

January 2021

Good Growth for Cities

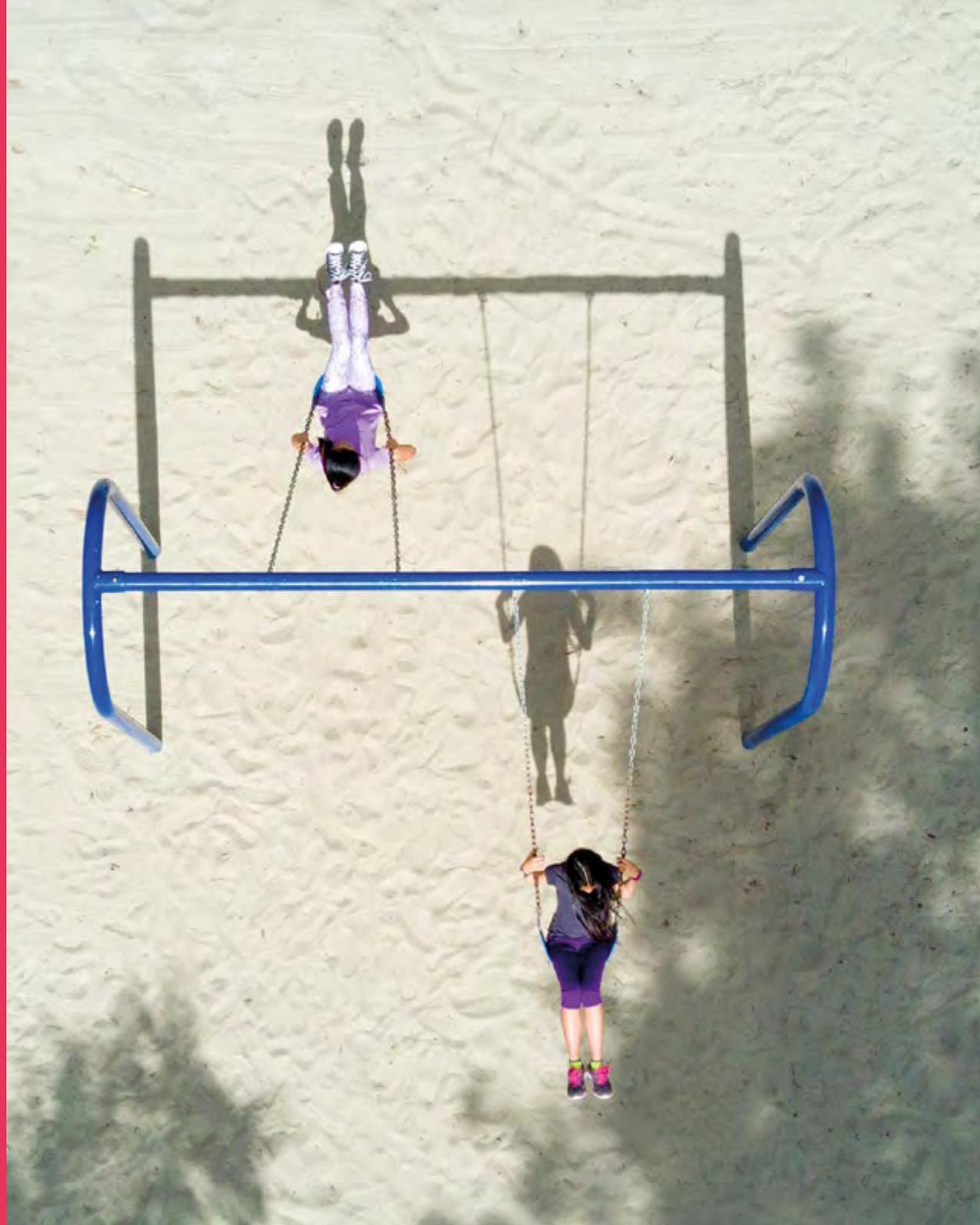
The local economic impact of COVID-19



#GoodGrowth

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Executive summary

As we begin the new year, the impact of the COVID-19 pandemic is still unfolding. While that impact has been felt right across the UK, it has not been felt equally. In many ways the pandemic has reinforced existing economic and social disadvantages.

Since 2012, we have published an annual Demos-PwC Good Growth for Cities Index to measure the performance of cities and regions. The Good Growth Index looks beyond GDP and covers broad measures of economic wellbeing, including jobs, income, health, skills, work-life balance, housing, transport and the environment. In this year's report, we focus on the economic impact of COVID-19 and recovery prospects for the UK's largest towns and cities in 2021 and beyond.

Our analysis on the economic impact of COVID-19 highlights the challenges ahead for many places across the UK. Many of the cities that have previously performed well in our Good Growth Index – including the Scottish cities of Edinburgh and Aberdeen, along with Norwich, Swindon, Southampton and Oxford in England – have been relatively less economically impacted by the COVID-19 pandemic. Their sectoral mix and performance on broader economic and social indicators have to some extent provided resilience.

Many poorer performing cities in the Good Growth Index – including Liverpool, Southend, Medway, Doncaster and Bradford – have been hit hard by the pandemic. These cities have been more vulnerable to the volatility of the pandemic and, while they are expected to grow back strongest in 2021, their economies will still be smaller in 2021 than they were in 2019. In the longer term they will need to build resilience against future crises.

There are exceptions to this pattern. Leicester is in eighth place in the Good Growth Index yet will be one of the cities hardest hit economically by the fallout from COVID-19.

Our Index tracks the factors that the public consider most important to their economic wellbeing. These factors have stayed largely consistent over the years, and perhaps surprisingly, have remained largely consistent across 2020 too. Health, jobs, housing and income are ranked as the most important of our 10 economic and social factors, followed by skills, the environment, transport, income distribution, work-life balance and business start-ups.

The pandemic has put all these factors under the microscope. It has led most people to live their lives much closer to home, prompting many to reassess their local surroundings and communities. For some, homes have become workplaces and, for most, more time than ever has been spent in local communities and neighbourhoods. This has led to a greater interest and understanding of neighbourhoods, and in particular of social inequalities and local environmental issues.

There is now a growing expectation that these issues must be addressed as the UK looks towards its recovery. A palpable sense of the need to build a better, fairer future. What has become clearer than ever is that, beyond the immediate COVID-19 crisis response, a broader approach to economic wellbeing is needed. One that embraces social, health and economic outcomes more fully.



Many poorer performing cities in the Good Growth Index – including Liverpool, Southend, Medway, Doncaster and Bradford – have been hit hard by the pandemic.

During the pandemic, both government and business have found new ways of working together, and quickly. Building a fair recovery must also be a shared endeavour. There is an imperative for government and business to work together to tackle both the longstanding inequalities that the pandemic has highlighted, as well as the new divisions that have emerged. These are themes we will be exploring further in our [Future of Government](#) programme throughout 2021.

For cities and towns across the country, a place-based approach to recovery is needed. The pandemic has reinforced the need to 'level up' across the UK, but also revealed the need to look beyond regional headlines of the North-South divide and focus efforts with more precision on specific places.

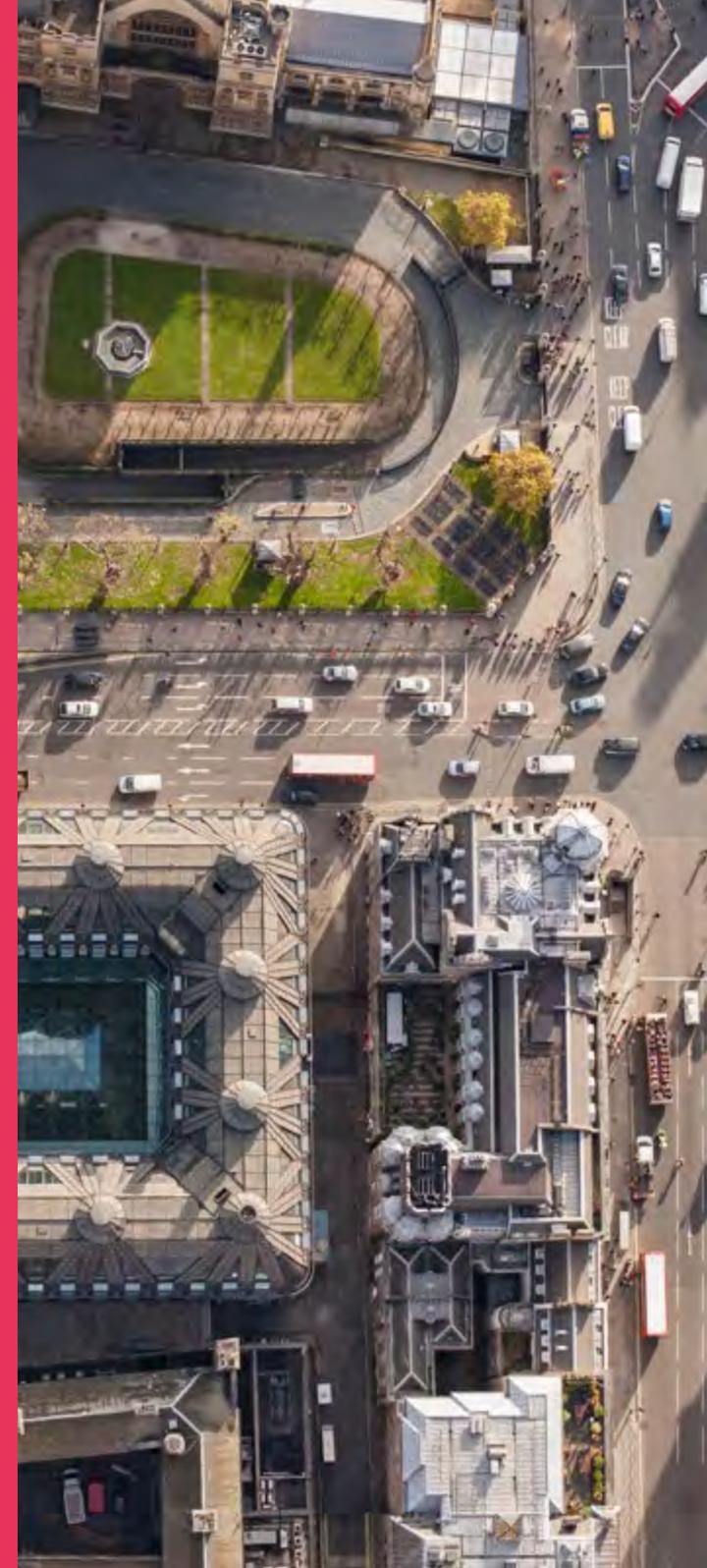
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There is an imperative for government and business to work together to tackle both the longstanding inequalities that the pandemic has highlighted, as well as the new divisions that have emerged.

As they look to recover, places should consider how they can become more:

- productive and innovative,
- fair and inclusive,
- greener and more sustainable,
- and more resilient.

As leaders from across national and local government, as well as the private and third sectors, plan their recovery strategies, taking a broad approach to economic wellbeing and building resilience will be essential. Putting the public at the heart of the recovery by answering the call for a better, fairer future, will be key.



Public priorities for growth

Globally, there is a growing recognition that traditional, narrow measures of success no longer work, such as focusing solely on GDP. If the pursuit of growth is essentially about improving citizens' prosperity, opportunities and wellbeing, the focus needs to widen beyond Gross Domestic Product (GDP) or Gross Value Added (GVA).

We created our first Good Growth Index with the think tank Demos in 2011,¹ based on the public's view of what economic success meant to them. Since 2012 we have published an annual Good Growth for Cities Index that covers broad measures of economic wellbeing, including jobs, income, health, skills, work-life balance, housing, transport infrastructure and the environment.



Throughout the Demos-PwC Good Growth series, our aim has been to capture a variety of characteristics of UK cities or areas in a composite 'Good Growth' index.

These are the factors that the public have consistently told us are most important to their work and finances.

Our aim has been to capture a variety of characteristics of UK cities or areas in a composite 'Good Growth' index. The characteristics included within the index are based on those chosen by the UK public as essential for judging economic success, and are weighted according to their level of relative importance.

10 factors that matter most to the public:

- 1 Secure jobs
- 2 Adequate income levels
- 3 Good health (in order to work and earn a living)²
- 4 Time with family/work-life balance
- 5 Affordable housing
- 6 High levels of entrepreneurship and new business start-ups
- 7 Good quality transport systems (road and rail in particular)
- 8 Having the skills and education needed to be in employment and earn a living
- 9 Protection of the environment (for example carbon emission reduction, preserving forests)
- 10 Fair distribution of income and wealth

¹ We published our first Good Growth index in 2011. The first Good Growth for Cities report was published in November 2012

² The Good Growth for Cities Index measures the proportion of the working age population out of employment due to long term sickness. This was selected to reflect the impact of poor health on economic well being through potential earnings.

