Office for National Statistics

Article

City Regions Article

This short article examines England’s eight largest city regions, outside of London. These city regions are of particular policy interest at the present time as the potential exists for each of them to negotiate an increase in devolved powers from central government, following the recent example of Greater Manchester. This article provides a short overview of key economic data for each of the city regions, with data for England and London shown for comparison purposes.

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1. Introduction and main points

This short article examines England's eight largest city regions, outside of London. These city regions are of particular policy interest at the present time as the potential exists for each of them to negotiate an increase in devolved powers from central government, following the recent example of Greater Manchester. This article provides a short overview of key economic data for each of the city regions, with data for England and London shown for comparison purposes.

The geographical boundaries chosen to represent the city regions in this article are the existing combined authority boundaries for West Yorkshire, Liverpool, Manchester, North East, and Sheffield as well as the boundaries for the proposed combined authority for the West Midlands. For Nottingham, the boundaries chosen also reflect those in a combined authority proposal while, for Bristol, the boundaries are in line with discussions occurring locally around greater joint working. More details of the boundaries and naming used in this article are available in the appendix.

Main points:

- The eight city regions (encompassing 51 local authorities) are home to 27% of England's population and 25% of England's jobs. They produce 23% of England's economic output (GVA).
- Four of the eight city regions have more in-commuters than out-commuters (Bristol, Greater Manchester, West Midlands, West Yorkshire) while in the remaining city regions out-commuters exceed in-commuters.
- Bristol outperforms the other city regions on economic indicators such as productivity, household incomes and employment rates.
- The differences in the data between the seven midlands and northern city regions are generally quite small. However, they all lag behind the England average across each of the key economic indicators.
- The seven northern and midlands city regions have labour productivity rates 9-16% below the England average. A relatively low share of residents with degree level qualifications is likely to be one contributing factor. In Bristol, productivity is close to the England average.
- Household incomes per head in the seven northern and midlands city regions are 15-22% below the England average, and are also lower than the average across the rest of the north and the midlands. House prices are also relatively low with median house prices in 2014 averaging £125,000-£139,000 across the northern and midlands city regions.

2. Economy

The eight city regions combined produced 23% of England's Gross Value Added (GVA) in 2013, slightly lower than the 26% produced in London. Greater Manchester and West Midlands had the largest economies, each contributing 4.3% of England's economic output. Nottingham and Sheffield had the smallest economies among the city regions contributing 1.6% and 1.7% of England's output respectively.

Table 1: Economic output (Gross Value Added) by city region, 2013

City Region*	Total GVA (£m)	Share of England GVA
Greater Manchester	56,265	4%
West Midlands	55,686	4%
West Yorkshire	46,237	4%
North East	33,933	3%
Bristol	29,309	2%
Liverpool	27,002	2%
Sheffield	22,560	2%
Nottingham	21,303	2%
Total City Regions	292,295	23%
London	338,475	26%

Source: Office for National Statistics

Note:

