Good Growth for Cities

Smarter choices, better outcomes

How UK cities can rise to the challenge of changing public expectations

September 2025
#GoodGrowth

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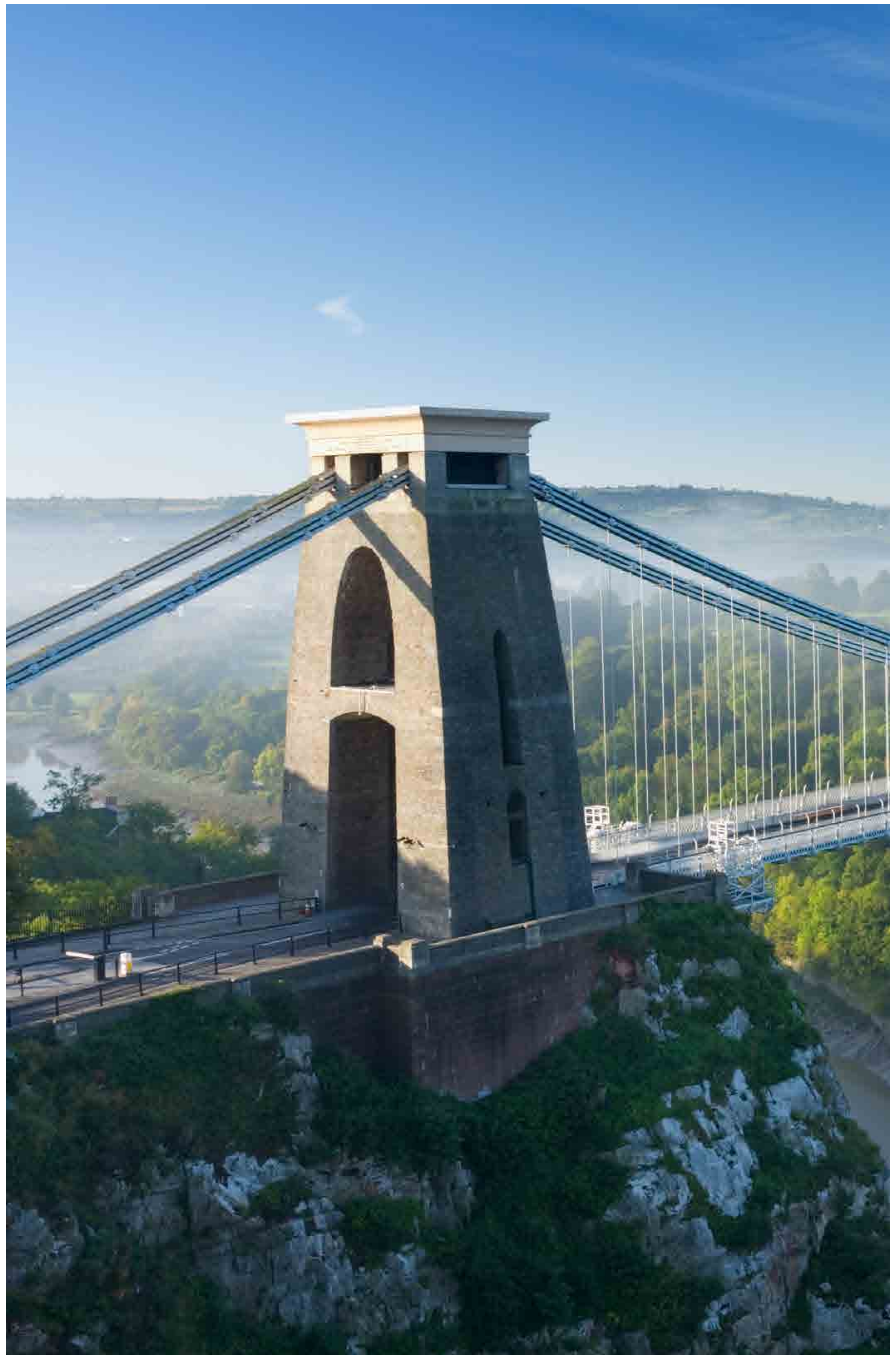
Executive summary

Executive summary

Local and regional economies across the UK are at a turning point. A decade-long industrial strategy has been set in motion and a renewed focus on local growth has created space for action – but progress requires clear, strategic choices. The challenge is to align economic ambition with public value: prioritising the foundations that support thriving communities and businesses, focusing on local strengths with real economic potential, and delivering outcomes that people can see and feel.

As fiscal pressure, business uncertainty and institutional strain persist, local leaders across all sectors must reimagine and redefine what it means to deliver value. Every decision made and every pound spent must be focused on outcomes that matter, with resources directed where they will have the greatest impact.

The **Demos-PwC Good Growth for Cities Index** provides a framework for navigating this complexity – it points towards the public priorities and performance trends that can guide and inform the critical choices ahead. The results reveal that the UK public's priorities have converged, shifting towards the foundations that shape everyday life and future prosperity.



A thriving high street, better housing and transport, and access to skills are increasingly seen as crucial to economic success. This shift is reflected in the Good Growth Index – the top performers, **York, Edinburgh** and **Bristol** score highly across many of these fundamental areas.

But for most cities and regions, meeting the public's expectations will be a significant challenge. Economic growth has slowed, demand for key services continues to outpace capacity and global economic and political affairs continue to create a significant amount of uncertainty.

That's why good growth must start with clear, deliberate choices. Incremental budget cuts won't restore trust or deliver the outcomes that matter. Services must be redesigned to meet future needs, not simply scaled back. That means focusing efforts where impact is greatest – identifying the sectors and systems that are most likely to deliver long-term productivity and public value, and sequencing actions in a way that supports resilience and earns public trust.

Successful strategies must recognise the interdependence between economic and social foundations. People need strong place-based foundations to thrive – secure jobs, accessible services, reliable transport and a sense of wellbeing. And businesses, as essential partners in investment and delivery, rely on healthy, skilled populations, reliable infrastructure, and stability to grow. Local growth strategies must align investments across the systems that support these foundations to deliver growth that is felt by all.

In this report, we explore how places are navigating tough decisions and making deliberate choices about where to prioritise. The cities and regions that succeed will be those that focus relentlessly on what matters to people, businesses and communities, and use every pound to deliver clear, visible outcomes.

Measuring good growth

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

We measure public priorities by surveying over 2,000 working-age adults who rank 12 factors, such as income, jobs, housing and work-life balance in terms of relative importance for economic success. We then assess each city's performance against these priorities, using public and third-party data at the local authority level. The higher the city scores on the public's top priorities, the better the city performs on our Good Growth Index.

For more details on the methodology, see the appendix.

02

Public priorities

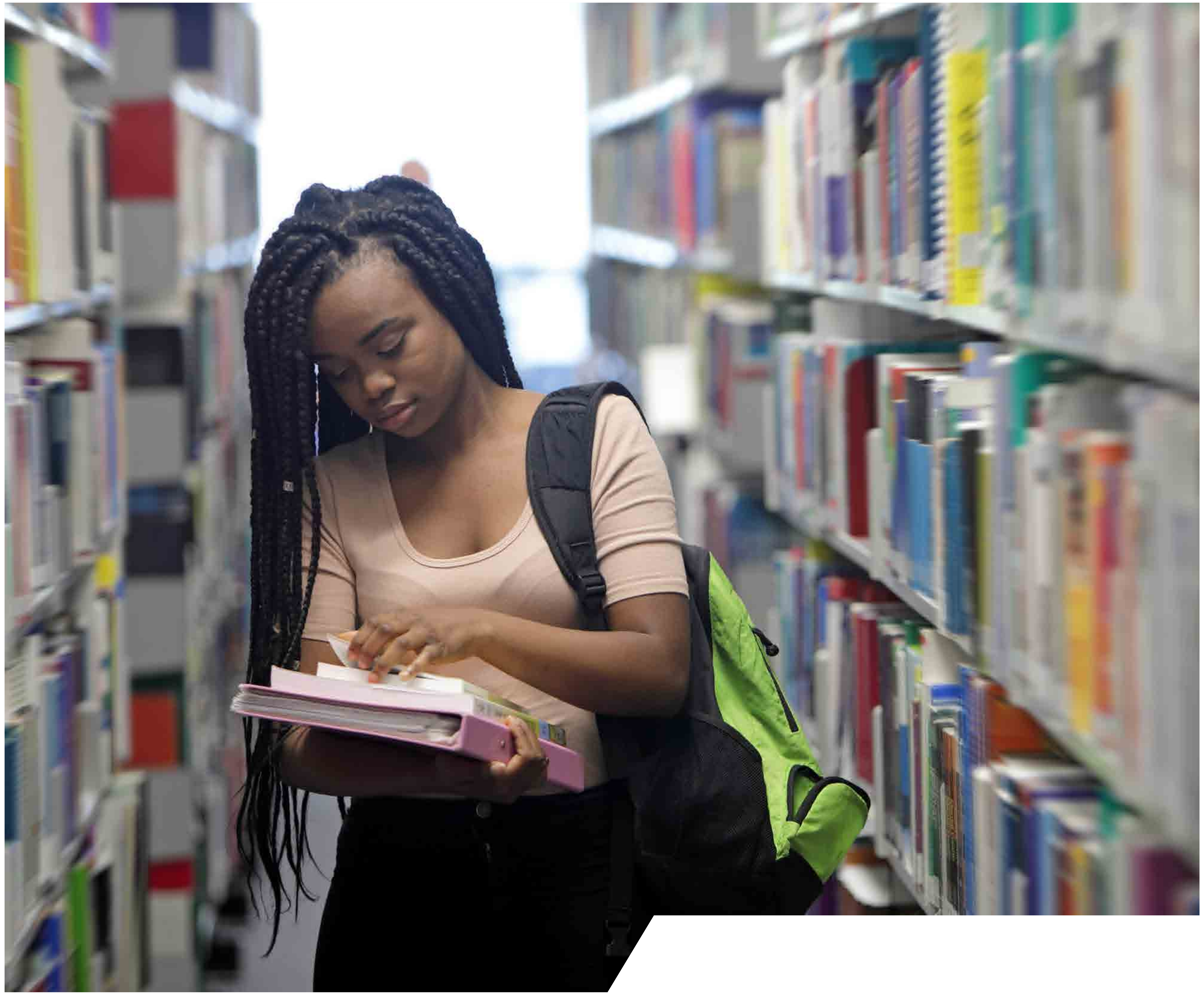
A renewed focus on the foundations of opportunity

The public's priorities are converging, as financial factors become less dominant in favour of what feels tangible, local and essential. People are refocusing on the basics of daily life – where they learn, spend and live – that signal local prosperity, stability and opportunity. Are local leaders ready to deliver on all fronts?