Every year, we survey a representative sample of around 2,000 members of the UK's adult population in order to capture any shifts in opinion (**Figure 1**). In our latest survey, perhaps unsurprisingly in the context of the pandemic but consistent with previous years, healthcare and employment were the top priorities for the public, with 76% and 72% agreeing they were an important indicator of the success of economic policy, followed by skills (65%), housing (62%) and income (61%).

This poll identifies which elements in the index are considered most important by the public, and we assign weights accordingly. There are no changes in the weights applied to this year's index (see **Table 1**).

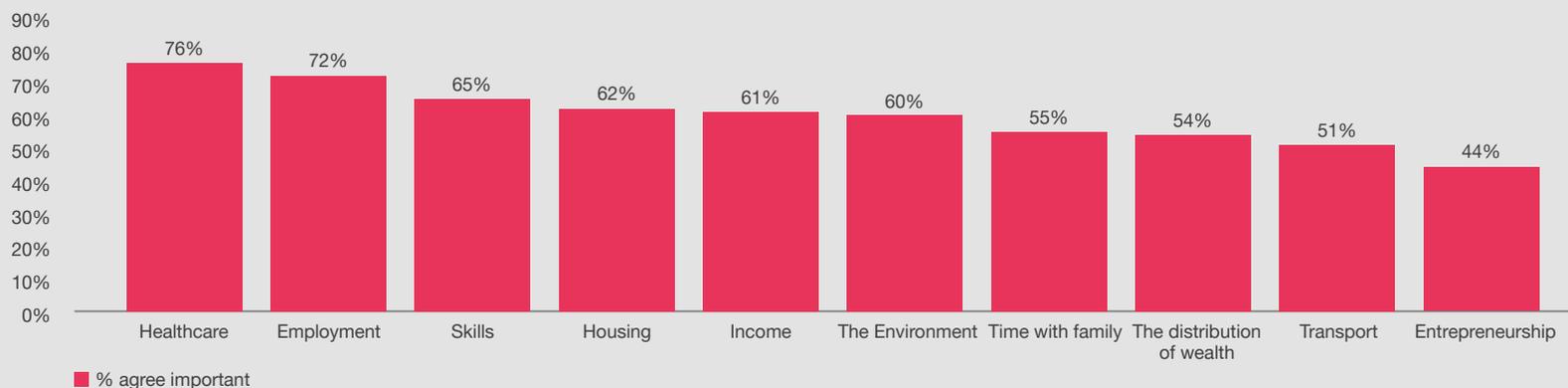
There has been a slight movement in our public polling weights since our first index, which largely reflects the general trend of falling unemployment rates since the global financial crisis of 2007-2008 and the growing recognition of environmental issues. It is clear, however, that there is broad consistency in terms of what matters most to the public.

That said, our methodology will continue to evolve. With public sentiment likely to be shaped further by the impact of COVID-19 on local communities, we may see new priorities emerge. We asked the public this year if there were any indicators they would add to our list. Areas noted by respondents included Brexit and immigration, as well as education and equality. Our Future of Government research also showed the importance of public perceptions around fairness, feeling listened to and having a voice – issues we will explore further with public research in 2021.

In 2020

76%
agreed healthcare was an important indicator of success of economic policy.

Figure 1: Public priorities for economic policy



Source: Polling of 2,000 UK adults, between 27 November – 1 December 2020

Table 1: Latest weightings compared to 2019

	Jobs	Income	Health	Work-life balance	New businesses	Housing	Transport	Skills	Environment	Income distribution
2019 weights	14	12	14	8	6	10	8	12	8	8
2020 weights	14	12	14	8	6	10	8	12	8	8

Source: PwC analysis

The economic impact of COVID-19

While COVID-19 has impacted the economy of every region, city and town across the UK, the effects are playing out differently in each place. This is largely due to the health, social and economic conditions in different places, including the balance of sectors which support each local economy. Increasingly, the levels of restrictions in different areas will impact recovery profiles too.

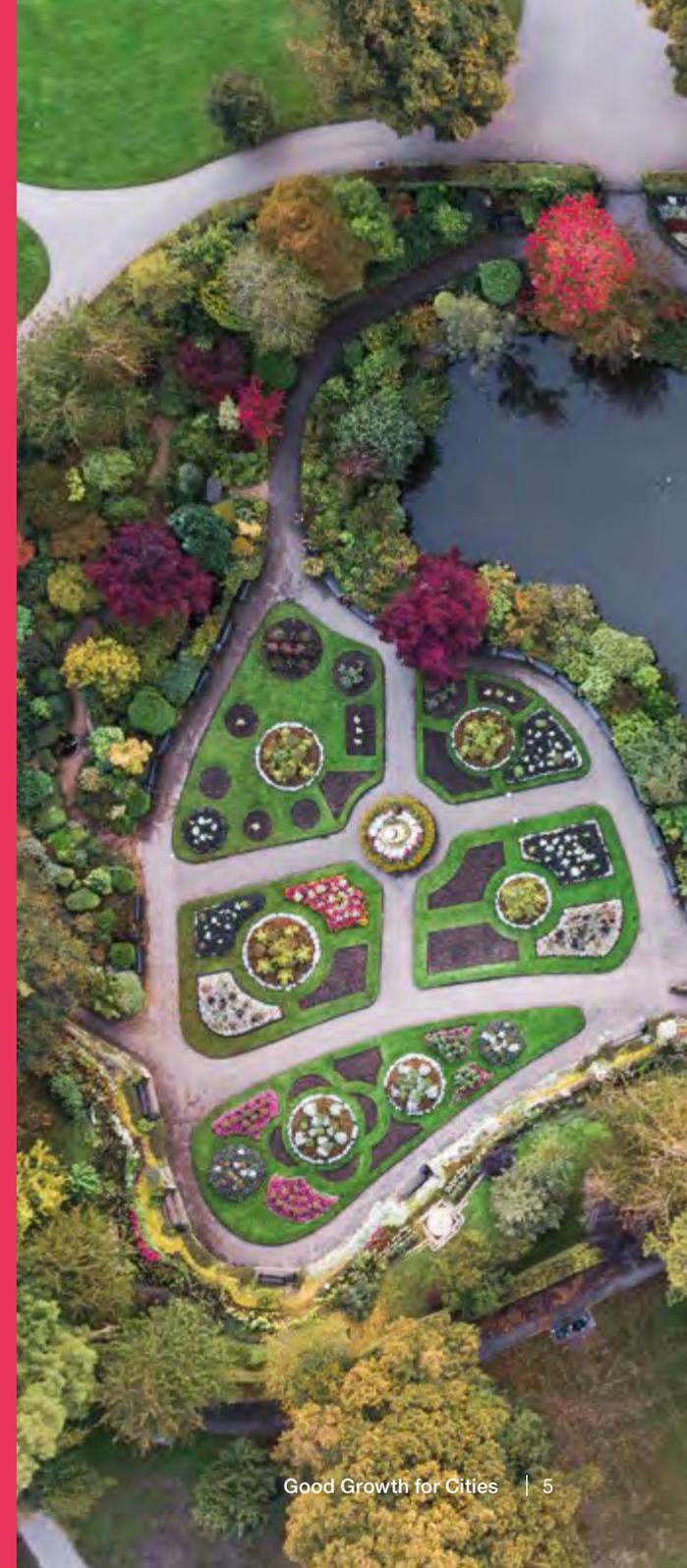
In this section, we explore the economic impact of COVID-19 on cities across the UK and provide insight on their economic recovery prospects into 2021.



The impact of COVID-19 has affected all regions and cities across the UK. It has also impacted a broad scope of sectors, most notably the entertainment and hospitality sectors.

Nationwide impact

The impact of COVID-19 has affected all regions and cities across the UK. It has also impacted a broad scope of sectors, most notably the entertainment and hospitality sectors. For example, our [UK Hotels Forecast](#) predicts that it could take four years for hotel occupancy rates to return to pre COVID-19 levels. Continued restrictions such as social distancing measures and curfews have put many businesses in these sectors under intense commercial pressure.



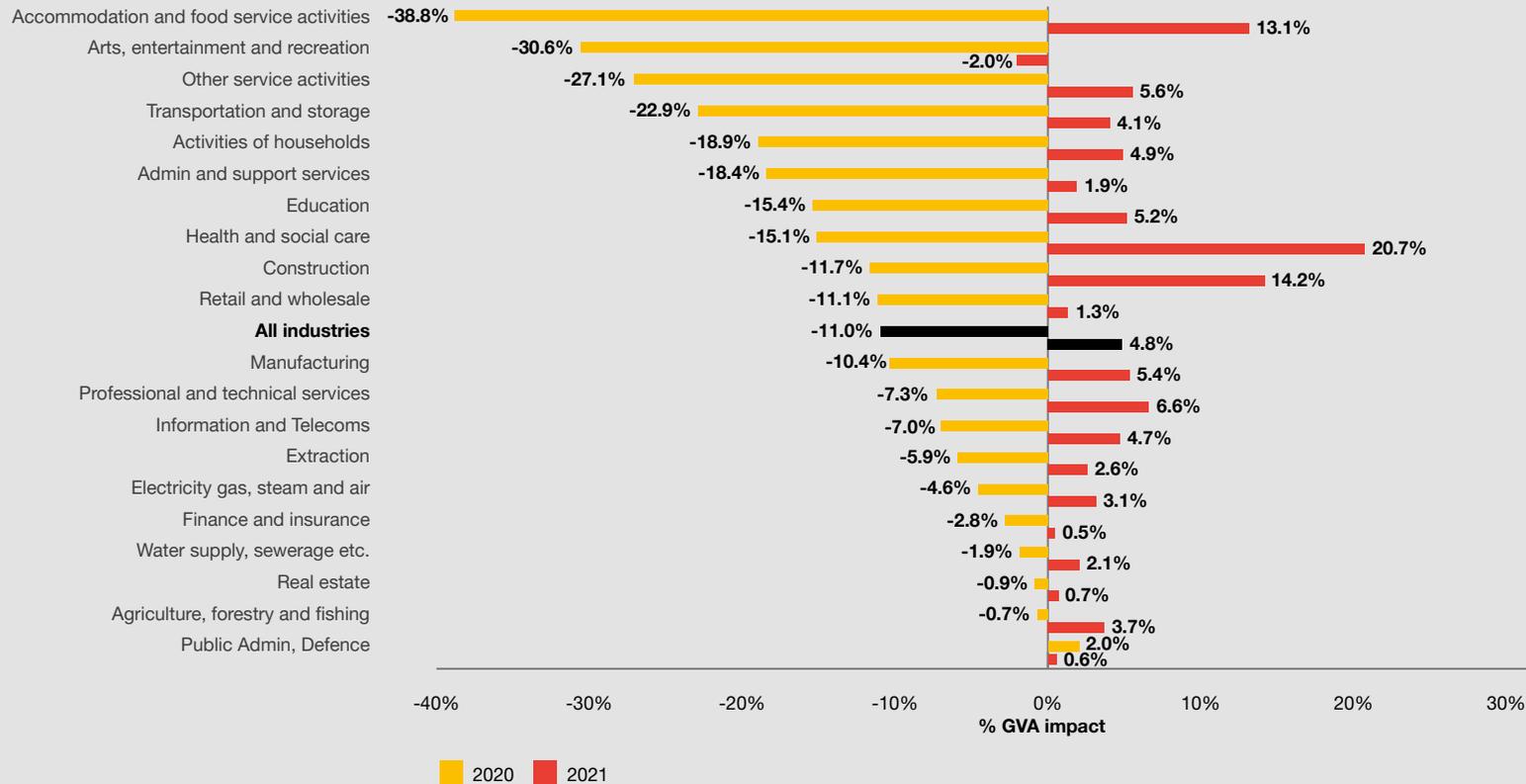
Sectors under pressure

As reported in the PwC January UK Economic Outlook (**Figure 2**), sectors such as hospitality and leisure, transport and food service industries have been most negatively impacted in GVA terms by the pandemic.

Consumer sentiment has remained relatively buoyant despite the pandemic and we anticipate that most sectors will return to growth in 2021, including hard-hit sectors like retail and hospitality as they recover from a low base in 2020. We expect the construction sector to grow in 2021, partly driven by fiscal measures to boost infrastructure investment. Similarly, adaptations made by manufacturing

businesses should enable businesses to continue operating to support the recovery. Additionally, the health sector is also expected to grow strongly, as the sector attempts to vaccinate tens of millions of people against COVID-19 in a matter of months.

Figure 2: Projected GVA growth rate by industry sector under 'Quick recovery' scenario, % annual change in 2020 and 2021³



Source: PwC UK Economic Update, January 2021

³ Given current conditions, our projected GVA growth rate is based on a 'quick recovery' scenario. However, in our UK Economic Outlook, we also include a 'slow recovery' scenario where the GVA impacts are greater to each sector in the economy.

20.7%

projected GVA growth in health and social care in 2021 compared to an average of 4.8% growth for all industries.





This national level analysis is part of our methodology in calculating the GVA impacts to each city economy in our index. The other components of the GVA calculation include the COVID-19 local infection rates, Google Mobility index, Universal Claimant Count and the UK Government Coronavirus Job Retention scheme statistics (see 'Our Methodology' section for further details).