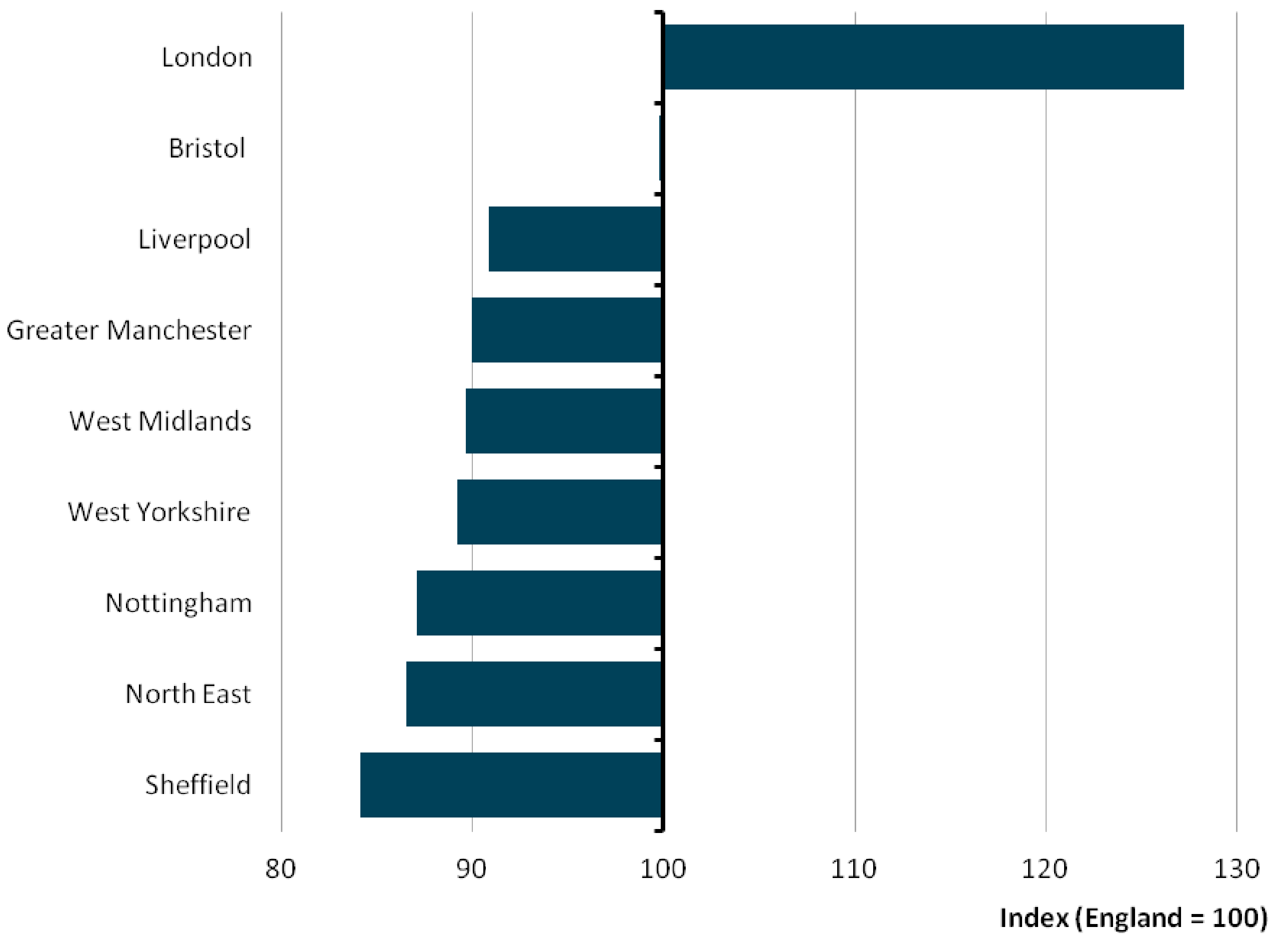
1. * Defined as existing or potential Combined Authority areas.

In terms of the productivity of the city region economies, there was only a small amount of variation among the northern and midlands cities in 2013 with productivity (calculated as GVA per hour worked) 9-11% below the England average in Liverpool, Manchester, West Midlands and West Yorkshire, 13% below the England average in Nottingham and North East and 16% below the England average in Sheffield. For comparison, the average productivity across the whole of the north of England and midlands was 13% below the England average.

Productivity levels in Bristol were higher than in the other city regions, and were the same level as the England average. As such, productivity in Bristol was higher than across the South West region overall in which productivity averages 10% below the England average.

Figure 1: Labour Productivity (GVA per hour worked) by City Region

2013



Source: Office for National Statistics

Notes:

1. Data is smoothed. See the ONS Subregional Productivity release for further details

One factor that can influence labour productivity is skill levels. Table 2 shows the share of 16-64 year old residents in each city region in 2014 with either Level 4 qualifications (degree level) or no qualifications. Bristol had the highest share of residents with degree level qualifications at 41% (which is above the South West region average of 37%).

In the cities in the north and the midlands, the share with degree level qualifications ranged from 27-32%. This is in line with the average for the north and midlands overall (30%), but below the England average (36%), and some distance below the London level (49%).