This shift is reflected in our Good Growth for Cities Index, which tracks what the UK public sees as essential for economic success. Financial measures such as income and income distribution have previously led by a wide margin, but results from this year's survey reveal a rise in the importance of non-financial measures.

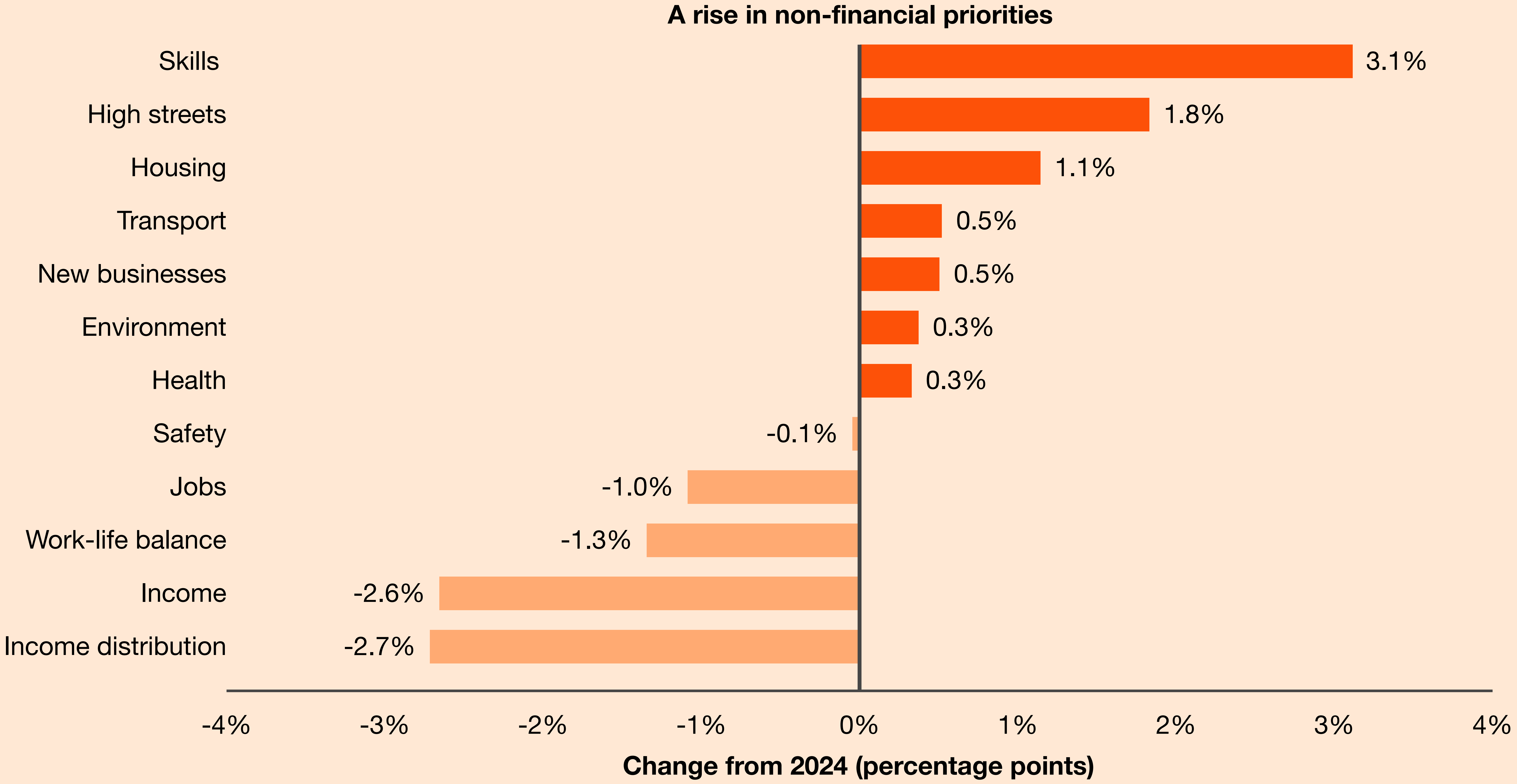
Skills, high streets, housing and transport have all risen up the public's agenda. Income and income distribution remain top priorities but have seen the sharpest year-on-year decline.

It's unlikely that this shift reflects a renewed sense of optimism around household finances. Our summer 2025 Consumer Sentiment Survey reveals concerns around inflation and job security have deepened across all demographics, particularly among younger people and those on lower incomes. Instead, it suggests that people are responding to a prolonged period of financial pressure by placing greater importance on the factors that shape quality-of-place and future aspirations. A high street, new businesses and strong transport links are visible symbols of opportunity, and skills provide a pathway to it.



Non-financial factors have improved in priority when compared to last year

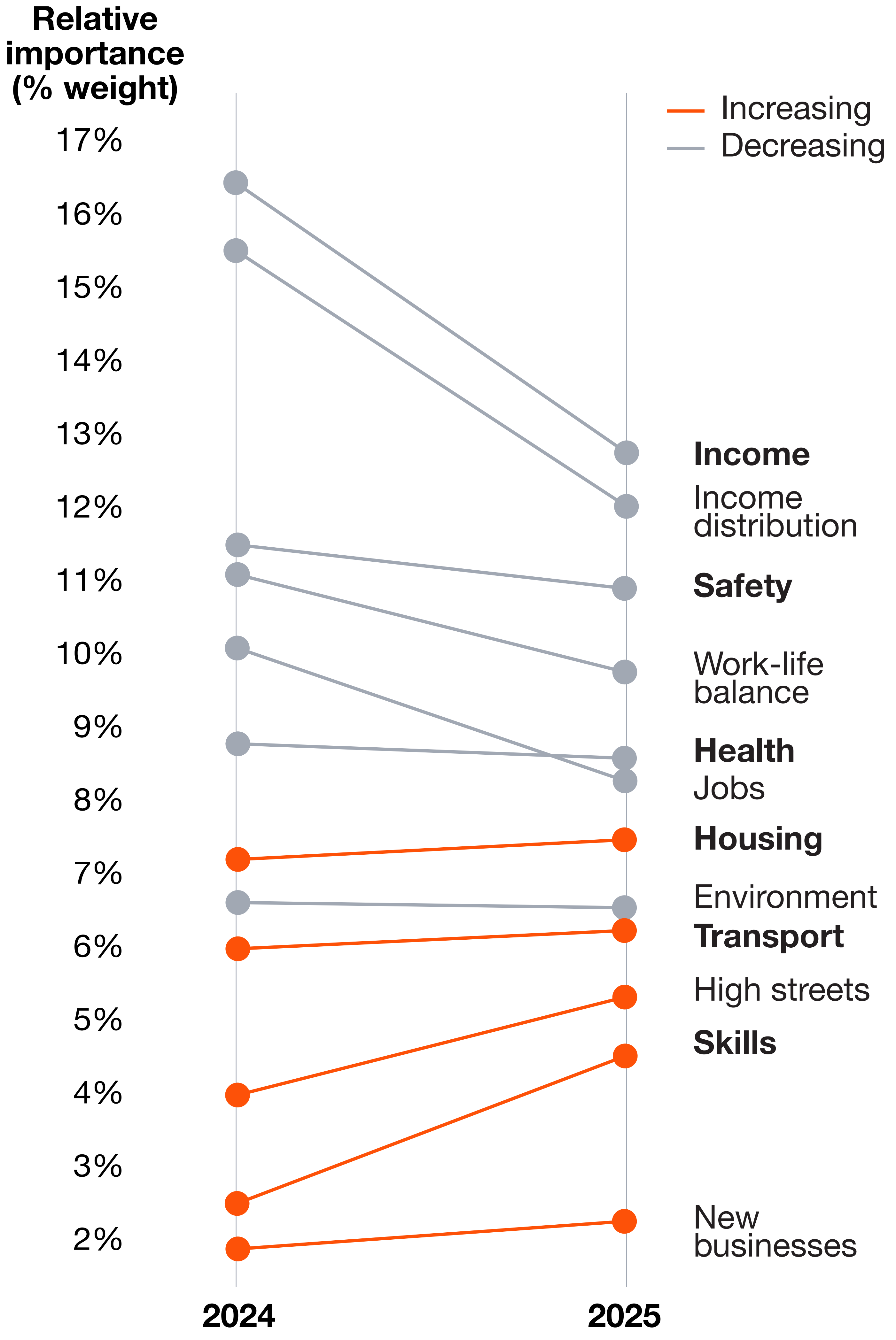
Figure 1: Changes in public priorities between 2024 and 2025, ranked from largest increase to largest decrease since last year's public polling. This year, there has been a notable shift in public perception, with an increased emphasis on non-financial factors as key indicators of economic success. This shift indicates that a more balanced approach to economic success is required.



Source: Demos (2024, 2025)

Public views on what matters for economic success are converging

Figure 2: Measures of economic success, ranked highest to lowest in terms of their weightings, rounded to zero decimal places. Percentages represent the importance of each measure relative to other measures ranked by individuals in the survey.



Source: Demos (2024, 2025)

Public priorities across the regions are relatively balanced

The gap between the most and least cited factors for economic success has shrunk compared to last year, suggesting a convergence around a core set of priorities. There are, however, some subtle regional differences, underscoring the importance of tailoring local growth strategies to reflect the priorities of different places.

Scotland:

Scotland now places the highest priority on work-life balance compared to all other regions, marking a shift from last year when it was the lowest. Its prioritisation of income is below average, but income distribution is among the highest.

North West:

Compared to the North East, income in the North West is a lower priority but income distribution is higher. Compared to the UK average, health and high streets are lower priorities.

Northern Ireland:

Northern Ireland's priorities are very close to the UK average.