Figure 3 plots where each city defined by its travel to work area lies in terms of change in GVA⁴ in 2020 and its score in the Good Growth for Cities Index. It is clear that cities will face very different challenges and opportunities as they recover from the economic impacts of COVID-19.

The hardest hit cities in 2020 range geographically across England, from Liverpool, Doncaster and Bradford in the North and Yorkshire, to Southend and Medway in the South. These are all cities which also perform poorly in the Good Growth Index. Those cities that have to date showed most resilience to the economic impacts of the pandemic include Edinburgh and Aberdeen in Scotland, and Norwich, Swindon, Southampton and Oxford in England.

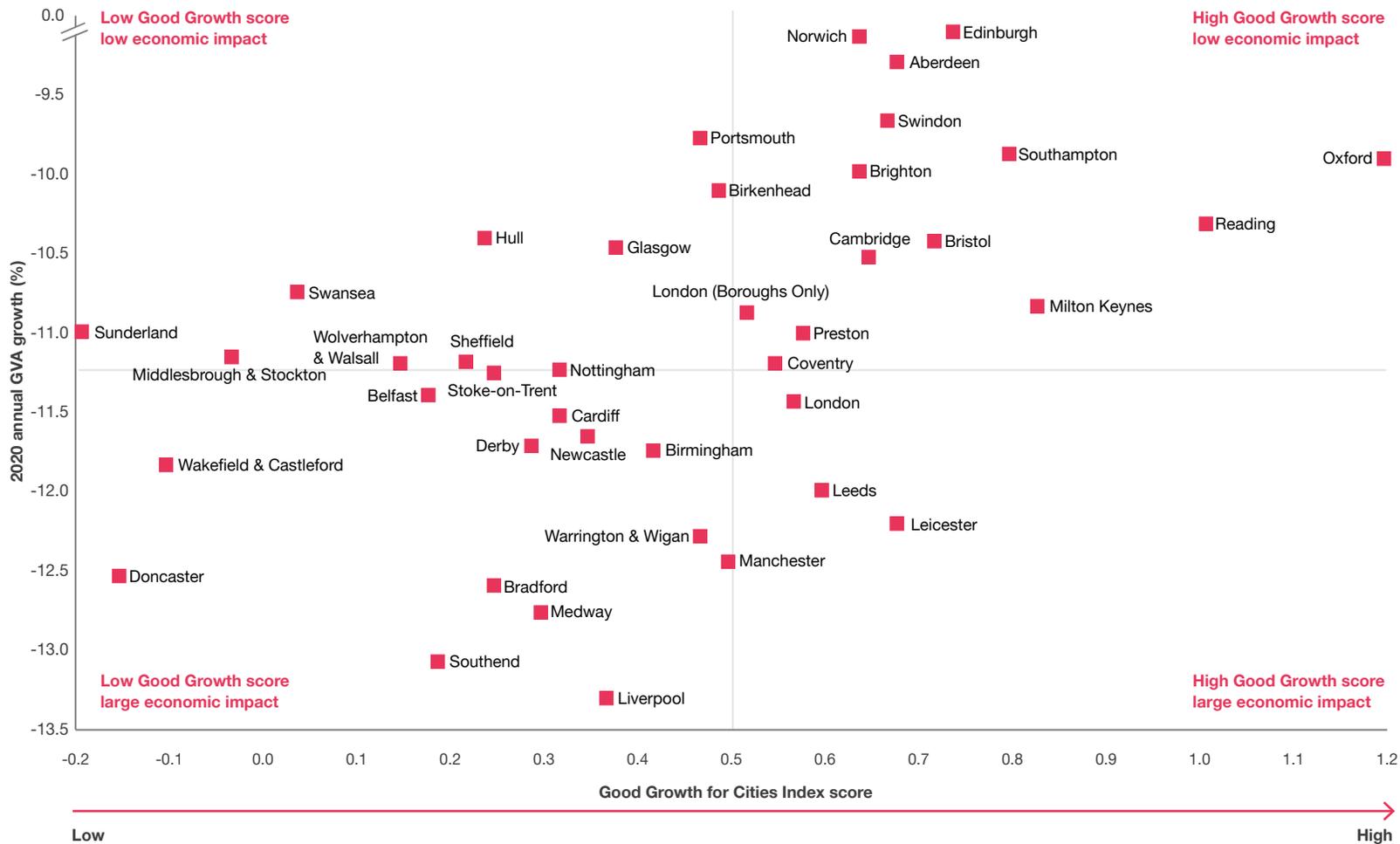
Broadly, those cities that perform well in the Good Growth for Cities Index have been relatively less impacted by the pandemic than those that perform less well, although there are notable exceptions to this pattern, including Leicester (see Spotlight on Leicester).



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⁴Economic impact is measured in Gross Value-Added (GVA) terms in this analysis. When referring to '2020 impact', this measures the differences in economic output in 2020 compared to 2019 levels.

Figure 3: 2020 annual GVA growth rate (%) and Good Growth for Cities Index score



Low
 Cities are defined by travel to work areas.
 Plymouth was excluded from the analysis due to data limitations.

Source: PwC Analysis

Figure 4 illustrates what the economic impacts will look like for cities in the index, mapping the 2021 GVA recovery rates with the 2020 GVA impacts. Looking ahead to 2021, GVA recovery rates range from 3.9% (Edinburgh) to 5.7% (Medway), with an average recovery rate in 2021 of 4.8% across all cities in the index.

Cities with the strongest GVA growth rates projected for 2021 are those that have been hardest hit in 2020. For example, Liverpool, Southend and Bradford will all see their economy decrease by more than 12.5% in 2020. But these cities are also predicted to recover more effectively than most other cities in 2021, with growth rates of 5.3% and higher.

This means that as sectors that have been most impacted by restrictions reopen, cities that have been most negatively affected due to their sectoral mix will see stronger recoveries back to pre-pandemic conditions.



Looking ahead to 2021, GVA recovery rates range from 3.9% (Edinburgh) to 5.7% (Medway), with an average recovery rate in 2021 of 4.8% across all cities in the index.

However, a return to pre-pandemic conditions will not necessarily instigate a sudden increase in economic activity in relatively low-performing cities and make these cities more prosperous than before the pandemic. Rather, we estimate that for these cities their economies in 2021 will be slightly less than the size of their economies in 2018.

Our GVA analysis does not specifically take into account the impact of the different levels of tiered restrictions in place across the UK, but the level and length of local and regional restrictions will likely impact the growth prospects for different places, as we can see in the case of Leicester.

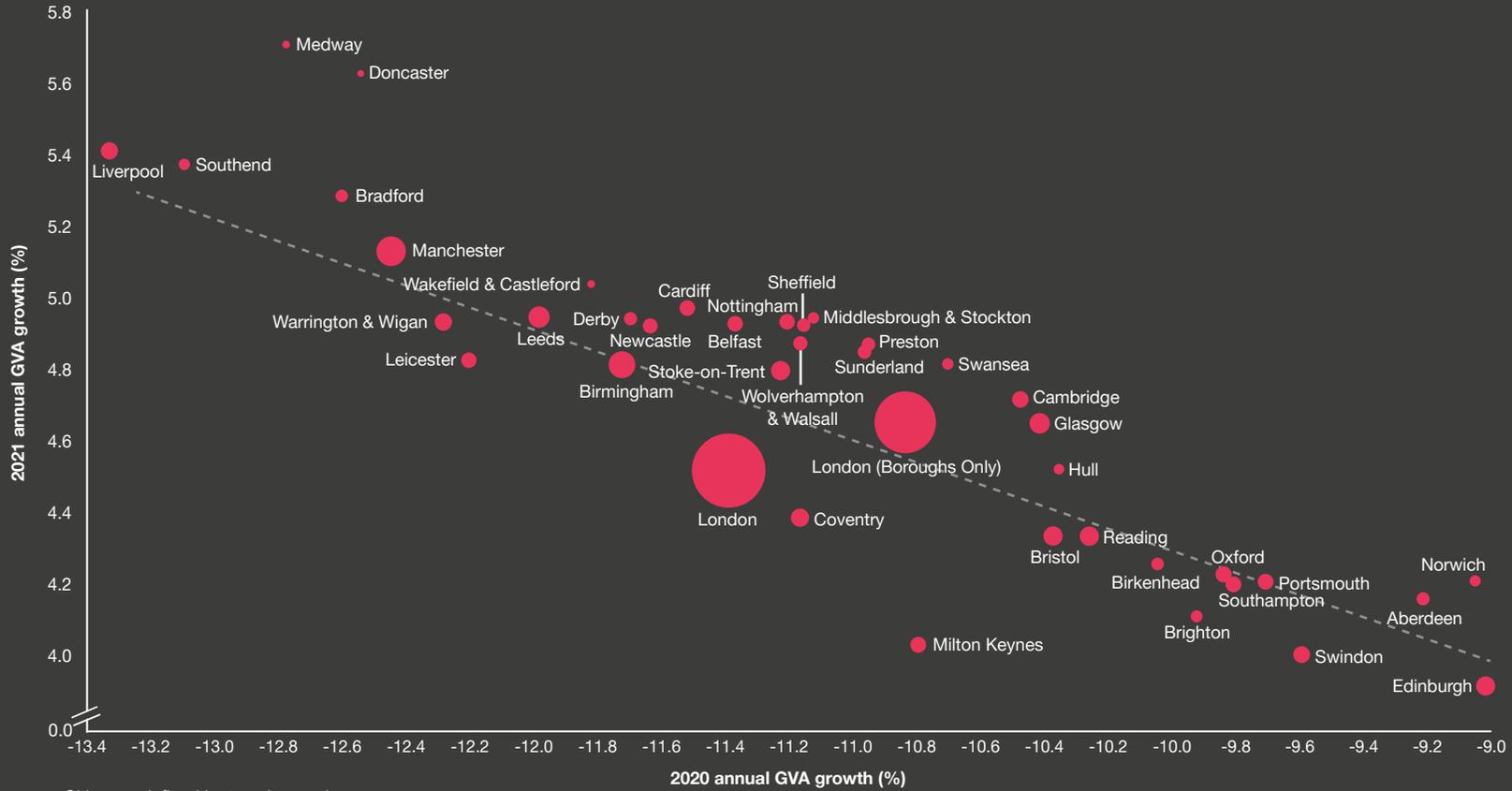
In 2020

12.5%

decrease in economy
for Liverpool, Southend
and Bradford.



Figure 4: 2020 and 2021 annual GVA growth rates



Cities are defined by travel to work areas.
 Plymouth was excluded from the analysis due to data limitations.
 ● Size of economy measured by 2018 total GVA - - - - - Line of best fit

Source: PwC Analysis

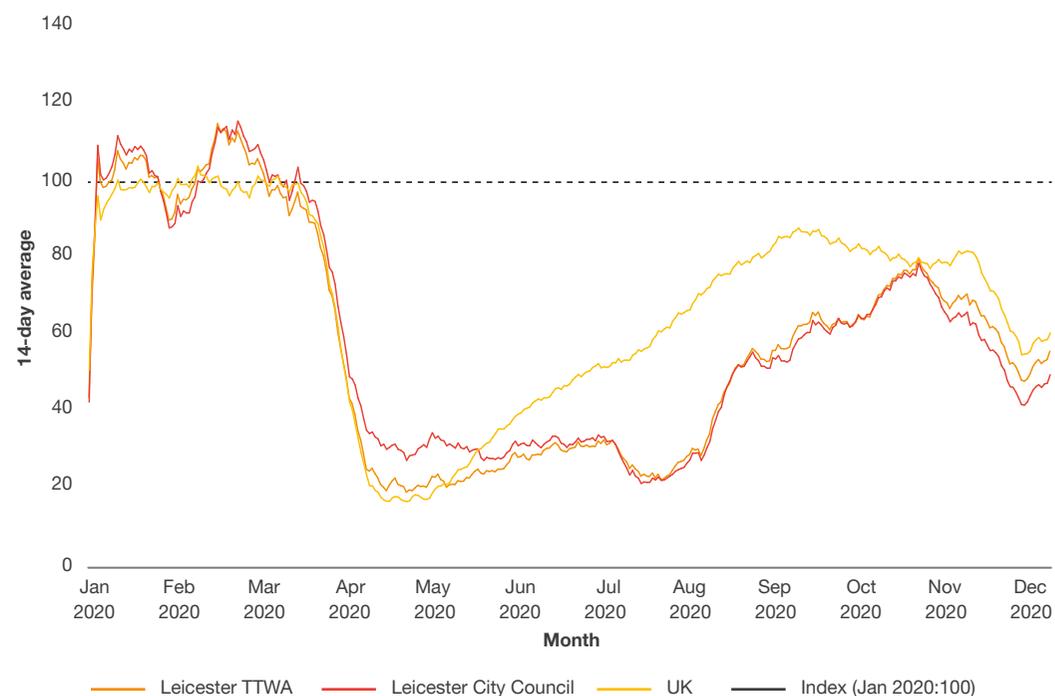


Spotlight on Leicester

Leicester is one of the few cities with a relatively strong performance in the Good Growth for Cities Index that is projected to be significantly economically impacted by the pandemic. Leicester was the first city to have stricter restrictions imposed on its citizens following the relaxing of the initial national lockdown in June 2020.

