

## The Productivity of the Bristol Economy: March 2019

### Headlines



Productivity growth of the national (GB) economy remains sluggish and well below the pre-recession levels



Productivity growth of the economy of Bristol remains well below the pre-recession levels

### Summary



The latest data from the Office for National Statistics (ONS) indicates that in 2017 GB productivity<sup>1</sup> was £33.80 per hour worked (phw), 11% above that for 2012.



Since 2013, productivity growth (£0.67 phw/yr) in Great Britain has remained much weaker than it was in the period before the 2008 recession (2004-08 £1.05 phw/yr).



According the latest estimates<sup>2</sup> the productivity of the economy of Bristol has remained below the national average throughout the period for which data is available (2004 to 2017).



The productivity of the Bristol economy grew by 36.2% between 2004 and 2017, which compares to 36.8% for Great Britain.



In 2017, Bristol was the most productive (£31 phw) economy of all the British Core Cities<sup>3</sup> for which comparisons<sup>4</sup> are possible. Bristol has retained this position since 2012.



In the period 2013 to 2017 the productivity of Bristol grew at a definite trend rate of £0.57 phw per year. Two of the other seven British Core Cities (Birmingham and Glasgow) for which comparisons are possible had a productivity that grew more quickly<sup>5</sup>.

<sup>1</sup> Sub-regional productivity: labour productivity indices by UK NUTS2 and NUTS3 sub-regions

<sup>2</sup> previous estimates (from 2014) indicated that Bristol's productivity was at or above the national average between 2004 and 2009

<sup>3</sup> with 3rd level "Nomenclature of Territorial Units for Statistics" (NUTS3) geographical boundaries

<sup>4</sup> Birmingham, Glasgow, Leeds, Liverpool, Manchester, Nottingham and Sheffield

<sup>5</sup> Birmingham £1.7 phw/yr and Glasgow £0.58 phw/yr

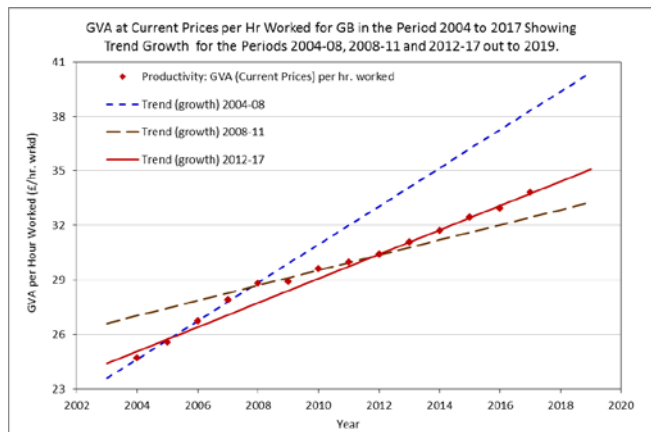
# BRISTOL Economic Briefing

## The Productivity of the Bristol Economy March 2019

### The National Picture – Great Britain

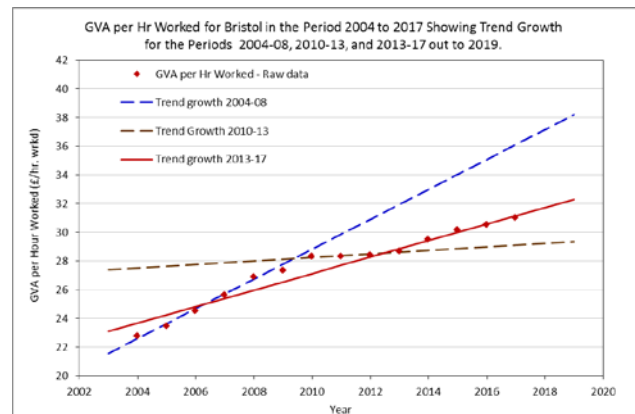
#### Productivity - not adjusted for inflation (at current prices)

The chart below shows the productivity of the economy of Great Britain for the period 2004 to 2017<sup>6</sup>. Over the whole period, productivity grew by 36.8% from £24.70 per hour worked (phw) in 2004 to £33.80 phw in 2017. It is clear however that the 2008 recession and subsequent adverse economic conditions had a detrimental effect on productivity. The chart shows that trend growth was significantly higher (£1.05 phw per year) pre-recession than it was (£0.67 phw per year) post-recession. As a result, in 2017 the productivity of the British economy was 13.4% below the level that would have been expected if the 2008 recession had not occurred and productivity had continued to grow at the trend rate for the period 2004 to 2008. Unless productivity growth increases dramatically, it will continue fall further behind.