West Midlands:

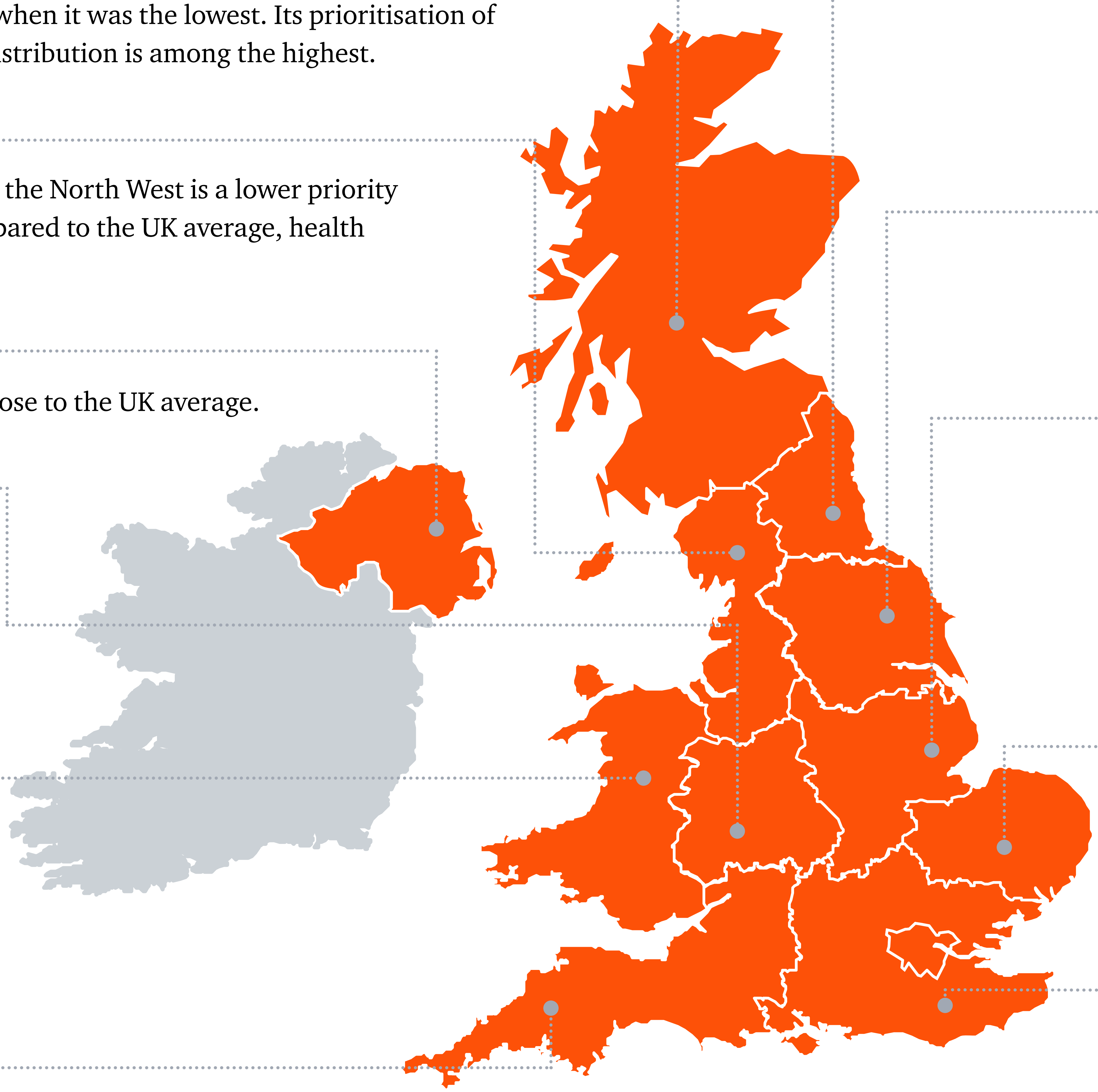
The West Midlands prioritises income and the environment more than the UK average, while housing and transport have the lowest weightings of all the regions.

Wales:

Health is now the region's highest priority, a clear shift from last year's low ranking. Wales also places a relatively high importance on work-life balance, consistent with last year.

South West:

The South West prioritises income distribution more than the UK average. Safety and work-life balance have a lower priority.



North East:

The North East places a higher priority on income than anywhere else in the UK. In contrast, health and high streets are considered less important compared to most other regions.

Yorkshire and Humberside:

Yorkshire and Humberside values work-life balance more than most other regions but places the lowest priority on jobs.

East Midlands:

The East Midlands places a higher importance on income, housing and environment, while jobs has a lower-than-average weighting. This is a change from last year when the region's focus on jobs was above average.

East of England:

The East of England places less importance on income and income distribution compared to other regions, while environment is prioritised more highly.

South East:

The South East places a greater importance on health and housing than the UK overall, while income and income distribution carry less weight.

03

Performance by place

York, Edinburgh and Aberdeen excel as public priorities converge

As the public's view of what drives economic success becomes more balanced, cities with broad-based strengths have climbed the rankings. Across the UK, advances in skills, jobs and housing are set against declines in income and new businesses.

This section looks at how cities are performing against the UK's top priorities. The higher the city scores in those areas, the higher it ranks on the Good Growth for Cities Index.

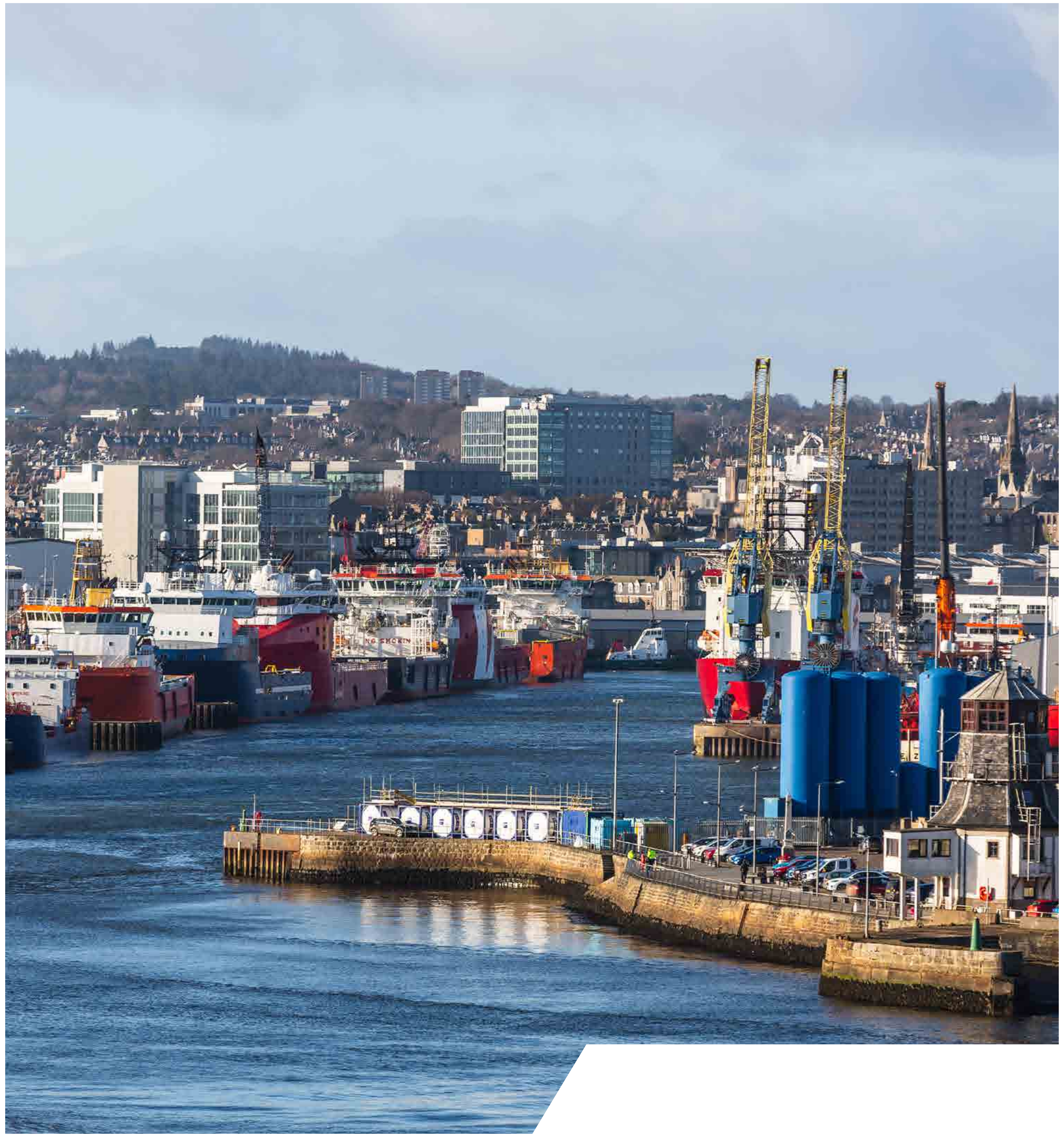
This year's top performing cities, York and Edinburgh, scored highly across high streets and skills, two of the essential and visible markers of prosperity that the public is increasingly focused on. They signal that the city is being invested in, is future-focused and is a place of opportunity. Bristol, in third, scores well on skills and jobs.

The top performing cities' scores may, however, reveal challenges around affordability. Despite strong employment figures, the top three all have more moderate scores on income. Edinburgh and Bristol have lower-than-average owner occupation rates, suggesting that low unemployment has not yet translated into greater financial security and access to home ownership.

Aberdeen, this year's most improved city, has climbed up the rankings due to significant improvements in jobs and income distribution. Glasgow also sees a significant rise, with stronger performances in skills, safety and work-life balance.

Leicester saw the largest fall in the rankings, with lower scores across most indicators except youth and adult skills. Despite strong performances in work-life balance, Ipswich saw a sizeable decrease in score due to a rise in its crime rate (safety), while Liverpool's drop is due to an increase in unemployment rates (jobs) and crime rate (safety).

Oxford continues to fall this year, despite its history as a top performer on the Good Growth Index. This year's drop is mainly due to poor performance in housing and income.



York leads this year's Good Growth Index, as Aberdeen sees the largest improvement

Figure 3: The overall distribution of cities' scores, defined by travel to work areas (TTWAs) and our baseline over 2017-19, ranked in descending order by 2025 Good Growth Index score.