Though non-essential retail was allowed from 1 August, the public was restricted to essential travel only. As a result, compared to the average UK city, Leicester city saw a significantly lower footfall rate during June – August, with the lowest point from the UK average seen on 2 August, with footfall in the Leicester travel to work area (TTWA) at 29.2% of its pre-pandemic levels while the average UK city returned 71.0% of its pre-pandemic levels (Figure 5).

Figure 5: Leicester Community Vision Footfall Trend



Source: Huq Industries Limited

Leicester city saw a significantly lower footfall rate during June – August, with the lowest point from the UK average seen on 2 August, with footfall in Leicester travel-to-work area (TTWA) at

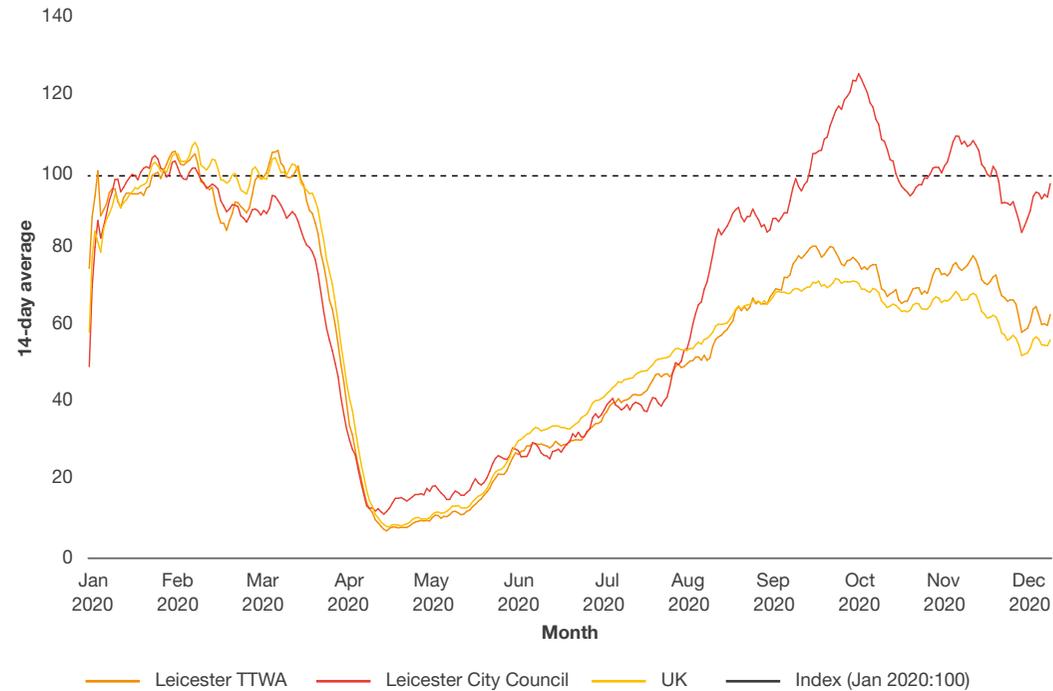
29.2%



The decreased footfall in Leicester city during the summer period is likely to further reduce the performance of Leicester’s retail sector.

Beyond the city centre, mobility data from Huq Industries demonstrates that despite Leicester facing restrictions in the summer period, people continued to move around the city as much as they did in other cities (**Figure 6**). From June to August, the Leicester TTWA and Leicester City Council experienced a relatively similar level of mobility to the UK average city, with Leicester City Council increasing to above the national average over the Autumn months.

Figure 6: Leicester Mobility Index



Source: Huq Industries Limited



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Employment in focus

Employment has consistently remained a top priority for the public when it comes to good growth. One way to capture the impact of the pandemic on employment is to understand the number of workers furloughed as part of the UK Coronavirus Job Retention Scheme (CRJS).

As **Figure 7** demonstrates, the take-up of the government furlough scheme varies across the UK, with a particularly high take-up rate⁵ in London.



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Figure 7: Take-up rate of the Coronavirus Job Retention Scheme, 31 October 2020



Source: HM Revenue & Customs Coronavirus Job Retention Scheme statistics December 2020 (claims received up to 31 October 2020)

Table 2: Top 10 and bottom 10 city take-up rates of the UK Coronavirus Job Retention scheme

Highest take-up rates	Lowest take-up rates
London (Boroughs Only) 10.0%	Southampton 6.5%
London 9.7%	Derby 6.4%
Cardiff 9.3%	Oxford 6.3%
Belfast 8.8%	Medway 6.1%
Swansea 8.8%	Sunderland 6.0%
Edinburgh 8.7%	Swindon 6.0%
Glasgow 8.6%	Plymouth 5.9%
Birmingham 8.3%	Doncaster 5.9%
Manchester 8.0%	Norwich 5.8%
Brighton 7.8%	Wakefield & Castleford 5.7%

⁵ Take up rate is defined as the number of individuals that have been furloughed divided by the number of individuals that are able to work.

10.0%

take-up rate of the UK Coronavirus
Job Retention scheme in London
(Boroughs Only)



According to latest statistics, the city with the highest take-up rate of the CRJS is London – where 10% of all workers in the city were on the furlough scheme as of 31 October 2020. In contrast, areas in the North of England had smaller proportions of their workforces on the CRJS, while Middlesbrough and Stockton had the lowest proportion at 5.4%.

There is still uncertainty over the local and national labour market outlook but the impact of the pandemic on unemployment is becoming apparent in benefit claimant rates. **Figure 8** illustrates the percentage of the population in each local authority claiming Universal Credit. Latest figures show that Birmingham has the highest take-up rate of Universal Credit, with 8.8% of its population aged 16 to 64 claiming benefits on 12 November 2020. This compares to 4.8% of its population aged 16 to 64 claiming benefits as of 9 January 2020. Oxford has the lowest percentage of Universal Credit claimants, at 3.8%. 1.5% of its population aged 16 to 64 were claiming benefits before the pandemic.

Figure 8: Percentage of population aged 16 to 64 in each local authority making claims to Universal Credit, UK, correct as of 12 November 2020



Source: ONS – CC01 Regional labour market: Claimant Count by unitary and local authority (experimental)

Table 3: Top 10 and bottom 10 city claim rates of Universal Credit, correct as of 12 November 2020

Highest Universal Credit claimant city	12 Nov 2020	09 Jan 2020	Lowest Universal Credit claimant city	12 Nov 2020	09 Jan 2020
Birmingham	8.8%	4.8%	Belfast	5.0%	2.4%
London (Boroughs Only)	8.3%	3.0%	Portsmouth	5.0%	1.9%
Bradford	8.2%	4.4%	Bristol	4.9%	2.0%
Liverpool	8.1%	4.3%	Milton Keynes	4.9%	1.8%
London	7.7%	2.8%	Southampton	4.7%	1.9%
Leeds	7.4%	3.8%	Norwich	4.5%	2.0%
Manchester	7.4%	3.6%	Reading	4.4%	1.6%
Doncaster	7.3%	3.7%	Cambridge	4.4%	1.6%
Middlesbrough & Stockton	7.3%	4.4%	Swindon	4.2%	1.7%
Sunderland	7.2%	4.5%	Oxford	3.8%	1.5%

Source: ONS - CC01 Regional labour market: Claimant Count by unitary and local authority (experimental)

In 2020

5.2pp

increase in universal credit claimant count in London between January and November 2020.



Table 4: Top 5 and bottom 5 city increases in the Universal Credit claimant rate from January 2020 to November 2020

1	London (Boroughs Only)	5.2 pp	Nottingham	2.6pp
2	London	4.9pp	Norwich	2.5pp
3	Birmingham	4.0pp	Swindon	2.5pp
4	Bradford	3.8pp	Swansea	2.5pp
5	Liverpool	3.8pp	Oxford	2.3pp

Source: ONS – CC01 Regional labour market: Claimant Count by unitary and local authority (experimental)

Table 4 shows that the greatest increase in the claim rate of Universal Credit is the London Boroughs, increasing from 3.0% in January 2020 to 8.3% in November 2020. This is more than double the lowest increase in claimants, found in Oxford at 2.3 pp. Birmingham has seen the third highest increase since January 2020 and had the highest claimant rate as of 12 November 2020.

Social group divides

The pandemic has had a disproportionate impact on certain social groups, including young workers, black and ethnic minority communities and lower income individuals and families.

Young workers

Younger workers tend to have less experience, fewer skills and often work in sectors that have been heavily impacted by COVID-19 restrictions.

We are already beginning to see the impact the pandemic has had on youth unemployment rates, which rose by 0.7% in 2020 Q3 compared to the previous quarter (**Figure 9**). This is the highest quarterly increase in youth unemployment since 2011, when the brunt of the global financial crisis deterred many businesses from hiring school leavers and recent graduates.

In absolute terms, 2020 Q3 youth unemployment was 9% higher than in 2019 Q3, and it is 19% higher compared to the same quarter in 2018.

Figure 9: % of young people economically inactive and unemployed from 2001 Q4 – 2020 Q3



Source: ONS – Young people not in education, employment or training (NEET) November 2020

Recessions have proven to have long-term effects on employment, lifetime earnings and occupation of young workers. According to the Resolution Foundation, unemployment rates for those that had left education with GCSE-equivalent qualifications over the previous two years increased from 22% to 32% between 2007 – 2011. Young people are also likely to start on a lower pay band as a consequence of fewer well-paid jobs being available in the economy, which may see them failing to catch up with their peers who started jobs in better economic times. Non-graduates had the largest and longest scarring effects.

Young workers are therefore entering the labour force in one of the toughest economic environments, which will exacerbate unemployment rates, make employment opportunities even more competitive and potentially undermine social mobility. Cities that have the highest proportion of younger people (including students), such as Bristol, Leicester, Nottingham, Sheffield and Brighton, are likely to face challenges in finding the right employment opportunities for young people.



In absolute terms, 2020 Q3 youth unemployment was 9% higher than in 2019 Q3, and it is 19% higher compared to the same quarter in 2018.

Black, asian and ethnic minority communities

People from black, asian and ethnic minority communities are more likely than those from white communities to be diagnosed with COVID-19, more likely to be admitted to hospital and intensive care, and more likely to die from the virus, according to [studies](#). Cities with significant ethnic minority communities, such as London, Birmingham and Manchester, should consider how COVID-19 has unequally affected these communities in their recovery strategies.



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Low income families and individuals

Additionally, from the outset the pandemic has had a disproportionate effect on the lowest earners in the economy. **Figure 10** illustrates how low income earners were impacted more severely by the initial lockdown in terms of hours worked and earnings made. This is likely due to many low income earners working in sectors that have been more heavily impacted by restrictions, such as hospitality.

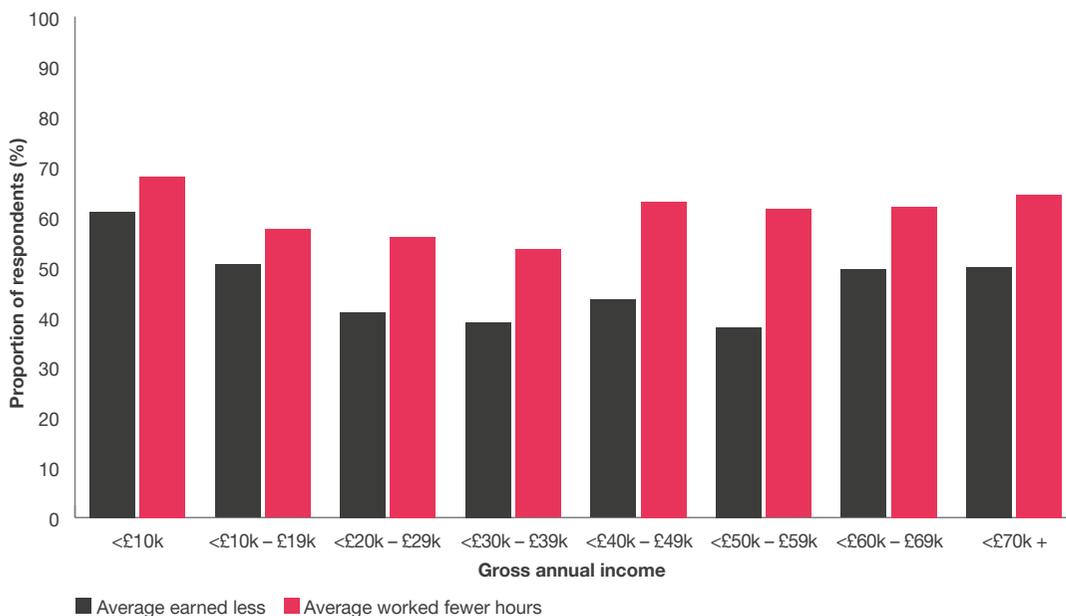
There are clear implications for cities with high proportions of low income earners, such as Liverpool, Sunderland and Birkenhead. With income a key factor in raising living standards, these cities will need to consider how they can overcome the disproportionate impact that their communities face from the pandemic.



