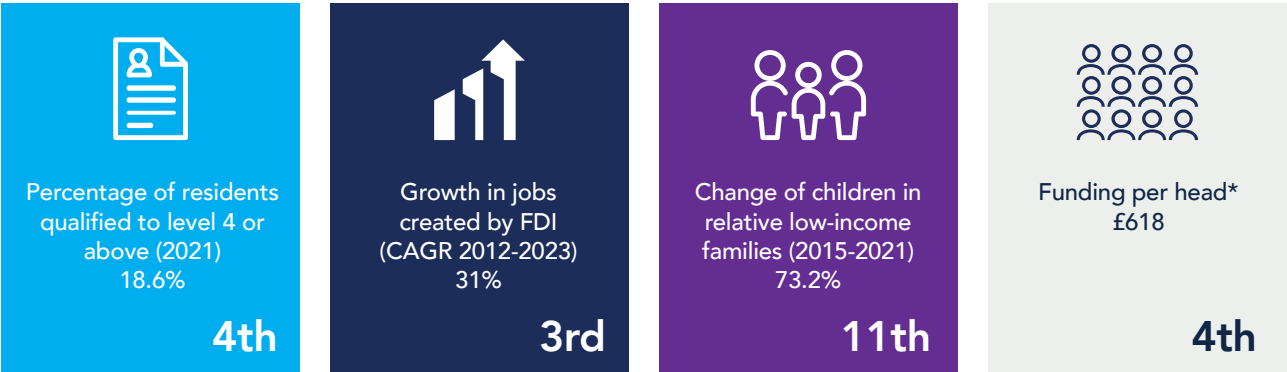| Growth in weekly wages (2014-2023) 34.4%	Change in employment rate (2014 2023) 8.2%	Growth in GDP (2013-2022) 16%	Funding per head* £171
4th	3rd	8th	9th

Leeds City Region

One of the larger economies among the cities studied, Leeds was among the top five for productivity improvement and attracting foreign investment, but slower wage and employment growth suggested that economic success was not always cascading down to all citizens. While feelings of good health are strong, relative child poverty has increased. Property was a strength in Leeds with rising housing stock and high property rental yields.

Growth in FDI projects (CAGR 2014-2023) 32%	Growth in GVA per hour worked (2012-2021) 24%	Change of children in relative low-income families (2015-2021) 38.7%	Funding per head* £168
2nd	4th	9th	10th

*Funding per head includes City Deals, Shared Prosperity Funds, and Levelling Up Funds divided by population (ONS Population estimates mid-2022)
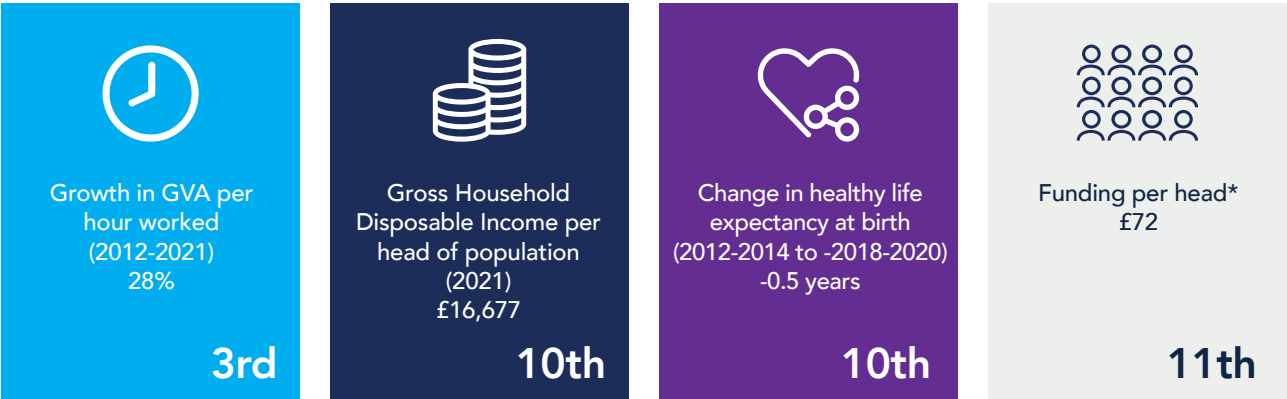
Newcastle