Rank	City	2025 Index	2024 Index	Score difference	Rank change
1	York	0.73	0.54	▲	+6
2	Edinburgh	0.63	0.49	▲	+7
3	Bristol	0.62	0.59	▲	-1
4	Exeter	0.61	0.54	▲	+2
5	Swindon	0.57	0.58	▼	-1
6	Plymouth	0.53	0.62	▼	-5
7	Southampton	0.52	0.59	▼	-4
8	Reading	0.48	0.55	▼	-3
9	Portsmouth	0.46	0.29	▲	+9
10	Norwich	0.45	0.53	▼	-2
11	Bournemouth	0.45	0.35	▲	+6
12	Aberdeen	0.44	0.08	▲	+25
13	Stoke-on-Trent	0.43	0.37	▲	+3
14	Belfast	0.38	0.38	▼	•
15	Preston	0.37	0.38	▼	•
16	Brighton	0.35	0.26	▲	+5
17	Cardiff	0.34	0.39	▼	-4
18	Glasgow	0.30	0.13	▲	+13
19	Oxford	0.30	0.44	▼	-9
20	Lincoln	0.30	0.22	▲	+4
21	Cambridge	0.26	0.40	▼	-10
22	Ipswich	0.26	0.39	▼	-10
23	Wakefield and Castleford	0.25	0.13	▲	+6
24	Derby	0.24	0.25	▼	-1
25	Hull	0.23	0.12	▲	+7
26	Coventry	0.21	0.18	▲	+1
27	Leeds	0.19	0.13	▲	+3
28	Peterborough	0.18	0.26	▼	-6
29	Luton	0.16	0.28	▼	-10
30	Milton Keynes	0.15	0.20	▼	-4
31	Huddersfield	0.15	0.21	▼	-6
32	Leicester	0.12	0.27	▼	-12
33	High Wycombe and Aylesbury	0.09	0.09	▲	•
34	Sheffield	0.09	-0.04	▲	+9
35	Chelmsford	0.09	0.05	▲	+3
36	Northampton	0.09	0.04	▲	+4
37	Warrington and Wigan	0.08	0.16	▼	-9
38	Medway	0.06	0.08	▼	-2
39	Wolverhampton	0.04	0.04	▲	•
40	Nottingham	-0.01	0.08	▼	-5
41	Swansea	-0.02	-0.02	▲	+1
42	Newcastle	-0.03	-0.15	▲	+4
43	Sunderland	-0.04	-0.12	▲	+1
44	Manchester	-0.04	-0.14	▲	+1
45	Liverpool	-0.07	0.09	▼	-11
46	Southend	-0.07	0.01	▼	-5
47	Middlesbrough and Stockton	-0.26	-0.28	▲	+3
48	Birmingham	-0.28	-0.23	▼	•
49	Bradford	-0.29	-0.26	▼	•
50	Walsall	-0.32	-0.21	▼	-3

• = no change

Source: Demos / PwC Analysis (2025)

Note: The data covers the period 2021 – 2023

Good Growth scores across other geographies

Our analysis also explores the performance of rural communities across the UK. We have used the former Local Enterprise Partnerships (LEP) definitions as proxies for geographies which may not include a city.

Cornwall and Isles of Scilly, at the top of the table, score well on jobs, transport and income distribution. Oxfordshire is second, scoring strongly on jobs but missing out on the top spot with the lowest house price to earnings ratio of all rural areas. Wessex Coast rises 26 places up the rankings following significant improvements in job opportunities, work-life balance and owner occupation compared to last year.

The Black Country ranks bottom of the rural areas, one place lower than last year's ranking, due to consistently below average performances across all indicators. Chiltern Riverlands drops 25 places due to significant decreases in work-life balance, transport and income distribution compared to last year. These decreases outweigh the rural areas' improvements in skills and income.

While the analysis of performance by Combined Authority and former LEP areas offers one view of how broader geographies are performing against the Good Growth Index, it's important to note that a significant proportion of the UK is not covered by a Combined Authority.

The recently laid English Devolution and Communities Bill has signalled the creation of Strategic Authorities across England. Combined Authorities will become Strategic Authorities, with the Bill suggesting there will be three types: Foundation, Mayoral and Established Mayoral. Once these have been created, we will be able to analyse these footprints across the whole of England, which will also provide an opportunity to compare the performance of rural areas across part of the UK.

Strong performances in work-life balance, jobs, transport and income distribution have placed Inverness in the top-ranking spot in the Combined Authorities (CAs) list, moving up from second place last year. Despite performing well on income distribution, West of England dropped from first to third this year due to below average performances in jobs and safety.

Gloucestershire, Wessex Coast and Dorset have risen sharply

Figure 4: 2025 Good Growth Index scores by former LEP area, ranked in descending order by 2025 Good Growth Index score.

Rank	Other functional economic areas	2025 Index	2024 Index	Score difference	Rank change
1	Cornwall and Isles of Scilly	0.92	0.81	▲	•
2	Oxfordshire	0.66	0.66	▼	•
3	White Rose	0.62	0.55	▲	+1
4	Gloucestershire	0.59	0.06	▲	+22
5	West of England	0.59	0.57	▲	-2
6	Cotswold Edge	0.54	0.37	▲	+6
7	Wessex Coast	0.53	-0.31	▲	+26
8	Cumbria	0.53	0.45	▲	•
9	Cheshire and Warrington	0.50	0.35	▲	+5
10	Dorset	0.49	-0.15	▲	+20
11	Wessex Heartland	0.47	0.49	▼	-4
12	Anglia Countryside	0.38	0.38	▲	-1
13	Wrekin Valley Lands	0.37	0.28	▲	+3
14	Hertfordshire	0.37	0.36	▲	-1
15	Downland Coast	0.36	0.24	▲	+4
16	South Coast Greenway	0.35	0.34	▲	-1
17	Lyme Forest Borders	0.26	0.26	▲	+1
18	Lancashire	0.23	0.50	▼	-12
19	Leicestershire	0.17	0.18	▼	+4
20	Cambridge County Arc	0.16	0.26	▼	-3
21	South East Midlands	0.14	0.20	▼	+1
22	Central Leeds	0.12	0.06	▲	+3
23	Derbyshire and Nottinghamshire	0.04	-0.02	▲	+4
24	Berkshire Woodlands	0.03	0.22	▼	-3
25	Central Liverpool	0.02	0.09	▼	-1
26	Yorkshire Coastlands	-0.03	0.54	▼	-21
27	Worcestershire	-0.03	0.41	▼	-17
28	North East	-0.05	-0.17	▲	+3
29	South East	-0.08	-0.10	▲	-1
30	Central Sheffield	-0.15	-0.21	▲	+2
31	Warwickshire	-0.19	0.23	▼	-11
32	Greater Manchester	-0.22	-0.31	▲	+2
33	Greater Birmingham	-0.22	-0.31	▲	+2
34	Chiltern Riverlands	-0.22	0.44	▼	-25
35	Teesside	-0.36	-0.40	▲	+2
36	Greater Lincolnshire	-0.50	-0.11	▼	-7
37	Black Country	-0.76	-0.33	▼	-1

Source: Demos / PwC Analysis (2025)

Note: Data covers period of 2021 – 2023

Combined Authorities in Scotland see strong gains

Figure 5: 2025 Good Growth Index scores by Combined Authority area, ranked in descending order by 2025 Good Growth Index score.

Rank	CA	2025 Index	2024 Index	Score difference	Rank change
1	Inverness and Highland City Region	0.72	0.41	▲	+1
2	Edinburgh and South East Scotland City Region	0.57	0.37	▲	+1
3	West of England	0.56	0.57	▼	-2
4	Aberdeen City Region	0.49	0.07	▲	+4
5	Glasgow and Clyde Valley	0.41	0.12	▲	+1
6	Cardiff Capital Region	0.23	0.28	▼	-2
7	Cambridgeshire and Peterborough	0.19	0.23	▼	-2
8	Liverpool City Region	0.00	0.09	▼	-1
9	North of Tyne	-0.01	-0.19	▲	+3
10	Swansea Bay City Region	-0.04	-0.05	▲	-1
11	West Yorkshire	-0.05	-0.11	▲	-1
12	North-East	-0.11	-0.16	▲	-1
13	Sheffield City Region	-0.22	-0.30	▲	•
14	Greater Manchester Combined Authority	-0.25	-0.32	▲	•
15	Tees Valley Combined Authority	-0.38	-0.40	▲	•
16	West Midlands	-0.48	-0.45	▼	•

Source: Demos / PwC Analysis (2025)

Note: Data covers period of 2021 – 2023

Good Growth across the UK

The average change in performance across the UK offers the first clear post-pandemic view, drawing on data from 2021 to 2023. It reveals where recovery has taken hold and where progress remains limited.

Skills

The reopening of schools, colleges, and universities, coupled with fewer disruptions to students' learning, has helped restore skill levels to pre-pandemic standards. This comes at a time when the public places growing importance on education and training as drivers of local opportunity.

Housing

Owner occupation has increased, despite higher borrowing costs in 2022 and 2023. Much of this growth is linked to households re-entering the market after the pandemic, often supported by accumulated savings.