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Figure 10: Survey results illustrating that those earning less, worked less and earned less in the first week of April 2020 compared to the previous week



Source: Oxford University Research Survey, April 2020

Summary

Our analysis shows that many of the economies of cities that perform well in our Good Growth Index have been relatively less impacted by the COVID-19 pandemic. The sectoral mix and performance on broader economic and social indicators in these cities has to some extent provided resilience.

Many poorer performing cities in the Good Growth Index have been hit hard by the pandemic. While these cities are expected to grow back strongly in 2021, the pandemic has exposed their vulnerabilities and lack of resilience in terms of broader economic and social wellbeing that will be critical to longer term recovery.

City economies that have a higher reliance on hard-hit sectors, such as accommodation and food services, will face structural challenges in their recovery.

The pandemic has also revealed new disparities. For example, areas with younger populations, greater numbers of ethnic minorities or higher proportions of lower income individuals may face much higher unemployment over the next year. A local and tailored approach will be needed to respond to the challenges and opportunities ahead.



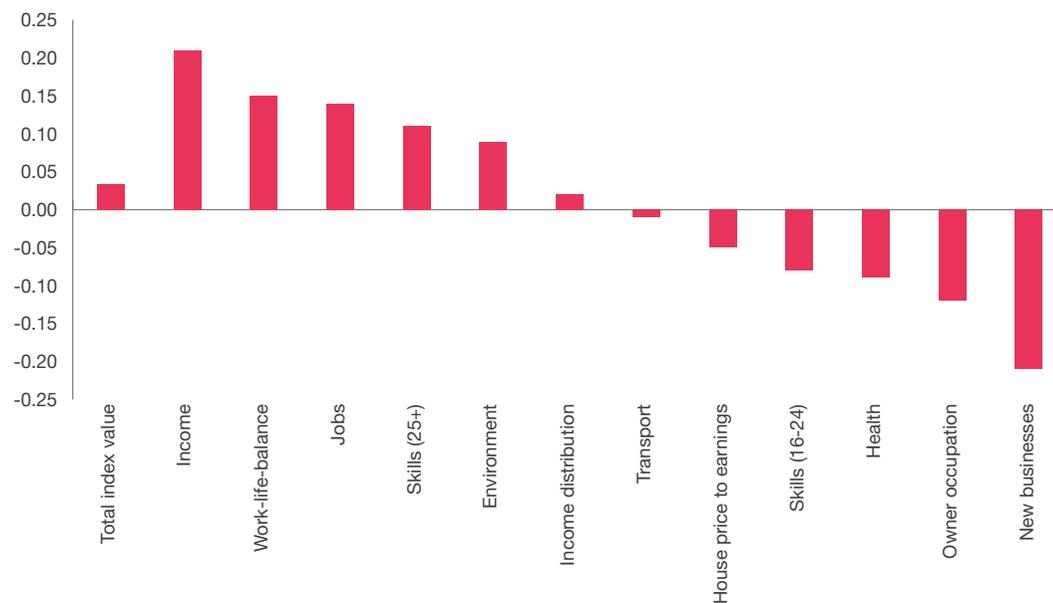
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Good growth before the pandemic

While few predicted what 2020 would have in store, there are some signs in the Good Growth for Cities Index of what has unravelled. Before the pandemic, the gap between those cities at the top of the index and those at the bottom had started to widen after many years of narrowing. The scores for the average skills levels of young people had started to decline, as had the scores for health. These are all trends that the pandemic has amplified and are challenges in delivering on the Government's commitment to 'levelling up'.

Across the 10 measures included in the Good Growth Index, the biggest driver of improvements between 2016-18 and 2017-19⁶ has been the impact of increasing household income levels (Figure 11). There were also continued broad improvements in the unemployment rate – which was already at an historically low level, the skills of older workers and work-life balance, perhaps reflecting more flexible working patterns. However, there were also signs of pressures regarding housing, with a reduction in housing affordability and falling owner-occupation rates.

Figure 11: Average change in score since 2016-18, by element of the index



Particularly worrying, in light of the pandemic, there was also a decline in average scores for both the health and the skills of younger people, as well as new businesses.

COVID-19 has shone a spotlight on some of the wider social and economic challenges facing the

country, and a failure to tackle these will hamper the rate of recovery that cities experience in the aftermath of the pandemic. Alongside health, addressing unemployment and improving skills levels should be a priority nationally and locally – particularly for younger people.



Before the pandemic, the gap between those cities at the top of the index and those at the bottom had started to widen after many years of narrowing.

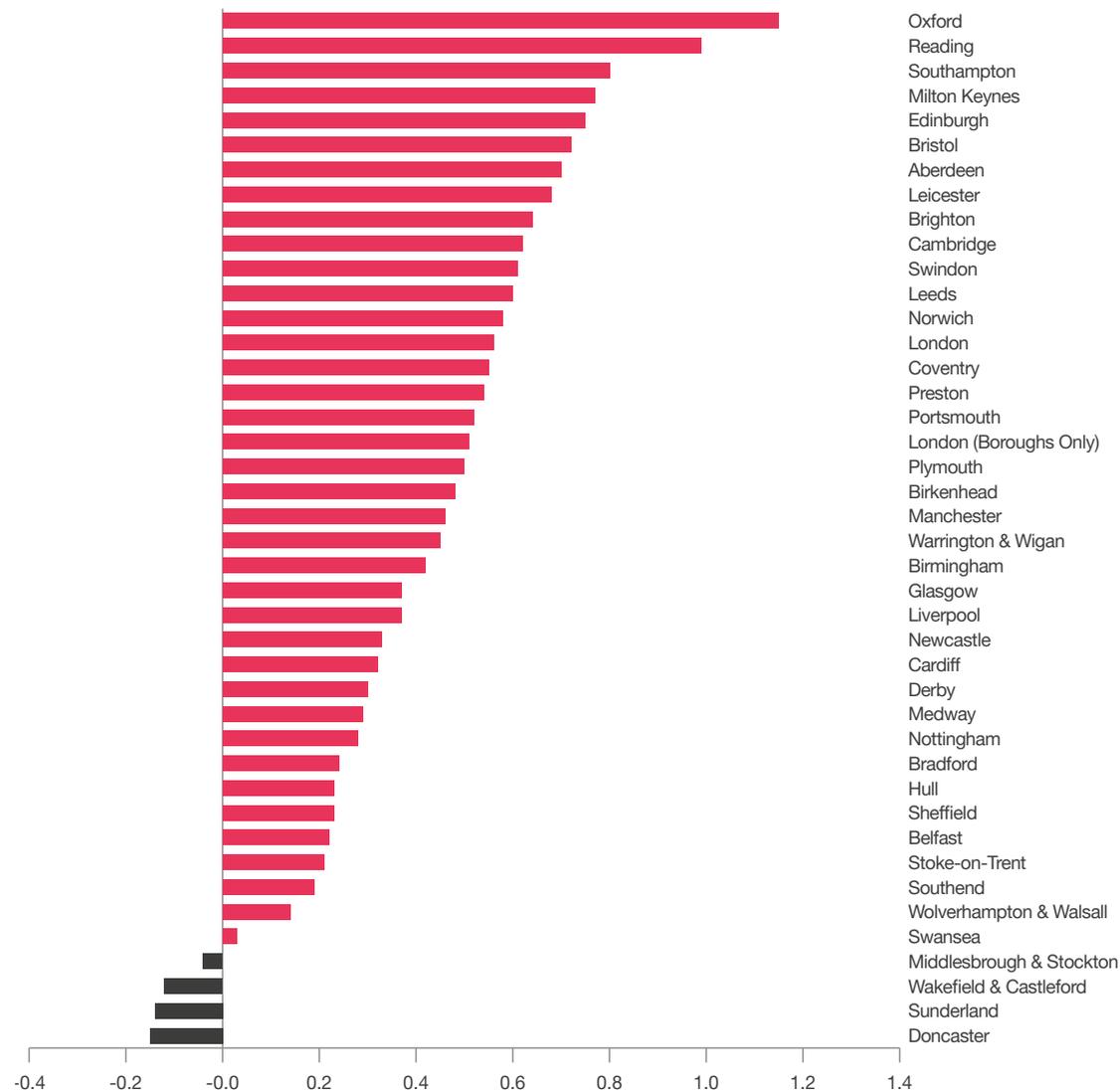
⁶As in previous editions, we use rolling three year averages in order to minimise the impact of volatility which can be present in annual data at a local level. The period covered in this index (2017-19) means that the impact of coronavirus is not captured in the results, however the rankings and individual scores across variables provide a useful indication of how cities were performing going into the pandemic.

Varying degrees of readiness

Oxford and Reading are the two highest performing cities in the latest Index, with Oxford increasing its lead in first place. Oxford performs particularly strongly in jobs, income, health and skills of the adult population, scoring within the top five cities for each of these variables. Southampton is in third place (see Spotlight on Southampton) and Milton Keynes in fourth.

Figure 12 presents the overall distribution of cities' scores, defined by travel to work areas (TTWAs) and averaged over 2017-19.

Figure 12: Good Growth for Cities Index (2017-19)



It is notable that Southampton has edged ahead of Edinburgh to become the third highest performing city in the Good Growth Index.



Spotlight on Southampton

Southampton is in third place in the latest Good Growth for Cities Index, yet it continues to face economic challenges. Figure 13 outlines the drivers behind Southampton's performance.

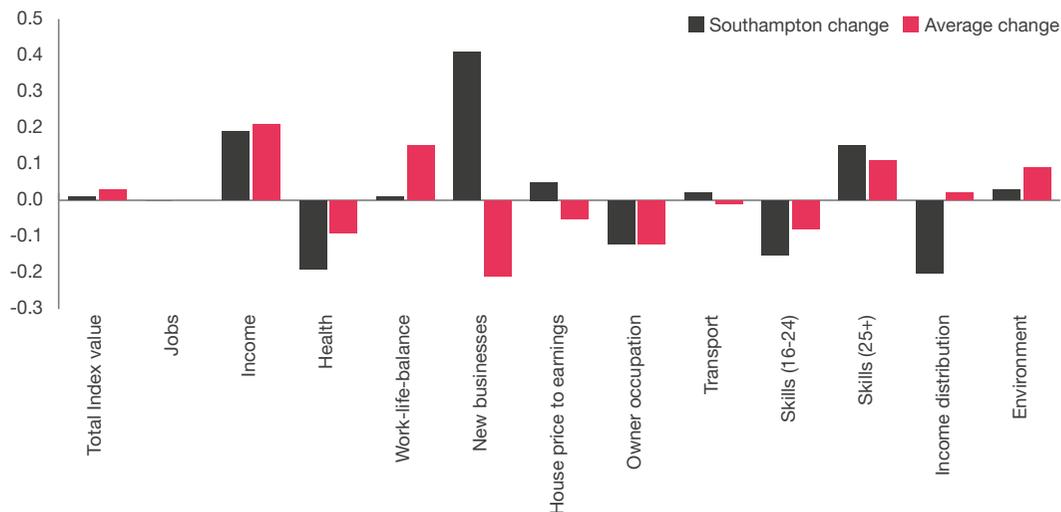
The city experienced a strong improvement in the number of new businesses, rising from 5,360 in 2016 to 6,280 in 2019. This represents the fourth largest improvement in the new businesses score of any city in the index over this period.

There have also been improvements in income, the skills among the adult population, commuting times and house price to earnings. For example, in 2019 more than 64% of 25+ year olds held at least an NVQ level 3 qualification, compared to 61% in 2016.

However, alongside these improvements, Southampton experienced a greater decline in its health, income distribution and the skills of 16-24 year olds relative to the index average.

Southampton's economy is expected to be less impacted by COVID-19 than the average UK city, but also to recover less strongly in 2021.

Figure 13: Southampton's Good Growth Index performance



The estimated GVA growth rate in Southampton for 2020 is -9.9%, compared to the average UK growth rate of -11.0% in 2020. In 2021, Southampton's economy is estimated to grow by 4.2% in 2021 compared to the average of 4.8%. This is due to the sectoral mix within Southampton, which has a greater reliance on sectors that have been heavily impacted by the pandemic, such as transportation and storage which make up 9.1% of its economy. This sector alone, which contains the cruise ship industry, has contracted by 22.9% in 2020 and is predicted to grow only by 4.1% in 2021.

Some of the initiatives the city is pursuing in response to these economic challenges and to build on its unique strengths include a proposed reconfiguration of the airport runway, application for Freeport status, a £55m investment in a new next-generation-ready cruise ship terminal, supported by Solent LEP, bidding for City of Culture 2025 and Fawley Waterside, an ambitious £1 billion development of an intelligent merchant city that is creating homes and jobs in a deprived area of the city on the doorstep of the New Forest and Solent sea.