Table 2: Highest qualification levels of residents aged 16-64, by city region, 2014

City Region*	Level 4 qualifications (%)	No qualifications (%)
Bristol	41	6
Greater Manchester	32	11
Nottingham	31	11
West Yorkshire	29	11
North East	29	10
Sheffield	28	10
Liverpool	27	12
West Midlands	27	15
London	49	8
England	36	9

Source: Annual Population Survey, ONS

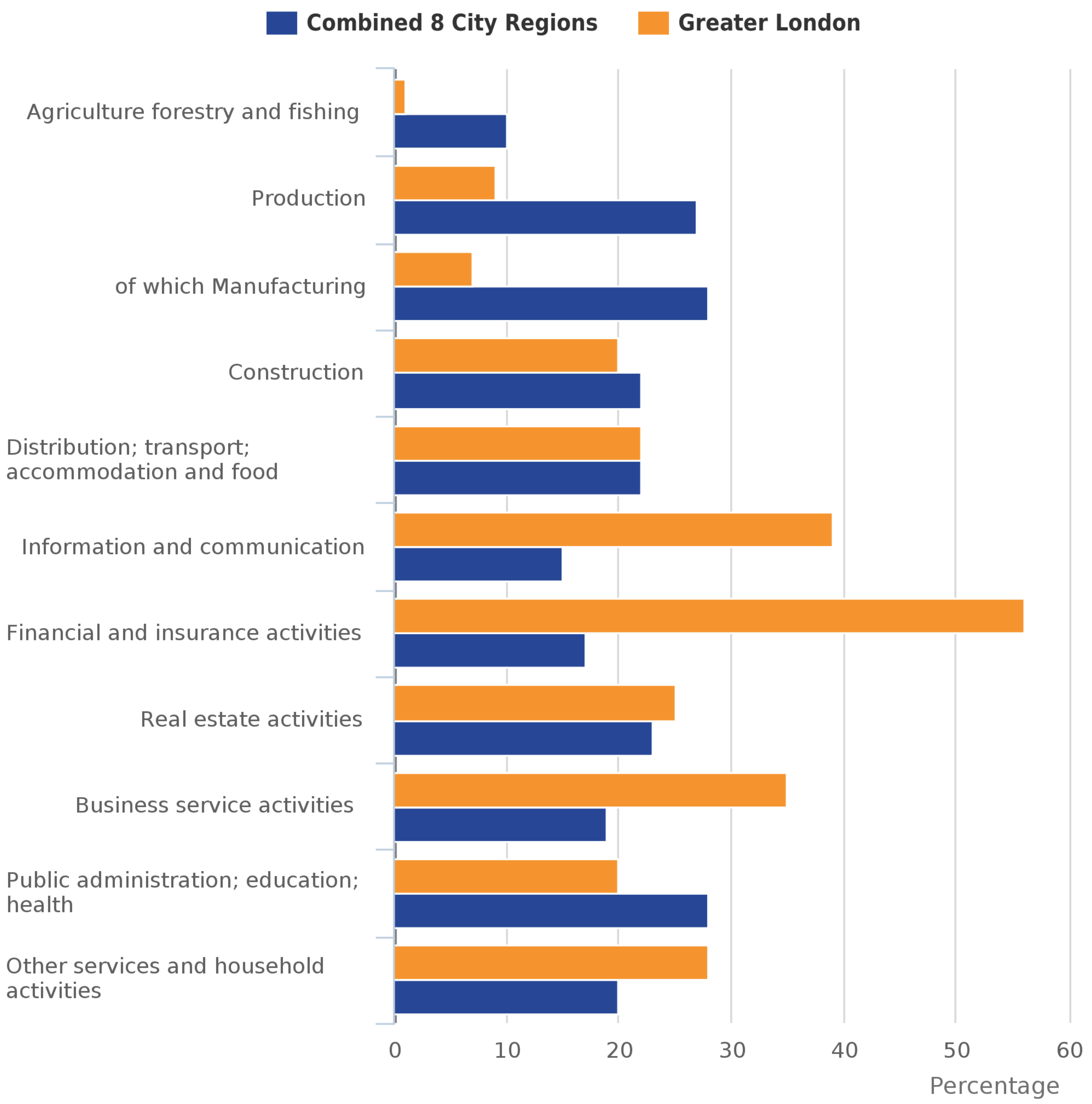
Note:

1. * Defined as existing or potential Combined Authority areas.