Jobs

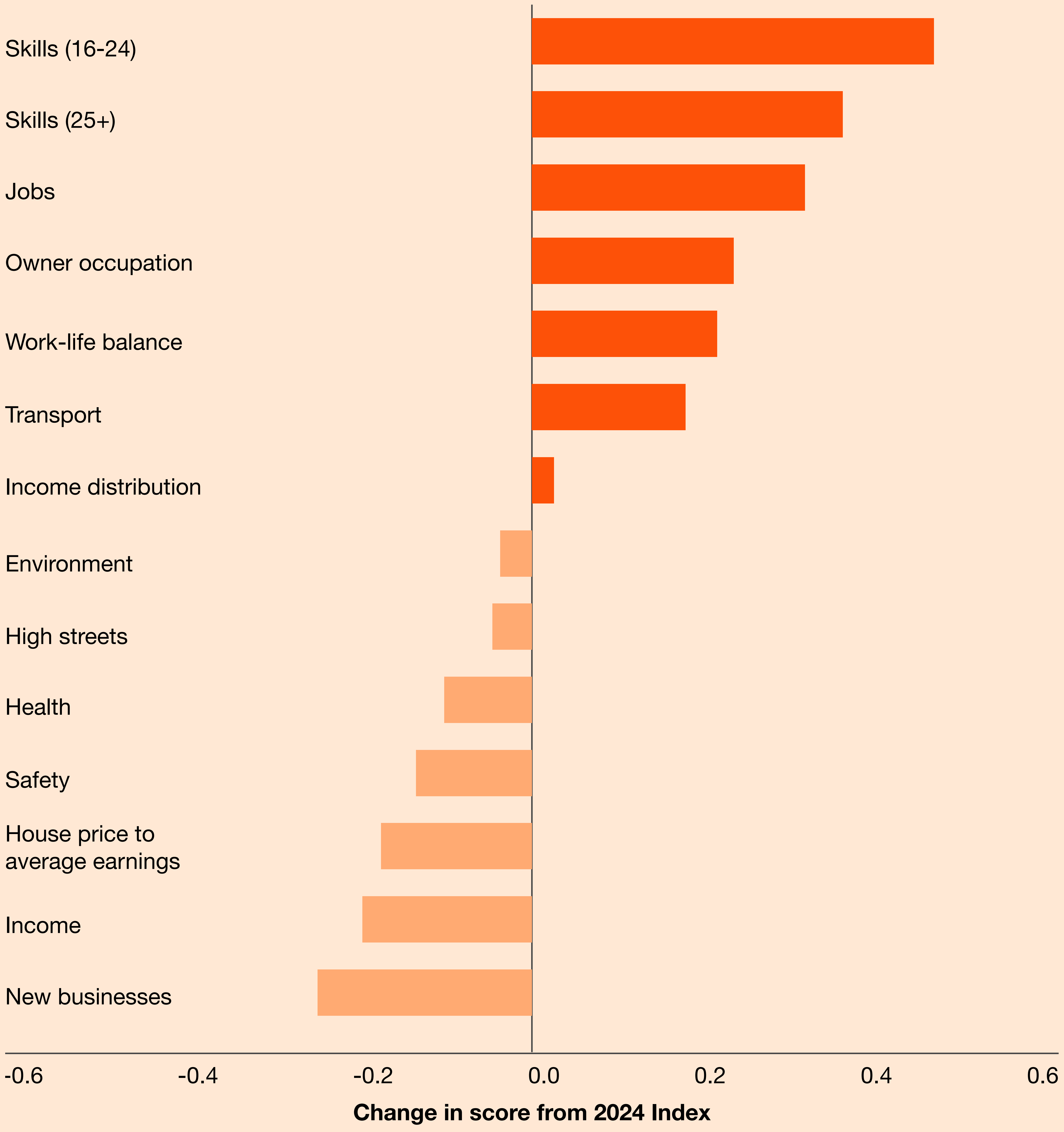
Unemployment rates have fallen across many cities. This improvement is partly due to the analysis period, with 2023 labour market conditions reflecting a more stable post-pandemic period. But headline employment figures do not always equate to job quality. Low pay, insecurity and limited progression remain widespread, and these issues continue to shape people's experience of work.

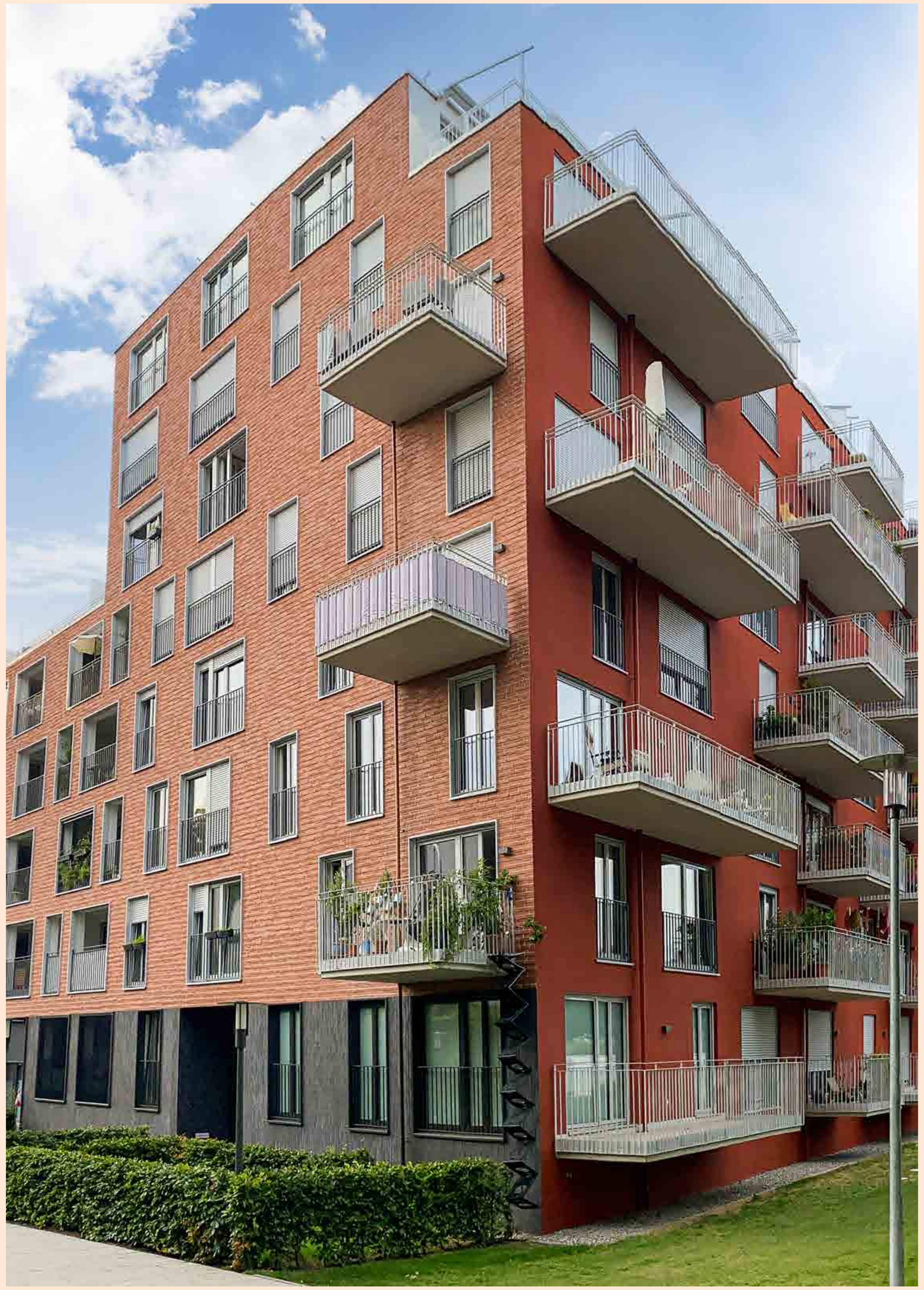
New businesses

There was a significant decrease in the number of new businesses established in 2023, likely due to a series of interconnected economic factors. These include the increased main rate of corporation tax (25% for companies with profits exceeding £250,000), higher borrowing costs due to interest rate hikes, and consumer spending constraints, as indicated by the declining income levels.

Average performance across the UK reveals progress on skills, jobs and housing

Figure 6: Average change in score since the 2024 Good Growth Index, ordered from highest to lowest, by indicator of the Index*





Source: Demos / PwC Analysis (2025)

Note: As outlined in the methodology, there are two variables in our Good Growth 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.

Adjusting London’s course in a changing global landscape

In recognition of its unique scale and economy, London is not included in this year’s Good Growth Index. Instead, we have drawn comparisons between peer cities.

While London remains the UK’s economic powerhouse, it continues to face a complex set of pressures. Growth remains uneven, affordability and infrastructure pressures persist, and the city is competing with global peers to retain skilled workers and secure capital.

22.3%

of national output is generated in London

Source: ONS 2025

When compared to international peers across several of the pillars of the Good Growth Index, London performs well on important measures such as GDP per capita[1] and air quality[2] but fares worse in other critical areas such as average one-way daily commute times[3], unemployment rates[4] and health outcomes[5].

These contrasting successes amongst some of its peer cities reflect long-standing policy choices, alongside differing city funding and governance structures. Singapore, for example, has developed accessible infrastructure through integrated planning. Sydney links housing and jobs to transit through corridor-based development. Paris has expanded its metro system and invested in housing renewal. Berlin has prioritised vocational training to support productivity and inclusion. In New York, targeted tax credits and health investment have improved outcomes for its residents.

To close its performance gaps, London must pair strategic ambition with the kind of long-term coordination and delivery seen in its global competitors. And in some areas, further focus from the UK Government, complemented with greater levels of devolution, may be needed.

1 OECD Regions and Cities Atlas
2 OECD Regions and Cities Atlas
3 Traffic Index by City 2023
4 OECD Regions and Cities Atlas
5 OECD Regions and Cities Atlas

Planning for more balanced growth

The London Growth Plan sets out a 10-year strategy to raise productivity, lift incomes for low earners, accelerate the net zero transition, and strengthen the city's global role. A central feature is the focus on spreading investment more evenly across the city, particularly in outer boroughs, high streets, and innovation corridors.

Linking sector growth to broader outcomes

London continues to lead globally in finance, digital technology and the creative economy. These sectors remain key to its competitiveness, supported by strong institutions and deep talent pools. The UK Industrial Strategy and the Growth Plan highlight other high-potential sectors, including life sciences, green industries and advanced digital services.

While Greater London remains the most attractive region in Europe for foreign investment, in sectors such as life sciences and green tech, competition is intensifying as other global cities move quickly to expand capacity and workforce pipelines. The Growth Plan provides a clear direction, but turning this into sectoral advantage will require focused investment in skills, commercial space and infrastructure across more parts of the city.

Strengthening governance and capacity

Effective delivery will depend on stronger coordination between tiers of government. The London Growth Plan has been developed jointly by the Mayor of London and London Councils, reflecting the need for a shared approach. Boroughs support its goals but are also seeking a greater role in implementation. More formal shared decision making, including through the new Growth Mission Board, is seen as essential for accountability, fairness and better outcomes.

At the same time, many boroughs face acute financial and capacity pressures. Their ability to plan and deliver growth varies widely, with resource constraints limiting their capacity to shape housing and infrastructure at pace. Without sufficient funding there is a risk that progress will be fragmented and slower than intended.

The lesson from London's international peers is that governance matters. Cities with more devolved powers and revenue raising offer relevant models. Berlin uses a networked approach to align city and local government. New York's centralised system supports faster decisions but limits local input. Paris operates through the Métropole du Grand Paris, though complexity can delay action. Sydney coordinates state and local planning, but decision making can be slow. London's ability to turn ambition into visible progress will depend on continuing to build institutional capacity and shared accountability.