The estimated GVA growth rate in Southampton for 2020 is

-9.9%

compared to the average UK growth rate of -11.0% in 2020.

Good Growth scores in combined authorities

Figure 14 shows the change in Good Growth Index scores for combined authorities in England and equivalent areas in Scotland and Wales between 2016-18 and 2017-19, with those represented by an elected mayor shaded.

Figure 14: Good Growth in Combined Authorities, 2016-18 and 2017-19



Table 5 shows the performance of combined authorities relative to the average for all Local Enterprise Partnerships (LEPs).⁷ Interestingly, every combined authority has at least one ‘red’ and two ‘green’ ratings, reflecting that each area has relative strengths alongside potential areas for development.

All of the combined authorities perform above average on jobs and work-life balance, and below average on owner occupation. Beyond that, they have different strengths and challenges. For example, only Cambridgeshire and Peterborough and the West of England perform above average on income, suggesting jobs growth is not necessarily translating into income growth in many places. However, they are also the only two to perform below average when it comes to housing affordability. Tees Valley is the only combined authority to score below average on environment, reflecting the industrial nature of the area.

Table 5: Breakdown of Good Growth scores for combined authorities⁸

Combined Authority	Greater Manchester	Sheffield City Region	West Yorkshire	Liverpool City Region	North East	West Midlands	Tees Valley	Cambridgeshire and Peterborough	West of England	North of Tyne
Jobs	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Income	Amber	Red	Amber	Amber	Red	Red	Red	Green	Green	Amber
Health	Red	Red	Amber	Red	Red	Green	Red	Green	Amber	Amber
Work-life balance	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
New businesses	Green	Green	Green	Green	Red	Green	Green	Green	Green	Amber
House price earnings	Green	Green	Green	Green	Green	Green	Green	Red	Red	Green
Owner occupation	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
Transport	Red	Amber	Amber	Green	Green	Red	Green	Red	Red	Green
Skills 16-24	Green	Green	Green	Green	Amber	Amber	Amber	Amber	Green	Green
Skills 25+	Green	Green	Amber	Green	Amber	Amber	Amber	Green	Green	Green
Income distribution	Green	Green	Green	Green	Green	Green	Green	Amber	Green	Amber
Environment	Green	Green	Green	Green	Green	Green	Red	Green	Green	Green

Green = Above average (approx mean + 1 SD) Amber = Around average Red = Below average (approx mean - 1 SD)



Cambridgeshire and Peterborough and the West of England perform above average on income.

⁷ Combined authorities are typically more similar in size to LEPs than cities, and hence LEPs have been chosen as a more appropriate group for comparison. This comparison sheds light on how combined authorities perform relative to other areas across the country.

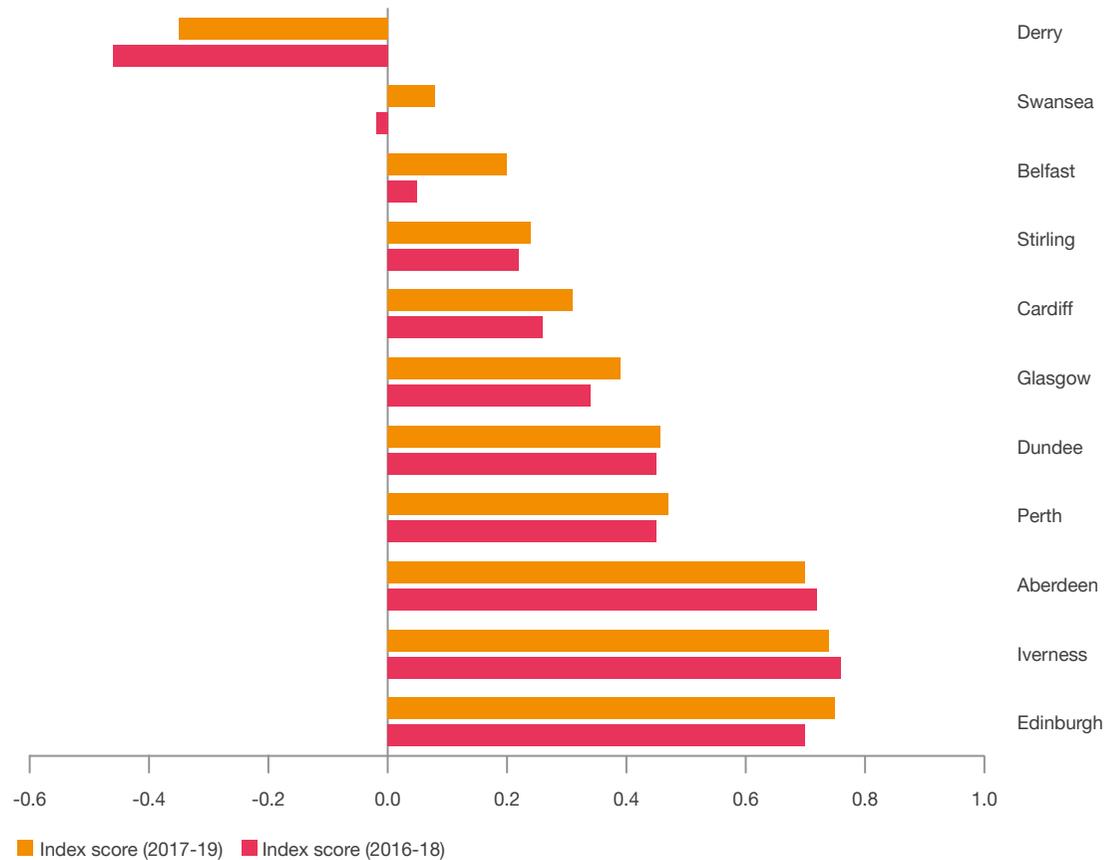
⁸ Green = above average (approx mean + 1 SD) Amber = around average red = below average (approx mean - 1 SD). Although not strictly a Combined Authority, the Good Growth scores for the London Boroughs covered by the Greater London Authority are provided for comparison.

Good Growth scores in the devolved nations

Figure 15 shows the latest Good Growth Index scores for a selection of cities in the devolved nations of Scotland, Wales and Northern Ireland. This includes the six cities outside England that are in the overall index, plus five more (Derry,⁹ Stirling, Perth, Dundee and Inverness).

Edinburgh, Inverness and Aberdeen remain the top three cities in the devolved administrations. Belfast, Swansea and Derry saw particularly strong improvements in their scores, with notable improvements also seen in Cardiff. The majority of the cities in the devolved administrations experienced an increase in their score in this year's index, and only Derry is still below the 2011-13 UK average.

Figure 15: Cities in devolved administration scores, 2016-18 and 2017-19



Edinburgh, Inverness and Aberdeen remain the top three cities in the devolved administrations.

⁹ For brevity, we refer to 'Derry' here rather than Derry/Londonderry.

Good Growth scores in England's LEP areas

Our final piece of analysis shows Good Growth index scores for the 38 Local Enterprise Partnership (LEP) areas in England. **Figure 16** represents the score for each LEP, relative to the average score for all English LEP areas in 2011-13.

Figure 16: Good growth scores across LEP areas, 2017-19



Lessons from the financial crisis

The economic impact of the COVID-19 pandemic is very different in its nature to the 2008 global financial crisis. For example, our [Emerging Trends in Real Estate](#) survey highlighted that capital remains plentiful but paused, unlike the global financial crisis after which it receded dramatically. However, there is much that can be learned from how cities recovered from the 2008 crisis in terms of good growth.

Our long-term data on cities suggests that performance over time in our index is not driven primarily by a city's starting position, but rather by a combination of local and national improvements.

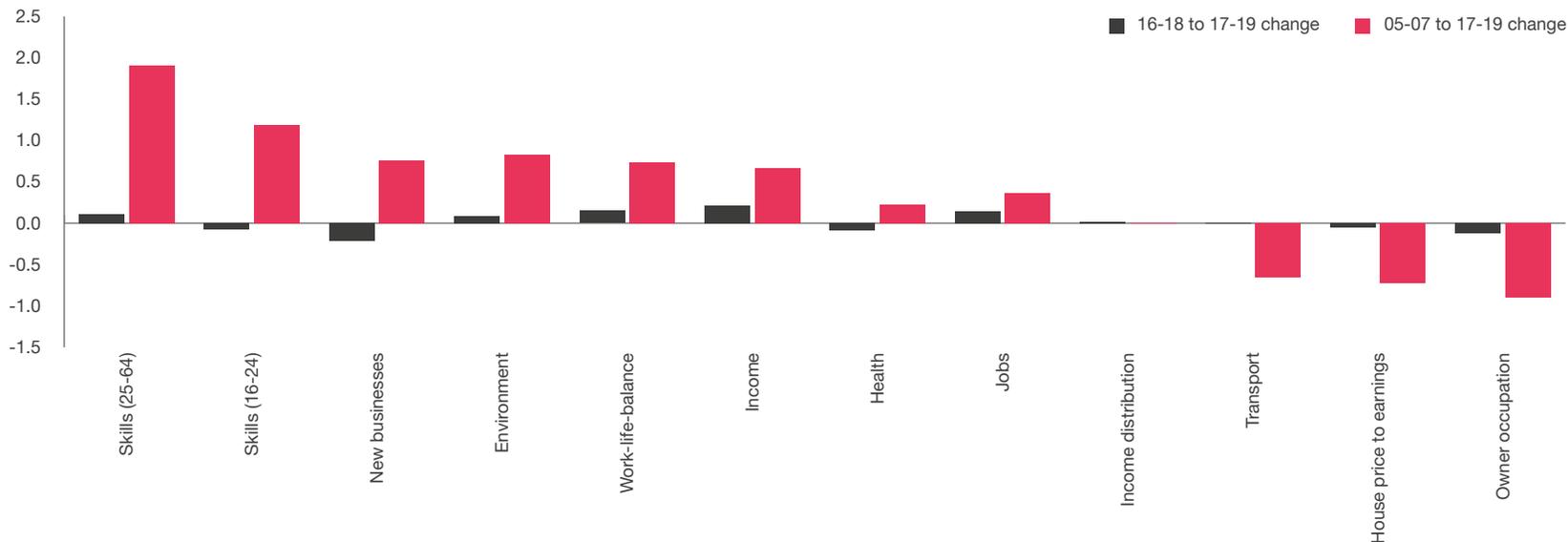
For some cities, economic recovery took longer than others, but our latest 2017-19 results continue a trajectory of improvement first identified clearly in our 2015 report, surpassing levels seen before the financial crisis.

It is also interesting to consider how the drivers of improvements in overall index scores have varied between the short and long term, as shown in **Figure 17**. Addressing structural issues – such as improving local skills, encouraging new business development and addressing local environmental challenges – have provided a greater source of good growth since 2006-07 than traditional economic measures.

The short-term focus in a downturn is often on protecting jobs and maintaining income levels, but policy-makers should ensure that they are also building the foundations for long-term recovery. In the wake of COVID-19, it will be important to continue to focus on skills development to ensure people have the skills they need for future jobs. In particular younger workers, who are more likely to be working in industries impacted by the pandemic – such as hospitality and retail – and whose skills saw an absolute decline in the latest index.

“ For some cities, economic recovery took longer than others, but our latest 2017-19 results continue a trajectory of improvement first identified clearly in our 2015 report, surpassing levels seen before the financial crisis. ”

Figure 17: Change in average Good Growth Index scores by variable, across all cities since 2005-07 and 2016-18



Strategies for local recovery

While the challenges of responding to COVID-19 cannot be understated, and ongoing uncertainties will require local leaders to stay agile in the months to come, beyond the pandemic there are glimpses of a better future. We must not lose sight of the imperative to act now to mitigate the worst impacts of the economic downturn and build the foundations for a fair and inclusive recovery.

COVID-19 has amplified many long-term trends in the economy and in our society. It has shone a spotlight on existing and longstanding inequalities in UK society as well as introducing new ones.

Given the different health, social, environmental and economic challenges that places face both in responding to the pandemic and in driving an ensuing fair and sustainable recovery, it is increasingly apparent that a place-based approach is needed. Successful recovery strategies will need to consider broad measures of economic success, encompassing health, social, environmental and economic outcomes, and how they interact with each other.

These principles are at the centre of the recent amendments to the Green Book appraisal process and are also echoed in the National Infrastructure Strategy, which places its focus on levelling up through Building Back ‘Fairer, Greener, Faster’. But we are also seeing an increasing focus on the ESG (environmental, social and governance) agenda in the private sector, with, for example, 58% of respondents to our Emerging Trends in Real Estate survey indicating that incorporating social impact / value contributions in their portfolios will be more important to them in 2021.

Each region, city or town will have different challenges, opportunities and areas of focus, but there are common themes that will feature in all local economic strategies. Addressing each of these areas will require genuine collaboration and coalition-building locally, and between local and national government.

Focus on inclusive growth

Younger workers, ethnic minority communities and those on lower incomes have been disproportionately impacted by the pandemic.