Productivity can also be influenced by industrial structure. Figure 2 shows, for each industry, the share of England's economic output (GVA) in that industry that was produced within the 8 city regions (combined) in 2012 and also for comparison by London. It shows the 8 city regions produced 28% of the manufacturing GVA in England and 28% of the output in Public administration; education; health. However, they only provided 15% of England's GVA in Information and Communication and 17% in financial and insurance activities, two industries dominated by output in London.

Figure 2: Contribution of city regions to England's economic output (GVA) by industry

2012



Source: Office for National Statistics

Notes:

1. For example, 22% of construction GVA in England is produced across the 8 city regions

Within the city regions there is some variability in terms of industry structure. Bristol and Manchester city regions had the smallest share of their GVA produced by manufacturing (10-11%) in 2012 while North East had the highest share (14%). Meanwhile, Bristol and Manchester had the highest share of their output produced by either Business service activities, Financial and insurance activities or Information and communication (a combined 25-26%) while Sheffield and North East had the lowest shares (17%).

3. Commuting, employment and jobs

High levels of net in-commuting can be a good indicator of a city region's economic strength and importance to the wider economy (for example as illustrated by the high commuting flows into London). Table 3 shows net in-commuting flows (the level of in-commuting minus the level of out-commuting) as measured by the Census in 2011 for the eight city regions. It shows that four of the city regions, namely Bristol, Greater Manchester, West Yorkshire, and West Midlands had net in-commuting flows from the rest of the UK in 2011. The other city regions had more daily out-commuters to work than in-commuters. [1]

Table 3: Commuting flows by city region, 2011

City Region*	In-commuters	Out-commuters	Net in-commuters
West Midlands	193,632	141,357	52,275
Greater Manchester	155,350	130,206	25,144
Bristol	66,910	43,975	22,935
West Yorkshire	100,274	78,687	21,587
Nottingham	77,798	83,292	-5,494
Sheffield	61,899	78,764	-16,865
North East	30,807	54,348	-23,541
Liverpool	74,913	100,557	-25,644
London	795,082	286,937	508,145

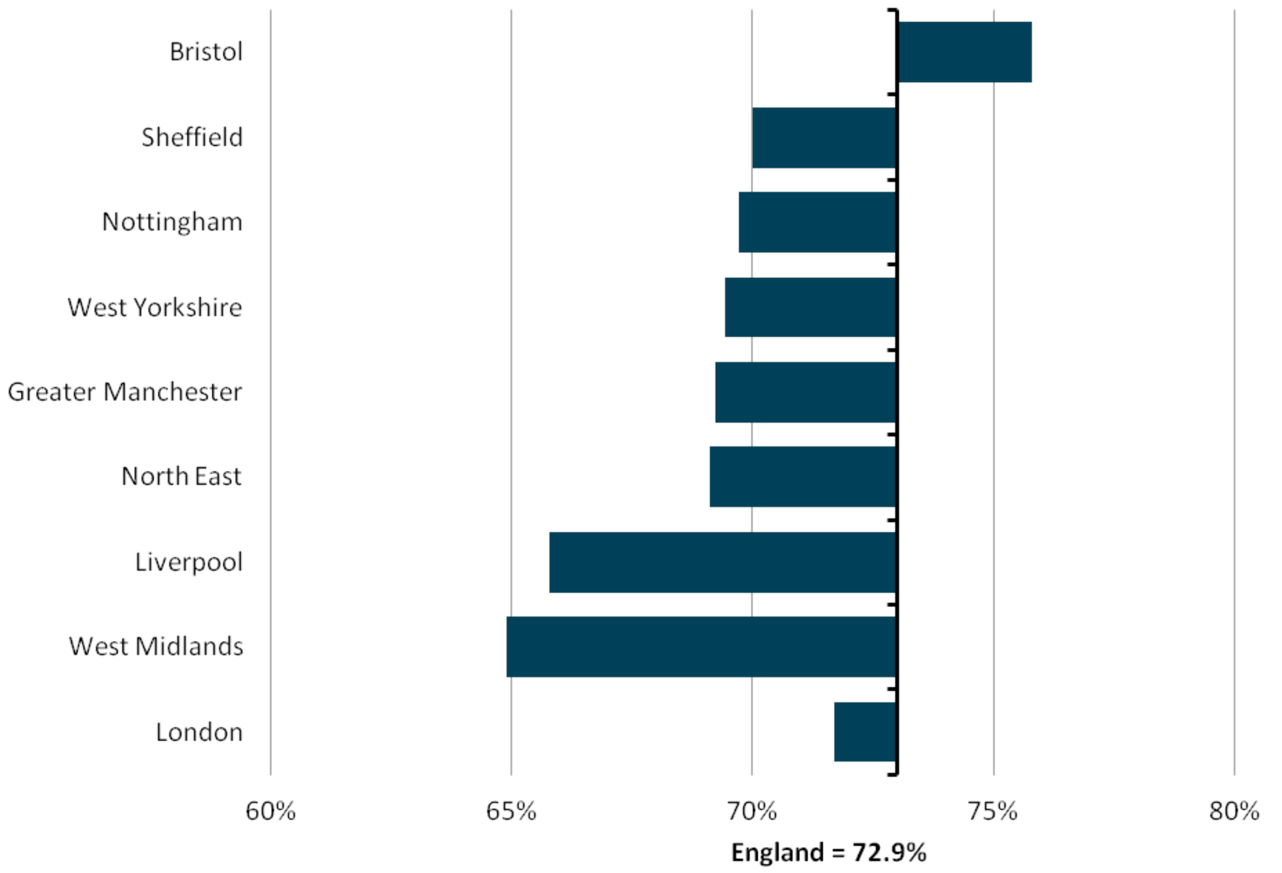
Source: Census 2011, Office for National Statistics