Looking ahead

The city's challenges are significant, but the Growth Plan offers a clearer course than past strategies. Its focus on inclusion, resilience and place-based investment reflects a more balanced model of growth. The real test is whether strategy can now translate into visible improvements in affordability, opportunity and mobility across all parts of the city.

04

Economic outlook

A challenging outlook that demands smarter choices

Global tensions, persistent inflation and fiscal constraints are creating difficult conditions for growth. Cities must rise to the challenge with clear, strategic choices and a relentless focus on long-term outcomes.

For policymakers developing local growth strategies, the task is not simply to respond to macroeconomic uncertainty, but to decide where to focus effort and investment. That means identifying the sectors and systems that are most likely to deliver long-term productivity and public value, and sequencing actions in a way that supports resilience and earns public trust.

UK economic outlook

While the UK economy saw a short-term uplift in early 2025, it was driven by temporary activity and is not expected to last. Growth is likely to remain subdued through the rest of the year, with modest improvement expected for 2026. Global instability, rising trade tensions and global uncertainty are contributing to a more cautious environment in the UK, with the Bank of England managing interest rates carefully in response.

In this context, growth plans should avoid assumptions of a quick rebound and instead concentrate on building the long-term conditions for growth. In practice, this means focusing on the systems that enable economic participation, including housing, skills, health, digital infrastructure and access to opportunity.

Sectoral outlook

Looking across sectors, the pattern is mixed. Public-facing sectors such as health and social care are projected to grow the most over the next two years, reflecting both public demand and recent spending commitments. Professional services and digital industries are also expected to grow, while manufacturing, construction and logistics continue to face cyclical and structural headwinds due to uncertainty on tariffs, high input costs and interest rates, supply chain disruption and evolving market demands.

These trends suggest that local strategies should not try to cover everything. They need to be selective, backing the sectors that offer the strongest combination of productivity potential, long-term demand and local relevance. In some areas this may mean doubling down on established strengths. In others, it may require honest reflections on whether existing economic models remain viable.

Identifying where local assets, skills pipelines, business demand and delivery capacity already exist is critical. Strong sector strategies can provide the basis for investment, infrastructure, skills development and long-term impact. What matters is clarity of purpose and a focus on areas where local strengths and stakeholder expectations align, and where public and private effort can be concentrated to deliver measurable outcomes.

Stockport: Regenerating with purpose

Stockport is fast becoming one of the UK's most investable boroughs, using regeneration and partnerships to drive inclusive growth and economic rebalancing. Its flagship project, Town Centre West, is a 130-acre brownfield site set to deliver 4,000 homes and commercial space over 10 to 15 years. Led by the Mayoral Development Corporation, the project gives Stockport greater control over development.

The area is being shaped to attract businesses with a mix of workspace, public spaces and active travel options. With strong transport links, affordable costs and a growing sense of identity, Stockport is increasingly competing with Manchester, as a compelling alternative for people to live, invest and build businesses.

Read more

City-level lessons

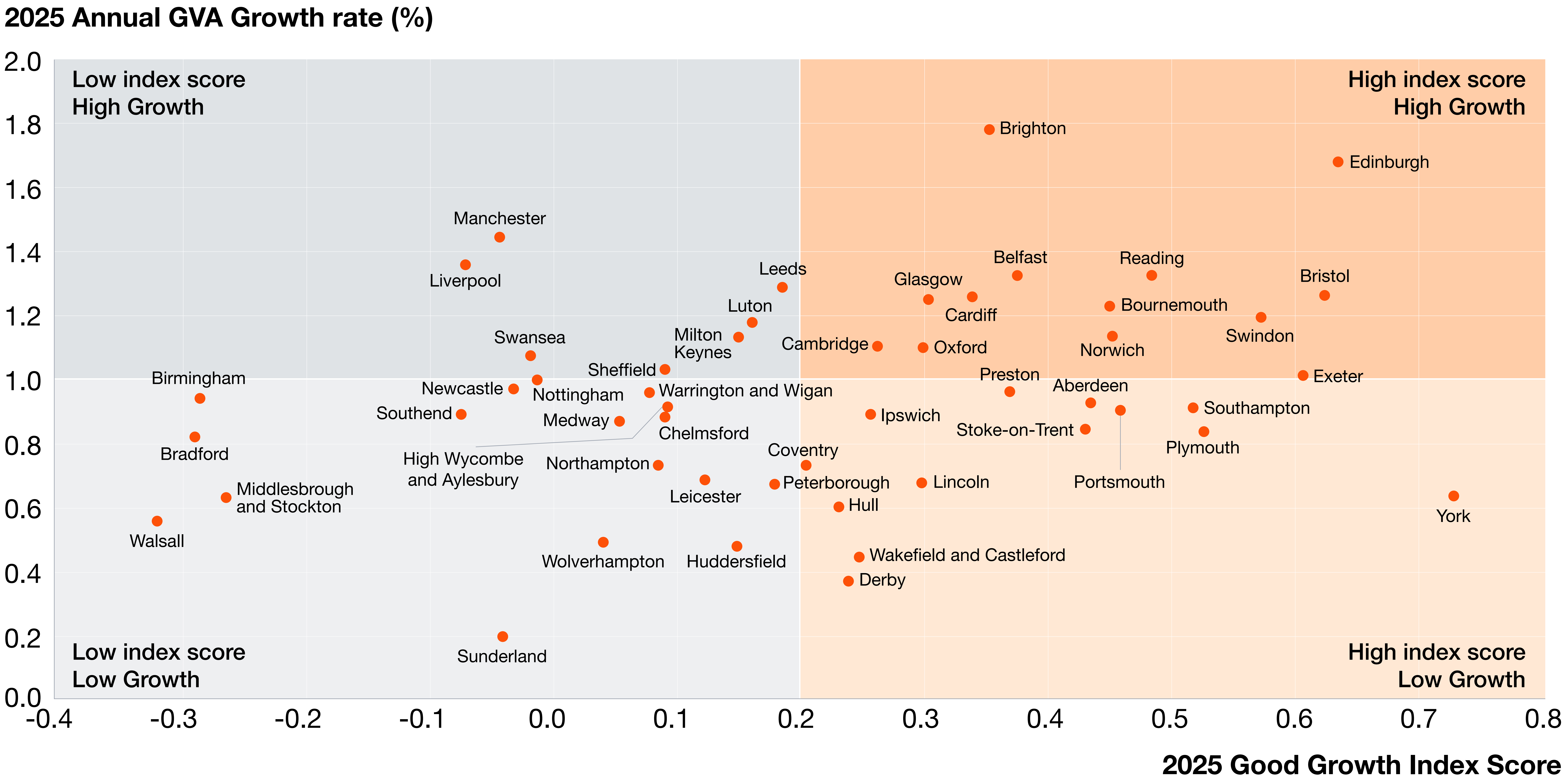
Edinburgh, Manchester and Brighton are projected to grow more than others, combining economic diversity with investments in infrastructure and innovation. They also perform well on the Good Growth for Cities Index – demonstrating that economic expansion can go hand-in-hand with improvements in quality of life, opportunity and sustainability.

Others face more challenging conditions. Plymouth and York score highly on the Good Growth Index but have weaker growth forecasts, reflecting their exposure to slower-growing sectors. Sunderland, where manufacturing accounts for over a fifth of the economy, is expected to grow more slowly, held back by global volatility and delays to critical infrastructure such as electrification. Meanwhile, cities such as Manchester and Liverpool show how targeted public and private investment, enabled by devolution and focused sector strategies, can strengthen long-term growth capacity.

These patterns highlight the importance of understanding the drivers of economic divergence and making deliberate choices about where to lead, where to consolidate and where to invest for the future.

Comparing cities' economic growth with Good Growth Index performance

Figure 7: 2025 projected annual GVA growth rate by city (%) and Index score



Source: PwC Analysis (2025)

Edinburgh: Reinvesting in the city

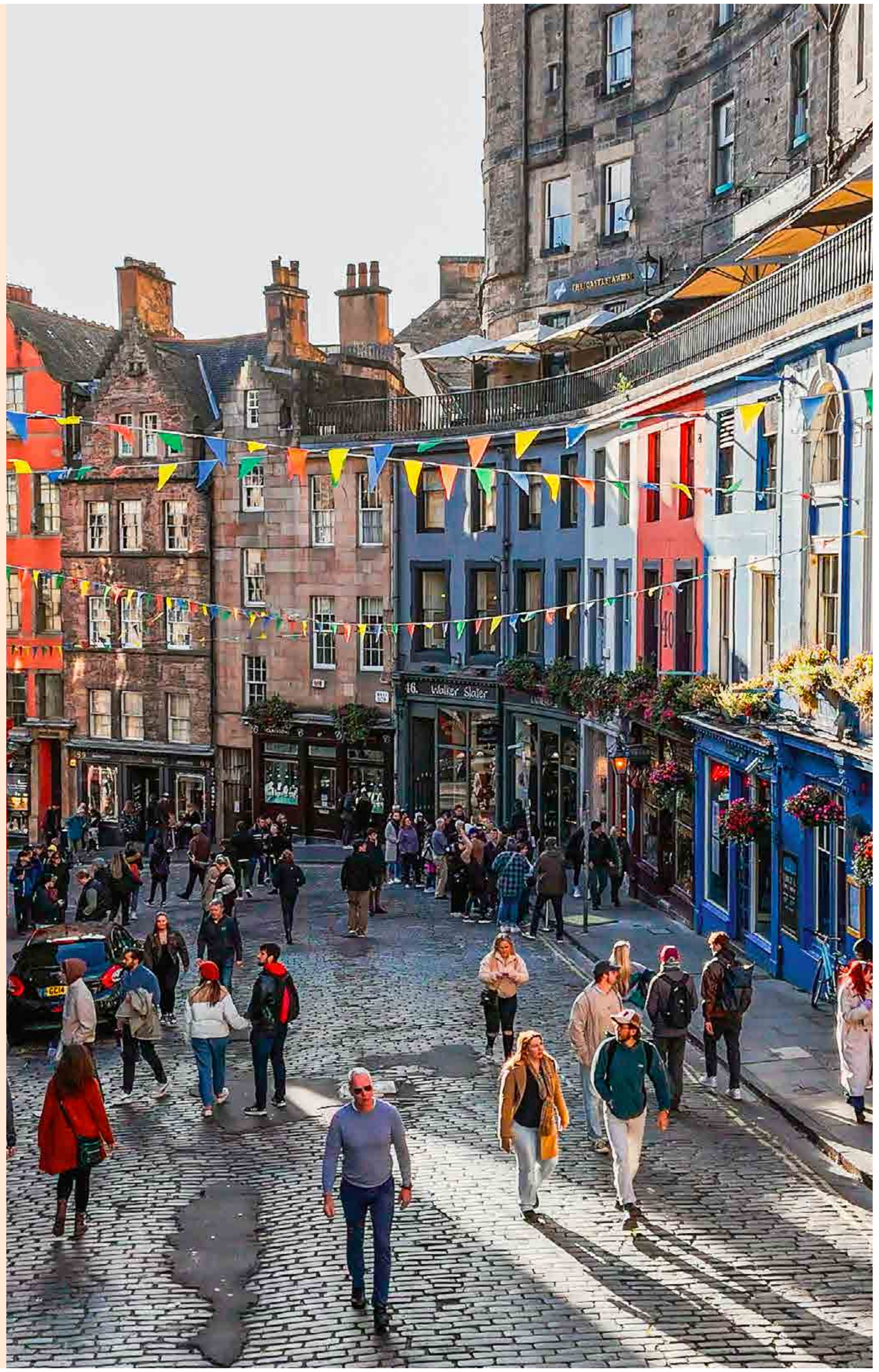
The Edinburgh Fringe, the world's largest performance art festival, draws millions of visitors to the city every year. It creates jobs, drives spending and brings global attention to the city. But despite the significant economic activity it generates, much of the financial benefits are channelled through national tax systems. This means that residents experience the disruption of peak season without seeing tangible improvements to local services and infrastructure.