While the furlough scheme has provided a short-term safety net, many jobs have been lost and many more will be, and focused support will be needed to support people back into work, particularly younger generations.

Central to this will be a renewed focus on skills. If the UK is to improve productivity and deliver inclusive growth across the country, focusing on developing the right skills for future jobs will be essential. Not all jobs can be protected, but government and business have a responsibility to ensure that people have the skills they need for future jobs. Investing in skills development will be key in responding both to the impact of the immediate economic crisis but also the longer-term disruption to the labour market.

Local leaders have a key role to play in developing interventions that will help match people to skills training and job opportunities. A locally-driven model would see skills planning carried out on the basis of place, with employers in the driving seat, shaping skills planning in line with their own unique labour market strengths, weaknesses and potential.



Each region, city or town will have different challenges, opportunities and areas of focus, but there are common themes that will feature in all local economic strategies.

Economic renewal in Sheffield City Region

When the COVID-19 pandemic began, Sheffield City Region moved quickly to redevelop its economic recovery plan for the post-pandemic landscape. Drawing on the experience the city region faced in recovering from the last recession, the region was keen to identify interventions that would not just support recovery but also economic renewal.

Through scenario modelling on the future potential impacts of COVID-19 on the region, analysis and extensive stakeholder engagement, the resulting renewal action plan focuses on how Sheffield City Region can come out of the pandemic stronger, greener and fairer.

- An economic transformation: creating not just a bigger economy but a better and stronger one, with better jobs, more innovation and greater resilience.
- A transformation for wellbeing and inclusion: improving quality of life, reducing inequality, and widening opportunity.
- A green transformation: decarbonising the economy, improving the environment, transforming transport infrastructure.



Productivity and innovation

Our [analysis](#) suggests that levelling-up productivity across the regions in the UK could boost GDP by more than £80 billion. There are wide regional variations in productivity per job across the UK, mostly due to productivity differences within particular sectors. Our analysis suggests that variations in skills levels and connectivity are the most important factors in explaining differences in productivity across UK local areas and so should be a particular focus of investment for both government and business.

The most successful places will be those with a commercial culture that encourages entrepreneurship, investment and innovation to flourish. There is a balance to be struck between supporting existing businesses and key assets, and nurturing future growth industries. Disruption brought about by COVID-19 has created new opportunities and many companies – from video calling to delivery services – have thrived during social distancing.

Forging strong relationships between the public sector, universities and business will be an important competitive differentiator, particularly for cities in the UK that will have to increasingly compete on the global stage. This will be a key area of focus for places as they revisit or develop their local recovery strategies and identify priorities to boost productivity and support innovation.

A roadmap to recovery in the West Midlands

In response to COVID-19, the West Midlands adapted its Local Industrial Strategy to take account of the impact of the pandemic and set out the following seven priorities for recovery:

- Harness the potential of green technology to deliver green growth and create green manufacturing jobs.
- Maximise job creation for local people from HS2, the Commonwealth Games and City of Culture.
- Invest in healthcare innovation, building a more resilient medtech supply chain and improving health outcomes.
- Build better digital and transport links, investing in sustainable transport projects to support economic growth and housing.
- Regenerate and build brownfield land and build at least 35,000 new homes.
- Get people back into work, with a particular focus on equipping people with the skills they need for the future.
- Back the region's businesses, helping them to adapt to the post-COVID-19 environment.



‘Levelling up’ through trade and investment

International trade and investment can be a powerful engine for growth. Longer-term success internationally will depend on increasing productivity and competitiveness at home. The UK’s new relationship with the EU and changing relationship with other international partners is increasing the urgency of developing growth strategies and partnerships across and within the UK’s regions which harness the benefits of trade and investment.

Trade and investment needs to become a team sport. Government, central and local, will need to engage businesses – including smaller, less productive ones – to understand their priorities and how they can be supported to expand on the international stage. It will need new partnerships and business models, including between large and small firms; between local communities, business, academia and government; and between the UK and its regions, and new and existing international partners.

Liveable and sustainable places

Through our Future of Government research, the public across towns, cities and rural areas told us how important the ‘liveability’ of their place is. People want to live in inclusive and healthy local areas where they feel safe and welcome.

With more people working from home, previously disconnected towns and cities have new opportunities to build virtual connections and play to their strengths in terms of liveability, affordability and community. Our public survey found that around 30% of those who previously thought they would move to a city centre now want to live in the suburbs or towns and villages. Likewise, 19% of those who previously thought they would move to the suburbs now think they will move to a town or village. However, for now, younger people and those at earlier stages of their careers are still inclined to stay in the city.

There is still much uncertainty over how these trends will play out, but it is possible that increased working from home – particularly in the business services sector – could lead to more people choosing to move away from major cities and, in particular, from London. This opens up opportunities for places that have advantages in terms of liveability and community, and where ‘price of success’ factors, such as housing affordability, are less of an issue.



Each region, city or town will have different challenges, opportunities and areas of focus, but there are common themes that will feature in all local economic strategies.



Return to the high street

The pandemic's profound impact on local high streets, town centres and city centres is clear. Our research with the [Local Data Company](#) shows that a record number of shops (11,120) permanently closed their doors in the first half of 2020. However, over the same period there have also been consistent openings (5,119 – the highest since 2017). Working as part of the High Streets Task Force with the Institute of Place Management and consortium partners, we have investigated the drivers behind post-lockdown high street recovery to understand the pace and shape of the recovery across different locations.

Our analysis found that, overall, recovery varies significantly by town and is dependent on a variety of factors, including a town's demand profile before COVID-19, its accessibility and the nature of its attractions. Traditional offerings are no longer enough to draw in visitors, leaving place makers with the challenge of designing successful and sustainable spaces which meet the needs of their wider catchment communities.

As people return to our town and city centres, there is an opportunity to reimagine high streets and town centres, putting them once again at the heart of our local communities and economies. The high street will not go back to how it was and cannot recover through the retail sector alone. The future high street will bring together homes and workplaces, and community and green spaces. Businesses, communities, local and central government need to come together and create liveable, vibrant and unique places where people want to live, work and visit.



A new lens on connectivity

COVID-19 has opened up a new lens on connectivity and the future focus may increasingly be less about getting people to jobs, and more about getting jobs to people.

With a greater number of people working, or studying, at home, investment in digital connectivity will also be key to more physically peripheral places. In line with the focus on inclusive growth, issues of digital poverty also need to be addressed to ensure that everyone can benefit from online working, learning and access to services.



With a greater number of people working, or studying, at home, investment in digital connectivity will also be key to more physically peripheral places.

Resilience and recovery in Greater Manchester

Greater Manchester's COVID-19 strategies draw on the established history and structures of joint-working across the city region, focusing on how the whole system can work together to deliver the interventions needed to build resilience and move towards recovery.

The city region's longer-term vision includes 10 priorities for making Greater Manchester fairer, addressing education and skills, health and wellbeing, the environment, and work and economic growth – all aspects reflected in the Good Growth Index. Its approach to economic recovery covers an employment and skills recovery plan, the development of social infrastructure to drive more inclusive economic growth, a housing programme to support greener economic recovery, support to innovative businesses and to sectors which can exploit new opportunities, alongside expanding the Greater Manchester Good Employment Charter to drive more secure work.



Going for green

With net zero on the agenda, places should focus on how they can maintain the environmental benefits we experienced during lockdown, when emissions were down by 50% in some cities. Some 265 English councils have declared a climate emergency and many are making net zero a central feature of their recovery plans.

History suggests that while global slowdowns reduce emissions temporarily, they also sow the seeds of higher future emissions as governments, companies and households prioritise economic recovery over sustainable infrastructure, supply chains and consumption.

However, advances in technology, business models and values indicate that this time could be different. Since 2008, the clean energy sector has added 11 million jobs to the UK economy. Millions more will be needed to reach net zero, in both low-skilled (planting trees) and high-skilled (battery research) industries, creating the potential for a fairer and greener recovery. Indeed we recently estimated that, on average, investment of £40bn per year in new low carbon and digital infrastructure will be required over the next ten years, with similar levels thereafter, to meet the UK's 2050 net zero target. These investments will be made in cities across the UK, but the scale involved requires a significant role for national government. Two important aspects of this will be a detailed net zero roadmap and the creation of a UK National Infrastructure Bank, both expected early in 2021.

Resilient cities – lessons from global cities in recovery

Though cities have borne the brunt of COVID-19, the pandemic has presented an opportunity to learn and be better prepared for future emergencies. The impact on urban life has provided compelling data and information about how to improve crisis responses and recovery strategies.

Our global report explores how five cities around the globe – Helsinki, Boston, Riyadh, Singapore and Vienna – have demonstrated how a pro-active, coordinated response to the pandemic yields immediate results in terms of virus suppression and lays the foundations for long-term resilience.

Cities that have invested in developing capabilities to deal with all four stages of the threat cycle – sense, defend, respond and recover – have demonstrated their resilience in dealing with the socioeconomic effects of the pandemic. Cities should adopt an integrated approach, working with all stakeholders to enhance their preparedness for future shocks.



Agenda for action

In the immediate response to COVID-19, leaders – across the public sector, business and beyond – have come together. Building a fair recovery must also be a shared endeavour and will require us all to come together to deliver good growth strategies with a focus on productivity and innovation, fairness and equality, environmental sustainability, and resilience.

For central government:

To deliver on 'levelling up' central government must take the opportunity to reassess its priorities and how it focuses efforts and resources on shaping the recovery, delivering good growth across the UK and addressing inequalities.

- Establish a national outcomes framework, encompassing a broad definition of economic success, that will help deliver targeted interventions and shape a fair recovery.
- Build on the revised Green Book guidance to embed place-based approaches across Whitehall to help local leaders both respond to the ongoing COVID-19 pandemic and shape and deliver recovery strategies based on their individual strengths and challenges.
- Engage with local public services to produce a future blueprint for devolution in England, considering the powers, responsibilities and funding that could be devolved to a local level to deliver better outcomes.
- Engage cities and local government in reshaping place-based investment and regeneration in a post-Brexit and post-COVID-19 landscape, with a focus on productivity and innovation, fairness and equality, environmental sustainability, and resilience.
- Prioritise green infrastructure projects, investment in green technologies and public goods (such as electric charging infrastructure) that will both provide jobs and increase future resilience.

For local leaders:

For local leaders developing their recovery plans there is a need to address both how to support longer-term inclusive growth, while creating greater resilience to future global and national challenges. Place-based approaches, solutions and ideas are needed.

- Set an ambitious strategy for recovery, taking a broad approach that balances productivity and innovation, fairness and equality, environmental sustainability, and resilience.
- Invest in collaborative relationships as a basis for creating a shared vision and comprehensive strategy for place-based transformation, incorporating organisations across the public, private and third sectors.
- Develop and implement integrated programmes of physical infrastructure and real estate (Real Assets) investment, particularly housing and integrated local transport systems, with an overarching focus on sustainability, and digital connectivity.
- Focus on human capital, investing in skills, particularly of young people, and addressing wider determinants of health.

For business:

COVID-19 has put the role of business leaders in the spotlight, with a refocus on the purpose of business and an increasing emphasis on ESG, and closer collaboration between public and private sectors.

- Proactively work with local leaders to build innovation and productivity-focused local economic strategies, identifying strategic priorities to boost productivity, support innovation and deliver clean growth.
- Actively engage with the skills system, getting more involved with education and training providers and new apprenticeship schemes to gear training towards future skills needs and improve social mobility.
- Focus on job design, learning and development, and pay and rewards on improving productivity and incentivising workers to innovate.
- Support local programmes to improve the health and wellbeing of employees to work, and to live, for longer as the population ages.
- Demonstrate a sustained commitment to upskilling and career development to support social mobility, aid progression and help individuals evolve their skills as the job market changes radically.



For local leaders developing their recovery plans there is a need to address both how to support longer-term inclusive growth, while creating greater resilience to future global and national challenges.



Appendix

Good Growth Index methodology

In developing the Demos-PwC Good Growth for Cities Index we have used the same methodology as in previous editions. Minor adjustments have been made for changes in geographic definitions and historical data revisions, but the indicators included in the index have remained consistent since the last edition. The variables, and the weights applied to them, are outlined in Table A1 below.

Where we have compared the results of the 2019 index with previous editions, we have updated the previous results in order to enable direct comparison on a consistent basis. Our overall approach to developing the index is summarised in **Figure A1**.

The occasional piece of local authority level data is missing, and where this happens the data have been benchmarked to an appropriate local or regional alternative. However, this has not had a material impact on the results.