Note:

1. * Defined as existing or potential Combined Authority areas.

Figure 3 shows the latest employment rate data (April 2014 – March 2015) for each of the city regions. Bristol is the only city region that had an employment rate (75.8%) above the England average (72.9%). Employment rates in five of the seven northern and midlands city regions were between 69.1-70.0%. In Liverpool and West Midlands, employment rates were lower at 65.8% and 64.9% respectively.

Figure 3: Employment rate by City Region



Source: Office for National Statistics

Overall, the eight city regions were home to 7.0 million jobs in 2013, 25% of the total for England. By contrast, London was home to 5.4 million jobs (19% of the England total)[2]. Table 4 shows for 2013 the number of jobs in each city region and also the job density which compares the number of jobs with the number of residents aged 16-64. The job density data shows that only Bristol had a higher share of jobs per population aged 16-64 in 2013 than the England average while job density was relatively low in North East, Liverpool and Sheffield.

Table 4: Total jobs and job density, 2013

City Region*	Total Jobs	Job Density (Total Jobs / Population Aged 16-64)
Bristol	616,000	0.87
Greater Manchester	1,344,000	0.77
West Yorkshire	1,101,000	0.76
Nottingham	538,000	0.75
West Midlands	1,303,000	0.74
North East	847,000	0.68
Liverpool	656,000	0.68
Sheffield	582,000	0.67
London	5,363,000	0.93
England	27,616,000	0.80

Source: Office for National Statistics

Note:

1. * Defined as existing or potential Combined Authority areas.

A higher job density will often be an indication that the city either has a high employment rate amongst its residents, or high levels of net in-commuting (or both),[3] and indeed the jobs density data in Table 4 reflects the commuting and employment rate data in the preceding tables.
For example, in the case of Bristol, a relatively high employment rate amongst its residents plus net in-commuting into the city region is reflected in a high job density whereas in Liverpool, net out-commuting and a relatively low employment rate among its residents is reflected in a low job-density. West Midlands is unusual in that it has a relatively low employment rate among its residents but also has more in-commuters than out-commuters.

Notes for commuting, employment and jobs

1. In the case of Liverpool city region, the largest net commuting outflows were to Warrington local authority. For Sheffield city region the largest net outflows were to Leeds and Wakefield local authorities. For the North East city region the largest net outflows were to offshore installations and also to Darlington local authority. For Nottingham city region the largest net outflows were to North-West Leicestershire local authority.

2. These job totals are based on the ONS ‘Total Jobs’ measure, used for calculation of job densities at sub-regional geographies.