Newcastle performed well in skills and education and was highly rated as a city for university students. However, its smaller economy has not grown as fast as in other cities and productivity growth was the lowest of any city. While international investment is smaller than other cities, Newcastle has grown its FDI footprint rapidly over the last ten years. Newcastle performed around average on well-being, but a particular concern would be the rise of relative child poverty.

Percentage of residents qualified to level 4 or above (2021) 18.6% **4th**	Growth in jobs created by FDI (CAGR 2012-2023) 31% **3rd**	Change of children in relative low-income families (2015-2021) 73.2% **11th**	Funding per head* £618 **4th**

Birmingham (West Midlands Combined Authority)

Birmingham is a large economy that has been successful in attracting foreign investment and strengthening its productivity, but outside of the economy it generally underperformed. Individual prosperity was hampered by low disposable household income and employment rates, while health rates were low and improved at a slower than others. While Birmingham had the largest university population of all cities in the study, it also had the highest proportion of people without qualifications.

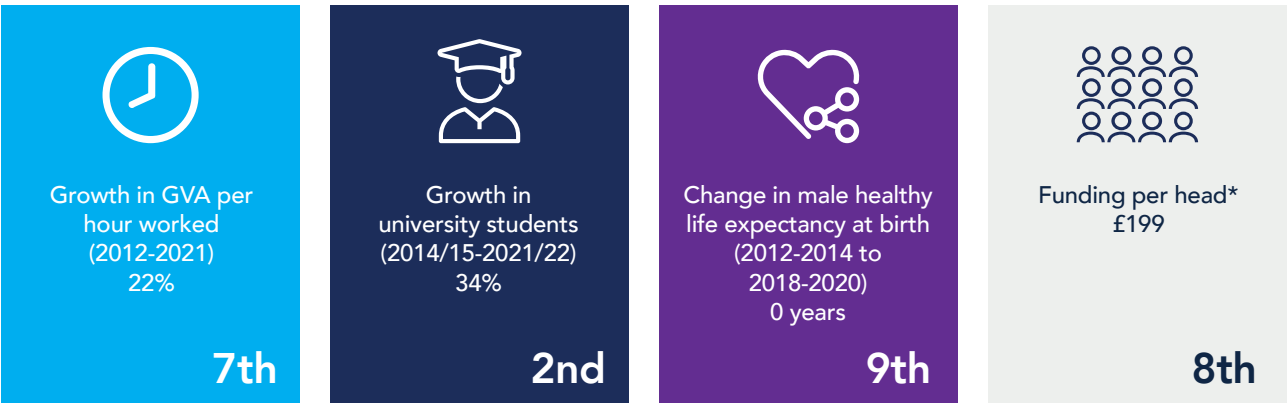| Growth in GVA per hour worked (2012-2021) 28% **3rd**	Gross Household Disposable Income per head of population (2021) £16,677 **10th**	Change in healthy life expectancy at birth (2012-2014 to -2018-2020) -0.5 years **10th**	Funding per head* £72 **11th**

Sheffield City Region

Sheffield's undoubted strength lies in the well-being of its citizens as it recorded some of the highest levels of healthy life expectancy and feelings of overall good health. Across other pillars, the city fared less well, with relatively low growth in productivity, disposable household income, and weekly wages. While Sheffield was popular for university students, the qualifications profile of the workforce showed a higher proportion of residents without qualifications and a lower proportion of higher-skilled workers.

Change in healthy life expectancy at birth (2012-2014 to 2018-2020) 2.1 years **3rd**	Growth in GVA per hour worked (2012-2021) 19% **10th**	Percentage of residents with no qualifications (2021) 22% **10th**	Funding per head* £248 **7th**

Nottingham

Nottingham was one of the smallest economies in the study and it tended to rank towards the bottom of most pillars. However, there were reasons for optimism including relatively high growth rates for productivity and international investment. Lower house prices and office rental costs alongside a large and growing university base suggested Nottingham could put together a compelling offer for investors.

Growth in GVA per hour worked (2012-2021) 22% **7th**	Growth in university students (2014/15-2021/22) 34% **2nd**	Change in male healthy life expectancy at birth (2012-2014 to 2018-2020) 0 years **9th**	Funding per head* £199 **8th**

*Funding per head includes City Deals, Shared Prosperity Funds, and Levelling Up Funds divided by population (ONS Population estimates mid-2022)

Appendix 1: Data Points And Sources

The table below lists all data points used and sources. In most cases, the data came from official UK government sources which provide the most consistency when comparing locations across the country. When this was unavailable, data was taken from recognised sources of reliable data.

Pillar	Data points	Source
Economy	GDP (actual & growth 2012-2022)	ONS (2024) Regional gross value added (balanced) by industry: local authorities by ITL1 region
	GDP per head (actual and growth 2012-2022)	ONS (2024) GDP per head current market prices
	GVA per hour worked (actual and growth 2012-2021)	ONS (2023) GVA per houred worked - current price (unsmoothed)
	FDI jobs and projects (numbers and CAGR 2012-2023)	Financial Times, fDiMarkets database
Prosperity	Gross Disposable Household Income per head of population (actual & growth 2012-2021)	ONS (2023) Regional gross disposable household income, UK: 1997 to 2021
	Median gross weekly pay (actual and growth 2014-2023)	ONS (2023) Annual Survey of Hours and Employment
	Claimant count (percentage and percentage point change 2015-2024)	ONS (2024) Regional labour market: Claimant Count by unitary and local authority
	Employment rate (percentage and percentage point change 2015-2024)	ONS (2023) Annual Population Survey
Wellbeing	Male & female healthy life expectancy at birth (2018-2020 rate and change since 2011-2013)	ONS (2022) Health state life expectancies, UK: 2018 to 2020
	Percentage of the population reporting health as good or very good (actual and change 2011-2021)	ONS (2022) Census 2021
	Number of children living in Relative low-income families (actual & change 2015-2021)	Department of Work and Pensions (2022) Children in low income families: local area statistics 2014 to 2021
	Days per Site with "Moderate" or above pollution (actual 2022 and change 2013-2022)	Department for Environment, Food & Rural Affairs (2023) Air quality statistics
Education	Percentage of the residents with no qualifications	ONS (2023) Education, England and Wales: Census 2021, Scotland's census (2021) Education, Northern Ireland Statistics and Research Agency (2023) Census 2021 Main Statistics – Phase 3
	Percentage of the population with skills above Level 4 or equivalent	ONS (2023) Education, England and Wales: Census 2021, Scotland's census (2021) Education, Northern Ireland Statistics and Research Agency (2023) Census 2021 Main Statistics – Phase 4
	Ranking of attractiveness of cities for university students	QS (2024) Best Student Cities
	University student numbers (actual and change 2014/15 to 2021/22)	Higher Education Statistics Agency (2024) Where do HE students study?
Property	Average house price (actual and change 2017-2023)	Land Registry (2024) Average price by type of property
	Housing stock (actual and change (2013-2022)	Department for Levelling Up, Housing and Communities (2024) Live tables on dwelling stock: Valuation Office Agency (2023) Council Tax: stock of properties, 2023: Scottish Government (2024) Housing statistics: Stock by tenure: Department of Finance (NI) (2023) Annual housing stock statistics
	Prime office rental prices	Cushman and Wakefield (2023) Marketbeat United Kingdom - Office Space: OKTRA (2024) The cost of UK office space
	Property rental yield (%)	Baron & Cabot (2024) Top 14 Cities With Good Rental Yields in the UK

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