Figure A1: Our Approach

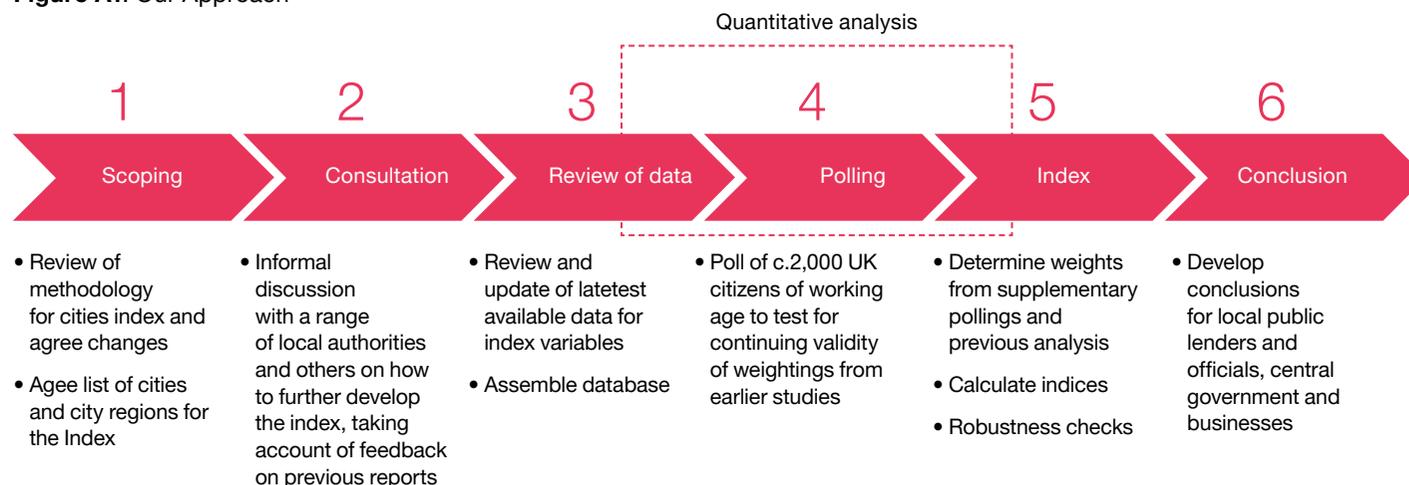


Table A1: Index variables, geographical areas and weights

Category	Measure	Time period	Geography	Weight
Jobs	Unemployment rate	2017-2019	LA/TTWA	14%
Health	% of economically inactive long-term sick	2017-2019	LA	14%
Income	GDHI per head	2016-2018	NUTS3	12%
Education and skills	Share of population, aged 18-24 & 25-64, with NVQ 3+	2017-2019	LA	12%
Housing	Housing price to earnings ratio and owner occupation rate	2017-2019	LA	10%
Work-life balance	% in employment working more than 45 hrs per week	2017-2019	LA	8%
Income distribution	Ratio of median to mean income	2017-2019	LA	8%
Transport	Average commuting time to work	2017-2019	LA	8%
Environment	Carbon emissions: gCO2/£ earnings	2016-2018	LA	8%
New businesses	New businesses per head of population	2017-2019	LA	6%

Constructing the index

The scores for each city are given relative to a base year of 2011-13 (i.e. a score of zero means that a city's index score in 2017-19 is equal to the 2011-12 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 that we have taken in previous reports and is standard practice when constructing such indices.

Defining the list of cities

The list of cities included in this year's index is set out in **Table A2** below. Cities were chosen to fit the following criteria:

- **Population size:** the official definition of a city is 125,000 or above (CLG Primary Urban Areas). In order to make our analysis more manageable, we restricted this list to include cities with a population of 250,000 or more as a minimum.
- **Mix:** one of the most important criteria for any city list is to ensure there is a mix of economies in order to provide interesting good growth comparisons.
- **Spread:** we ensure we have a good geographical spread, including cities in the devolved nations.

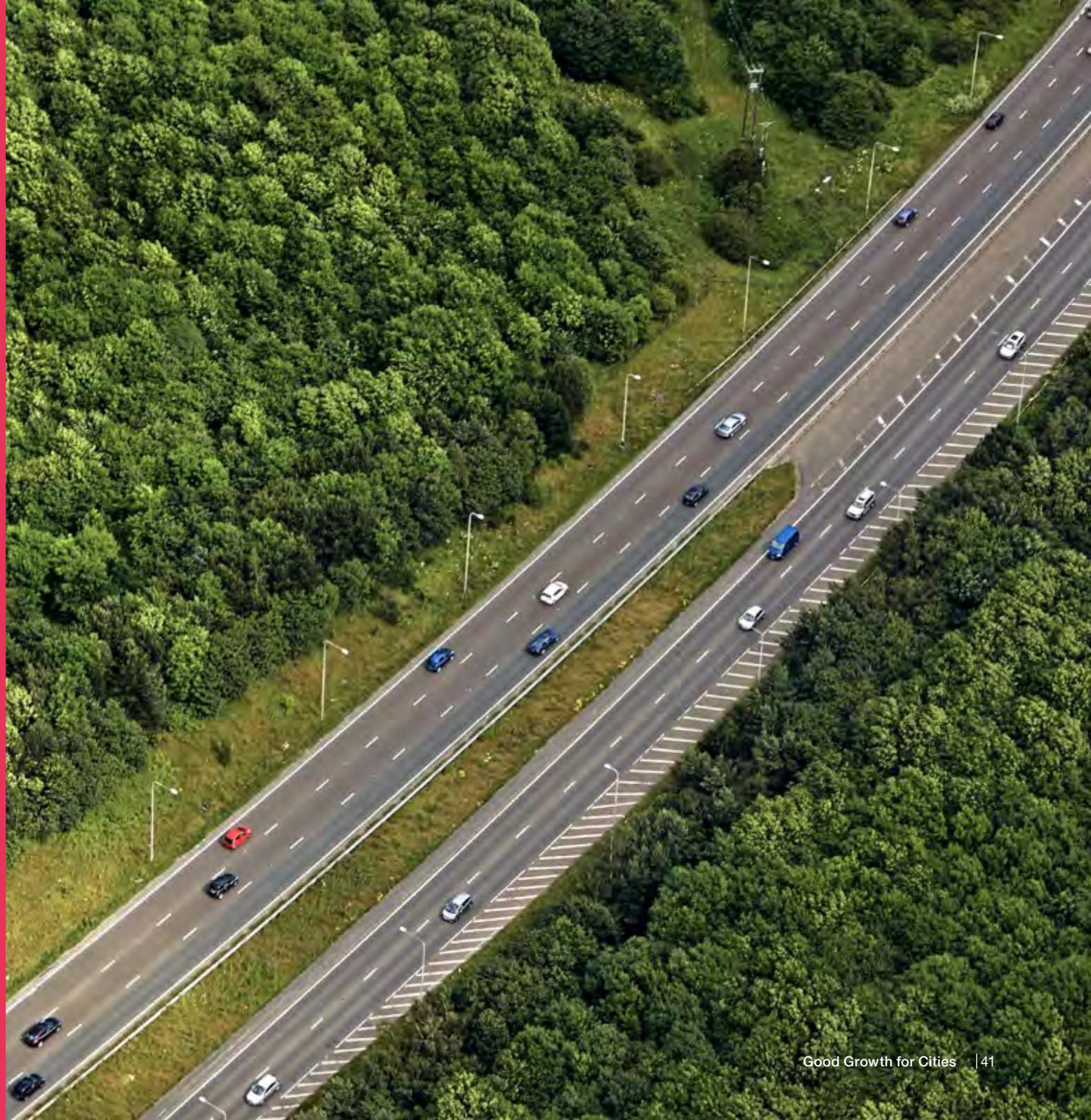
Table A2: Cities included in the Demos-PwC Good Growth Index (defined as TTWAs). A full list of local authorities covered in the TTWA definitions is available on our website.

List of cities included within the Good Growth Index

Aberdeen	Medway
Belfast	Middlesbrough & Stockton
Birkenhead	Milton Keynes
Birmingham	Newcastle
Bradford	Norwich
Brighton	Nottingham
Bristol	Oxford
Cambridge	Plymouth
Cardiff	Portsmouth
Coventry	Preston
Derby	Reading
Doncaster	Sheffield
Edinburgh	Southampton
Glasgow	Southend
Hull	Stoke-on-Trent
Leeds	Sunderland
Leicester	Swansea
Liverpool	Swindon
London	Wakefield & Castleford
London (Boroughs Only)	Warrington & Wigan
Manchester	Wolverhampton & Walsall

We also apply the Good Growth Index methodology to:

- **10 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 city regions in Wales and Scotland, including Aberdeen, Edinburgh, Inverness, Glasgow & Clyde Valley, Cardiff Capital Region and Swansea City Region.
- **11 cities within the devolved administrations:** We analyse five additional cities (Inverness, Stirling, Dundee, Perth and Londonderry / Derry) to the six that are already included within the index (Aberdeen, Glasgow, Edinburgh, Belfast, Cardiff and Swansea). The scores for these cities are then compared to each other.
- **All 38 Local Enterprise Partnerships (LEPs) areas in England**



COVID-19 economic impact analysis

Our economic analysis assesses the impacts of COVID-19 to cities in our index. We have predicted the economic impacts based on Gross Value Added (GVA).

The core modelling we have used to determine GVA impacts at a city level is the application of nation-wide sectoral impacts to each city local authorities. Using the latest data available at the time of writing from the ONS, we have applied the sectoral impacts and forecasts to all local authorities in the UK, to understand and predict the economic impacts of COVID-19 for each city. We have used PwC UK Economic Outlook: January 2021 sectoral forecasts under the 'Quick Recovery' scenario to the [ONS 2018 Regional GVA by industry figures](#) from 2019 to 2021. Based on the proportion of each city's industry relative to the entire UK economy, we applied the sector impacts to each local authority from 2018 and mapped these to the cities included in the Good Growth Index.

Additionally, we have used other measures as proxies to further refine our economic analysis. This includes the Google Mobility Index, the Universal Claimant count, the Coronavirus Job Retention Scheme and the case rate of COVID-19 at local authority levels in the UK.

We have weighted each proxy in order to account for all proxies, but have more strongly weighted proxies that we feel are the most accurate measures of GVA. In this instance, we have weighted the sectoral analysis as the most accurate measure of GVA at the city level.

The approach to calculating GVA impacts for each city was applicable for all cities except Plymouth. This city has been excluded from the COVID-19 impact analysis as the local authority of Cornwall, which is mapped to Plymouth in the Good Growth Index, has a number of sectors where information could not be determined from the ONS. According to ONS notes, data was removed for the local authority of Cornwall to avoid readers from identifying individual company information in.



The core modelling we have used to determine GVA impacts at a city level is the application of nation-wide sectoral impacts to each city local authorities.

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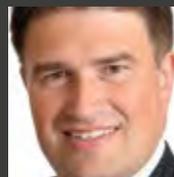
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About PwC

Public services matter to all of us. We all want public services to be easy to find, simple to use and deliver what we need. Faced with complex problems and under pressure to do better for less, we work with our government and public sector clients to deliver innovative solutions, achieve better outcomes and deliver value for the taxpayer.

The PwC Economics and Policy Practice helps our clients understand how big economic, demographic, social, and environmental changes affect their organisations by setting out scenarios that identify growth opportunities and risks on a global, regional, national and local level. We help make strategic and tactical, operational, pricing and investment decisions to support business value creation. We help clients achieve sustainable growth which meets the objectives of their business partners, influencers and broader stakeholder groups. For more details please see our website at: www.pwc.co.uk/economics

About Demos

Demos is Britain's leading cross-party think tank, with a 25-year history of high quality research, policy innovation and thought leadership. Our priority is to bring ordinary citizens' voices into policy making. Three things make Demos unique:

We listen to people from all walks of life, using innovative research methods such as focus groups, citizen juries, machine learning and big data analytics, in order to understand people's lives and experiences, as well as broader social trends.

We're authentically cross-party, working across party lines with community leaders, businesses and activists to create a movement for social change.

We look forward to the challenges and opportunities of the next decade. We believe in the power of change to improve lives and we live by that philosophy, experimenting with new ways of doing research and proposing bold policy solutions.

Demos is an independent, educational charity, registered in England and Wales (Charity Registration no. 1042046).

Find out more at www.demos.co.uk

About Huq

Huq produces a range of economic indices using mobility data that serves as a proxy for footfall in retail, transport, town centers, and workplaces. This anonymized resource – updated in near real time – incorporates high volumes of rich, descriptive data that enables complex analysis of consumer behaviour and how that changes with time.

Huq Industries Limited

<https://huq.io>



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Future of Government

Without radical new thinking and new relationships between government and business, the inevitable economic downturn will exacerbate existing inequalities across the UK. The COVID-19 crisis makes it even more important to address these inequalities and mitigate the worst impacts of a downturn, and provides an opportunity to do so.

How can government and business work together to address inequality – by geography, generation, gender and race – mitigate the worst impacts of a downturn and deliver a fair recovery from Covid-19? What are the implications for government transformation and the design and delivery of public services?

Drawing on new public research and convening across business, the public sector and civil society, PwC will explore these questions as part of the next phase of our Future of Government research programme.

Join us in exploring how together we can create a more equal UK.

#FutureOfGov
www.pwc.co.uk/futureofgovernment

At PwC, our purpose is to build trust in society and solve important problems. PwC is a network of firms in 157 countries with over 276,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com/uk.

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