3. A high employment rate among residents aged 65+ could also contribute to a high job density figure.

4. Population, household incomes and housing

Overall the eight city regions have a combined population of 14.9 million, which is 27% of England’s population. Table 5 shows the population in each of the city regions according to the 2014 mid-year population estimates as well as the age breakdown.

Table 5: Mid-year population estimates by city region, 2014

City region*	Population	Share aged 0-15	Share aged 16-64	Share aged 65+
Bristol	1,104,300	18%	65%	17%
Greater Manchester	2,733,000	20%	64%	16%
Liverpool	1,517,500	18%	64%	18%
North East	1,952,400	17%	64%	19%
Nottingham	1,115,700	18%	64%	18%
Sheffield	1,365,800	19%	64%	18%
West Midlands	2,808,400	21%	63%	16%
West Yorkshire	2,264,400	20%	64%	16%
London	8,538,700	20%	68%	12%
England	54,316,600	19%	63%	18%

Source: Office for National Statistics

Note:

1. * Defined as existing or potential Combined Authority areas.

In terms of the incomes of residents, average Gross Disposable Household Income (GDHI) per head in the city regions in the north and the midlands in 2013 was 15-22% lower than the England average of £17,842. It was also lower than the average across the north and the midlands overall (£15,447), illustrating that on average GDHI per head was higher among residents outside of the city regions than within them in the north and the midlands.

In Bristol, GDHI per head averaged £17,664 which was close to both the England average and the average for the South West region overall.

Table 6: Gross Disposable Household Income (GDHI) per head by city region, 2013

City region*	GDHI per head	Index (England=100)
Bristol	17,664	99.0
Liverpool	15,140	84.9
North East	14,940	83.7
West Yorkshire	14,822	83.1
Nottingham	14,707	82.4
Greater Manchester	14,515	81.4
Sheffield	14,345	80.4
West Midlands	13,834	77.5
England	17,842	100.0
London	22,516	126.2

Source: Office for National Statistics

Note:

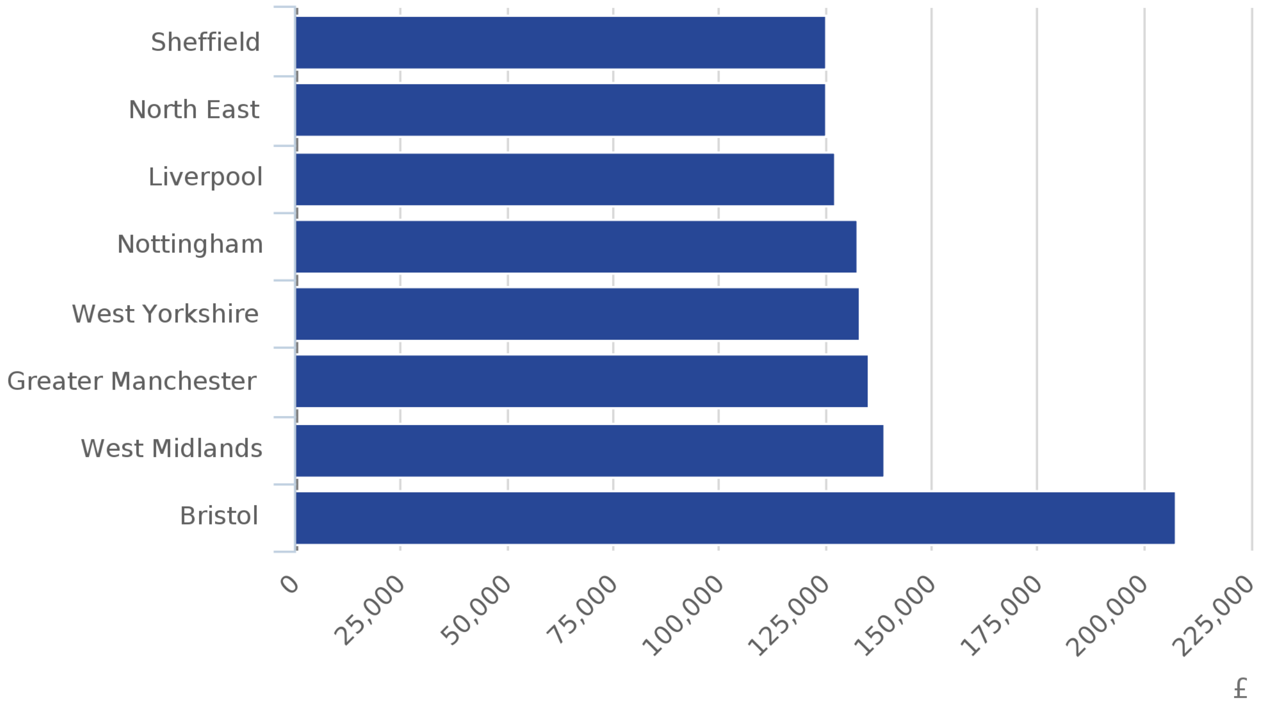
1. * Defined as existing or potential Combined Authority areas.