#### The Picture for Bristol.

The chart below shows the productivity of the economy of Bristol for the period 2004 to 2017<sup>5</sup>. Bristol's productivity has remained below the national level<sup>2,7</sup> throughout the time series. Between 2004 and 2017 the productivity of Bristol's economy grew by 36.2%. Clearly the productivity of the economy of Bristol grew more rapidly in the pre-recession period (2004-08) than it did post-recession (2013-17). Pre-recession the productivity of Bristol grew at a definite trend rate of £1.04 phw per year. Growth stalled between 2010 and 2013. Between 2013 and 2017 there was a definite trend growth of £0.57 phw per year. As a result of this and the lack of growth between 2010 and 2013, in 2017 the productivity of the Bristol economy was 16.0% below the level that would have been expected if the 2008 recession had not occurred and productivity had continued to grow at the trend rate for the period 2004 to 2008. If the 2013-17 trend growth continues the gap will have increased to 20.5% by 2020 and 30.0% by 2033. Since 2013 Bristol's productivity has been growing more slowly than the national average.

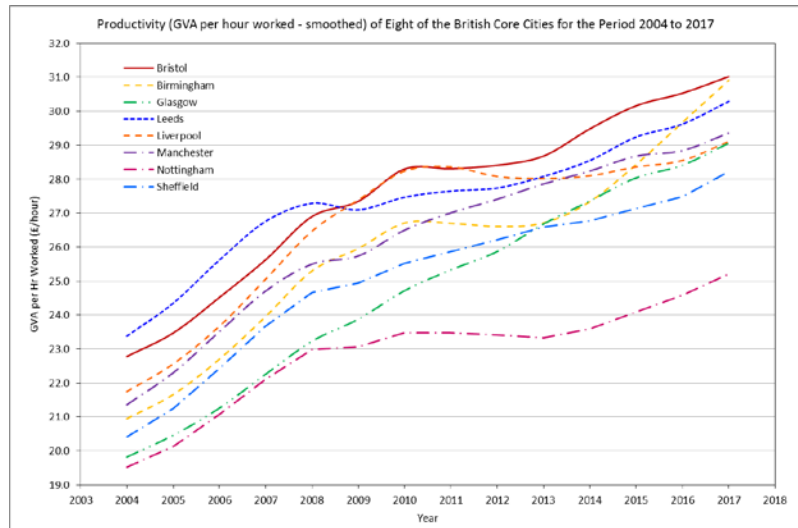


<sup>6</sup> The full extent of the time series for this metric

<sup>7</sup> note the productivity of London is over 30% above the national average and distorts the picture – see Appendix 2

## Comparison with the British Core Cities<sup>3,4</sup>

The chart below shows the productivity of the eight of the British Core Cities for which data is available. Clearly growth was either reversed (Bristol, Birmingham, Liverpool and Nottingham) or slowed (Glasgow, Leeds, Manchester and Sheffield) during the period immediately after<sup>8</sup> the 2008 recession. Thus productivity for all of the eight Core Cities has fallen below<sup>9</sup> the level that would have been expected if the 2008 recession had not occurred. With a productivity that has remained over 30% below the national average since<sup>10</sup> 2013 Nottingham has performed the worst by far. Birmingham and Glasgow have improved the most and as of 2017 were 9.3% and 16.3% respectively below the national average. Leeds was the third best of the eight Core Cities, 11.6% behind GB. Bristol has had the competitive edge since 2012, however it should be noted that there are areas (outside London) that have, for the most part, outperformed Bristol. These include Edinburgh, Derby, Milton Keynes, Portsmouth, Solihull, Southampton and Swindon.



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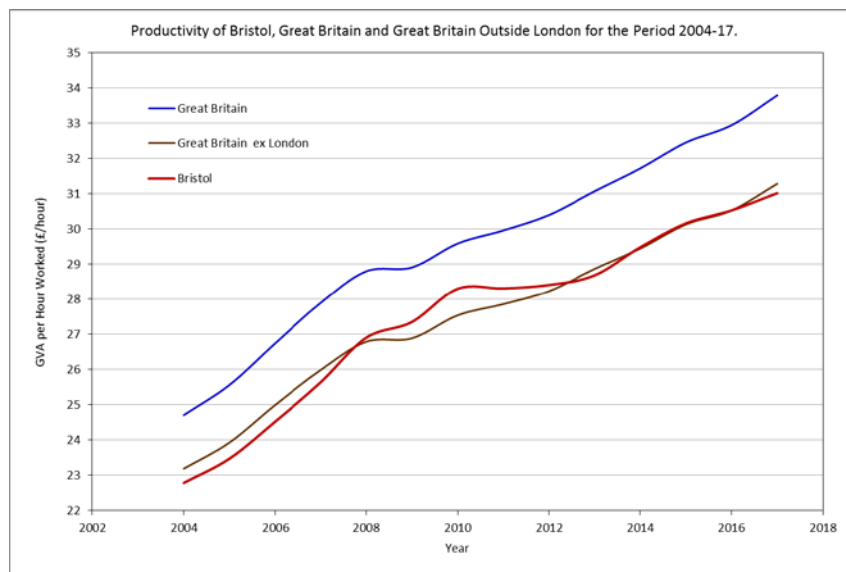
<sup>8</sup> 2009 to 2012-13

<sup>9</sup> See Appendix 3 for charts showing productivity data for all except Bristol.

<sup>10</sup> over 25% below the national average through the period (2004 to 2017) covered by the time series.

## Appendix 1

The productivity of the economy of London has been over 30% higher than the national (UK) average since 2004<sup>5</sup>. The chart below shows quite clearly that without the influence of London the productivity of Bristol is similar to the national average.



## Appendix 2

Details of the Trend Growth Analysis of the Productivity of GB and the British Core Cities.

### 2004 to 2008

Area Name	2004 to 2008 Trend Growth Variables				Productivity (£phw) 2017	% Difference between trend & value for 2017	
	Trend (£phw/yr)	95% Conf	Quality of Trend				Trend Value 2017
Bristol	1.04	0.12	0.9897	definite	36.10	31.02	16.4
Birmingham	1.10	0.14	0.9867	definite	35.01	30.91	13.3
Glasgow	0.86	0.09	0.9923	definite	30.89	29.06	6.3
Leeds	1.02	0.14	0.9853	definite	36.73	30.29	21.3
Liverpool	1.19	0.15	0.9886	definite	37.04	29.11	27.2
Manchester	1.07	0.08	0.9954	definite	35.24	29.36	20.0
Nottingham	0.89	0.08	0.9930	definite	30.93	25.21	22.7
Sheffield	1.09	0.08	0.9962	definite	34.50	28.23	22.2
Great Britain	1.05	0.06	0.9971	definite	38.31	33.79	13.4

### 2013 to 2017

Area Name	2013 to 2017 Trend Growth Variables				Trend Growth values for 2024		% Difference between 2024 values
	Trend (£phw/yr)	95% Conf	Quality of Trend		2004-08 Trend	2013-17 Trend	
Bristol	0.57	0.10	0.9782	definite	43.38	35.13	23.5
Birmingham	1.07	0.14	0.9867	definite	42.71	38.27	11.6
Glasgow	0.58	0.06	0.9914	definite	36.92	33.14	11.4
Leeds	0.55	0.05	0.9936	definite	43.89	34.10	28.7
Liverpool	0.26	0.09	0.9117	definite	45.39	30.79	47.4
Manchester	0.36	0.05	0.9828	definite	42.72	31.84	34.2
Nottingham	0.48	0.07	0.9826	definite	37.15	28.44	30.6
Sheffield	0.40	0.11	0.9402	definite	42.15	30.83	36.7
Great Britain	0.67	0.05	0.9961	definite	45.67	38.44	18.8

### Appendix 3

The charts below show the times series (2004-17) of the productivity and pre and post-recession trends of the British Core Cities for which data is available.