A new visitor levy is set to change that. From 24 July 2026, visitors will pay a 5% charge per night on paid accommodation. The levy will apply across the whole Local Authority area, 365 nights per year and is projected to raise up to £50 million a year by 2028/29.5.[1]

This is the first time Edinburgh will have a dedicated income stream tied directly to visitor numbers, allowing the Council to reinvest in the services and infrastructure that support both residents and the visitor experience. Proposed uses include affordable housing, city maintenance, and festival support.

1 Edinburgh's 'groundbreaking' visitor levy scheme takes another step forward

Read more



Productivity, clusters and the foundations for long-term growth

Economic growth can come from increasing the size of the workforce or from using labour and capital more efficiently. Some cities, such as Norwich, are forecast to grow mainly through population increases, which boosts demand and workforce size. But this does not always lead to better living standards or higher output per person. When population growth is excluded, cities such as Bournemouth and Birmingham rise in the rankings due to stronger productivity gains, supported by investment in digital infrastructure, knowledge-based sectors and regeneration. This underlines the importance of prioritising investment-led growth over scale alone.

One of the most effective ways to drive productivity is through clusters. These bring together firms, talent, infrastructure and research to build on a region's comparative strengths. The UK Industrial Strategy highlights sectors such as life sciences, financial services, digital and the creative industries, where clusters are already gaining momentum.

Successful clusters are supported by partnerships with universities, innovation hubs and anchor institutions, and by strong links to housing, transport and skills.

Ambitions to lead in high-growth sectors must be supported by the right foundations and conditions. Cluster strategies need to be evidence-based with a clear rationale for why local assets, market demand and delivery capacity align. Local Growth Plans should focus on clusters with real potential, explain why they matter and set out how targeted support will deliver long-term benefits. This includes linking clusters to investment pipelines, skills development and infrastructure priorities to create a compelling offer for public and private investors alike.

Birmingham: Building on existing strengths

Local leaders are capitalising on Birmingham's strengths through economic zones that connect key institutions, concentrate resources and create the right conditions for growth. The Knowledge Quarter[1], part of the West Midlands Investment Zone and one of three zones across the city, supports growth in health, technology and life sciences. Backed by the City Council, two universities and private partners, it is expected to create 20,000 jobs and form part of a Birmingham-London Innovation Corridor, using the new HS2 station to link opportunities between regions.

Other zones target growth in technology, clean energy, advanced manufacturing, finance and business services, and the creative and cultural industries. Large-scale regeneration schemes aim to extend and connect these areas of growth. The Smithfield project[2], one of the largest city centre regeneration schemes in the UK, will transform a major brownfield site near Digbeth's Creative Quarter. Plans include 3,000 new homes, retail and leisure space, and new public areas.

1 Birmingham Knowledge Quarter: A New Global Innovation District
2 Major funding agreed for Smithfield Birmingham

Read more

What Local Growth Plans must now deliver

The economic and sectoral context leaves little room for generality or overreach. Places cannot afford to pursue every opportunity at once.

Local Growth Plans must show where choices are being made and why. This includes being honest about trade-offs, clear about sequencing and transparent about which sectors, systems and places are being prioritised.

Success will depend on aligning economic intent with public value. That means focusing on the basics that people associate with prosperity: secure jobs, accessible services, quality infrastructure and fair opportunity.

The most effective plans will support clusters that deliver productivity gains, build foundations that enable participation, and demonstrate how growth will translate into tangible improvements in daily life.

In a context of constrained resources, prioritisation is the starting point for ensuring sustainable progress.

Belfast: Partnering to grow local strengths

A defining feature of Belfast's growth story is the strength of its partnerships. The £1 billion Belfast Region City Deal reflects this – bringing together funding and expertise from local councils, the Northern Ireland Executive, UK Government, universities and further education colleges to invest in sectors where the region has real economic potential.

One area of focus is the city's creative and digital sector. Studio Ulster – a new, world class virtual production centre – has been developed as a one-stop shop for moviemakers, game designers and film editors. It strengthens Northern Ireland's ability to attract productions of all scales and is expected to bring in significant private investment.

City leaders are clear that the impact of these investments must extend into the wider community. Local training and apprenticeships, skills pathways, and job creation are built into City Deal projects to ensure that surrounding communities see and feel the benefit directly.

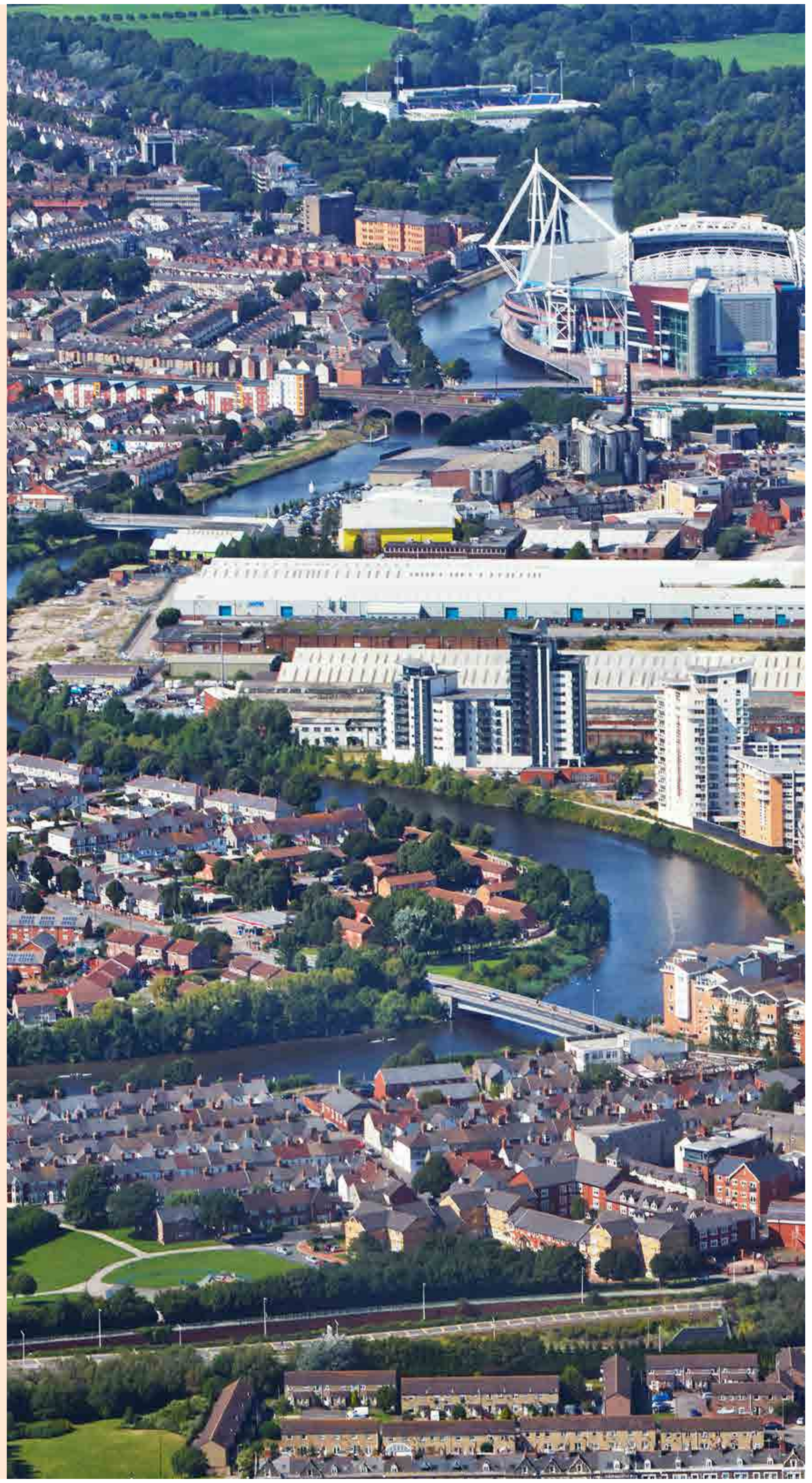
Read more

Cardiff: Addressing inequality through targeted investment

While Cardiff has seen significant population and investment growth, inequality remains a defining challenge. The southern arc of the city, from Ely in the west to Rumney in the east, includes some of Wales's most deprived neighbourhoods, home to around 150,000 people. In response, the city is directing economic and infrastructure investment where they're most needed.

Major upgrades to public transport, including the £100 million Cardiff Crossrail scheme, aim to improve connections between underserved communities and major employment centres. At the same time, the Council is investing in active travel improvements and the city's district centres – bringing services closer to where people live and supporting Cardiff's commitment to becoming carbon neutral by 2030.

Read more



05

Local growth strategies

Balancing priorities

This year's Good Growth for Cities Index highlights the opportunity and the responsibility facing local leaders across public and private sectors. As attention returns to local economic growth, the challenge is to make deliberate choices, align investment with long-term outcomes, and deliver visible progress. Local Growth Plans must connect economic ambition with lived experience and put public value at the heart of decision-making.

Growth is not meaningful unless people feel its benefits in their day-to-day lives, the quality of their jobs, the availability of services, and the resilience of their communities. Our findings suggest that, for many, those benefits remain out of reach. Fewer than 40% of the public we surveyed say their area has seen meaningful investment over the past five years, while 41% say inequality is growing locally. Fewer than half (45%) believe a full-time job provides enough to live a good life.

This lack of tangible growth has a ripple effect, undermining confidence in public services and weakening the conditions people need to stay healthy, skilled and in work. The findings from our recent Turning the Tide on Economic Inactivity report highlighted that one-in-ten workers are actively considering leaving work, equating to 4.4m workers who are on the brink of leaving the labour market.

A further 19% of workers say that in the past 12 months they have seriously considered leaving work for an extended period, with younger workers – aged 18-24 – particularly at risk, with mental health a major driver. Without earlier intervention and better integration between health, work and skills systems, the flow of people out of work will continue to undermine local growth efforts.

In this context, Local Growth Plans must do more than pursue economic indicators. They must be designed to deliver public value by prioritising the outcomes that matter to communities and ensuring that those outcomes are felt. Strategies will only succeed if they show how choices have been made, why certain actions are being taken, and how those decisions will lead to better, fairer places to live and work.

Places that achieve this will shape their approach around the following principles:

01 Link sectoral priorities to local strengths

The cities and regions making the most progress are those that match their sectoral priorities with local strengths and invest in the basics that support growth in those areas, such as housing, transport, digital infrastructure and skills. They are building the capacity to deliver consistently and aligning the priorities of communities, employers and anchor institutions.

At the heart of this is a clear economic identity - the ability to articulate what a place stands for, where its strengths lie, and how it intends to grow. This is vital for local leadership but also for investors, businesses and residents. Clarity of identity helps guide decisions, focus effort and shape a compelling case for investment.

Where these foundations are in place, local growth strategies can be more than policy documents. They can provide a unifying framework to connect short-term delivery with long-term ambition, and organise local choices in a way that supports resilience, opportunity and inclusive growth. But for strategies to stay relevant, they must remain active and iterative. They should be regularly refreshed, transparently tracked, and based on a clear understanding of what is working and what needs to change.

02 Strengthen the investment case

Attracting the scale of private investment needed to unlock growth will depend on showing that the right strategies are in place, and that real progress is being made to address known barriers to growth. Publicly available project pipelines, backed by strong evidence, can enhance investor confidence and accelerate the flow of private finance into local priorities. This must include local strategies to address workforce skills, housing, infrastructure, access to opportunity and business readiness. In a competitive global market for capital, the ability of cities and regions to demonstrate clarity of purpose, credible delivery plans and tangible momentum will be essential.

This is where the role of business becomes critical. Private sector partners are not only looking to local leaders to create the right conditions for growth but increasingly want to help shape them. By working with local authorities, skills providers and civic institutions, businesses can support the alignment of local strategies with economic need. Just as importantly, they can help promote a compelling narrative about the future direction and potential of the places they operate in, strengthening the case for domestic and international investment.

03 Turn strategy into action

The conditions for delivery remain challenging. Fiscal constraints limit flexibility, public services are under sustained pressure, and many local authorities face growing demand with limited capacity to respond. In this context, leadership is about building coalitions, mobilising delivery networks and unlocking the combined capacity of public, private and civic partners to act.

Delivering good growth depends on people and institutions with the authority, confidence and capability to make decisions, to take communities with them, and to sustain momentum over time. It also depends on strengthening collaboration with the private sector, not only as an investor or beneficiary, but as a co-designer of local priorities. Businesses bring insight, resources and reach, and their engagement is essential to shaping credible plans, aligning investment in skills and infrastructure, and communicating the growth potential of a place to wider markets.

Turning strategy into delivery requires consistent leadership, shared ownership and a willingness to stay focused under pressure. Where this happens, growth becomes more than an ambition. It becomes a shared responsibility and a visible outcome.

04 Make growth inclusive and locally grounded

There is no one-size-fits-all model for good growth. Every place must shape its own approach, grounded in local strengths, challenges and priorities. But a shared principle is gaining traction across the UK: economic ambition must be matched by public legitimacy. Growth strategies need to go beyond boosting productivity. They must broaden access to opportunity, strengthen resilience and build trust. Sustained, two-way engagement with communities, particularly through digital platforms, is essential to ensure that strategies are effective and supported.

The next phase of local economic development will be shaped by the ability to turn strategy into stewardship. This means being clear about the outcomes to aim for, honest about the trade-offs involved, and open about the path to get there.

Growth strategies, and the choices they reflect, are a first step. What will matter next is how those choices are implemented, how success is defined and how delivery capacity is supported. Delivering good growth will require leadership that listens, institutions that act and partnerships that endure.

06

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 Index 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 (03–05)

01 Scoping
- Review of methodology for cities Index and agree changes
- Agree list of cities and city regions for the Index

02 Consultation
- Informal discussion with a range of local authorities and others on how to further develop the Index, taking account of feedback on previous reports

03 Review of data
- Review and update of latest available data for Index variables
- Assemble database

04 Polling
- Poll of c.2,000 UK citizens of working age to test for continuing validity of weightings from earlier studies

05 Index
- Determine weights from supplementary polling and previous analysis
- Calculate indeces
- Robustness checks

06 Conclusions
- 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, ranked by descending order of weight

Category	Measure	England	Wales	Scotland	Northern Ireland	Time period	Geography	Weight
		Data sources by region						
Income	Gross disposable household income (GDHI) per head scaled by regional price indices	ONS				2021-2023	Local authority	13%
Income distribution	Ratio of median to mean income	ONS				2021-2023	Local authority	12%
Safety	Violence against the person, weapons and drugs offences	ONS		GOV	NISRA	2021-2023	Local authority	12%
Work-life balance	% in employment working more than 45 hrs per week	ONS				2021-2023	Local authority	10%
Jobs	Unemployment rate	ONS			NISRA	2021-2023	Local authority and travel-to-work areas	9%
Health	Life expectancy	ONS				2021-2023	Local authority	9%
Housing	Housing price to earnings ratio and owner occupation rate	ONS		Scot.gov	Ni.gov	2021-2023	Local authority	8%
Environment	Carbon emissions: grams of Carbon Dioxide (CO2) for every £1 of GVA generated (/ £ of GVA)	ONS				2021-2023	Local authority	7%
Transport	Average commuting time to work	ONS				2021-2023	Local authority	7%
High street and shops	Stores openings and closures	LDC				2021-2023	Local authority	6%
Skills	Share of population, aged 16-24 and 25-64, with RQF 3+	ONS				2021-2023	Local authority	5%
New businesses	New businesses per head of population	ONS				2021-2023	Local authority	3%

We have rounded each category's weight to the nearest whole number. Due to rounding errors, figures may not sum 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 2021-23 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.
- **Mix:** one of the most important criteria for any city list is to ensure there is a mix of economies to provide interesting comparisons.
- **Spread:** we ensure we have a good geographical spread, including cities in the devolved nations.

The use of this methodology means we have 50 cities in our Index. The full list of cities included in this year's Index is set out in **Figure A3** overleaf.

Figure A3: All 50 cities included in our Index

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

16 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.

37 other functional economic areas:

Cumbria, Greater Manchester, Central Liverpool, Cheshire and Warrington, Central Leeds, Central Sheffield, Derbyshire and Nottinghamshire, Leicestershire, Greater Birmingham and Solihull, Warwickshire, Wrekin Valley Lands, Cambridge County Arc, Hertfordshire, Oxfordshire, South Coast Greenway, West of England, Cornwall and Isles of Scilly, Teesside, Greater Lincolnshire, South East Midlands, Berkshire Woodlands, South East, Lyme Forest Borders, Downland Coast, Anglia Countryside, Black Country, Worcestershire, North East, White Rose, Wessex Heartland, Wessex Coast, Lancashire, Gloucestershire, Yorkshire Coastlands, Dorset, Cotswold Edge and Chiltern Riverlands.

London call-out methodology

Our London call-out is an international index comparing London to similar powerhouse cities. These cities were chosen due to similarities to London such as cultural/financial relevance, population density and diversity and GDP. Data is collected at a TL3 (city) level where available, if not TL2 (region) level data is used and weighted by GVA or population as needed.

Figure A4: Index variables, time period and geographical areas

Category	Measure	Time period	Geography
Income	GDP per capita	2021-2023	Region
Environment	Greenhouse Gas emissions total regions (excluding aviation and shipping) (tonnes of CO2-equivalent)/$GVA	2021-2023	Region
Transport	Average commuting time to work	2021-2023	City
Jobs	Unemployment rate	2021-2023	Region
Health	Life expectancy	2021-2023	Region

Similar to 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, 2021-23.

The scores for each element averaged to create the overall Good Growth Index score for that city.

Figure A5: Full list of cities included in the London call-out

1	New York	5	Hong Kong
2	Paris	6	Singapore
3	Tokyo	7	Sydney
4	Berlin	8	London

Economic analysis methodology

Our economic analysis forecasts the economic growth rate of the cities in our Index for 2025 and 2026. Gross Value Added (GVA) is used as the basis for economic growth rate forecasts. Our approach is dependent on three key inputs:

01 Regional GVA by industry figures:

These provide a sectoral breakdown of GVA at Local Authority (LA) level (ONS, 2023).

02 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. We use Travel-to-Work-Areas to define the boundaries of each city in the UK.

03 GVA growth forecasts by sector:

Regional level projection used to estimate the amount each sector is anticipated to grow in 2025 and 2026. National Projections are taken from BMI (a Fitch Solutions Company) figures last reviewed, 4 July 2025. The BMI figures are subsequently adjusted using PwC's UK Economic Outlook forecast. The PwC adjusted national level figures are then regionalised using historical data on sectoral growth rates by UK region.

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 2023 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.

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