Relatively low average incomes in the north and midlands city regions are reflected in relatively low house prices with median house prices[1] in 2014 ranging from £125,000 in North East and Sheffield city regions to £139,000 in West Midlands. By contrast, in Bristol city region, median house prices in 2014 were £207,750.

Examining data for the local authorities that make up the northern and midlands city regions, median house prices were lowest in County Durham (North East), Nottingham City (Nottingham) and Knowsley (Liverpool) at £108-112,000 while there were three local authorities with median house prices above £200,000, namely Solihull (West Midlands), Rushcliffe (Nottingham) and Trafford (Manchester) (£220,000, £212,000 and £204,000 respectively). Each of the local authorities in the Bristol city region had median house prices above £190,000 with the highest average in Bath and North East Somerset at £249,950.

Figure 4: Median house price by city region

2014



Source: Office for National Statistics and Land Registry

Notes for population, household incomes and housing

1. These house price statistics are calculated using publicly available data from the Land Registry, utilising the methodology in the ONS statistical bulletin, “House Price Statistics for Small Areas in England and Wales, 1995 to 2014”, published 24/06/15

5. Appendix: City region boundaries

The boundaries chosen to represent the city regions in this article are the existing combined authority boundaries for West Yorkshire (which includes Leeds), Liverpool, Manchester, North East (which includes Newcastle), and Sheffield as well as the boundaries within the proposed combined authority for West Midlands (which includes Birmingham)[1]. For Nottingham, the boundaries chosen also reflect those in a combined authority proposal that has been submitted for approval by government[2] while for Bristol, the boundaries are in line with discussions occurring locally around greater joint working[3] .

The list below shows the local authorities that make up each of the city regions according to these definitions. The data in this article has been produced using publically available local authority data aggregated to these definitions, with the exception of GVA and GDHI data which has been aggregated to the same boundaries from published NUTS 3 data.

Existing combined authorities

Sheffield City Region Combined Authority: Barnsley, Doncaster, Rotherham, Sheffield.

North East Combined Authority: County Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside, Sunderland.

Greater Manchester Combined Authority: Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, Wigan.

Liverpool City Region Combined Authority: Halton, Knowsley, Liverpool, St.Helens, Sefton, Wirral.

West Yorkshire Combined Authority: Bradford, Calderdale, Kirklees, Leeds, Wakefield.

Potential combined authorities

Bristol: Bath and North East Somerset, City of Bristol, North Somerset, South Gloucestershire.

Nottingham: Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Nottingham, Newark and Sherwood, Rushcliffe.

West Midlands Combined Authority: Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, Wolverhampton.

In terms of naming, the article has followed the names of the existing combined authority areas, for example using West Yorkshire and North East rather than the largest cities in each of these areas. For the Bristol and Nottingham areas, where no combined authorities exist, the article has used the name of the largest city. However this does not infer that any future combined authority in these areas would be named this way, and in the event of combined authorities being created in these areas alternative naming may be chosen.

Notes for appendix: City region boundaries

1. http://www.westmidlandscombinedauthority.org.uk/
2. http://www.nottinghamshire.gov.uk/thecouncil/plans/councilplansandpolicies/combined-authority/
3. https://www.southglos.gov.uk/news/joint-statement-from-the-west-of-england-partnership/

6. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk