

Birmingham's Transformation & Future Prospects







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1.0 Introduction

Birmingham is the economic powerhouse of the West Midlands. The largest UK city outside of the capital, Birmingham is the region's one globally recognised city. It is a thriving and vibrant place to live, work, visit or do business in. This report tells the story of Birmingham's growth from a small medieval village through the industrial revolution to the large modern city at the heart of the national and international economy we know today. The report examines Birmingham's economic and social decline from the 1970s onwards and looks at the strategic measures put in place by the City Council and partners from the mid 1980s and how this resulted in Birmingham's renaissance as a modern European city. The final sections of the report look at Birmingham's future economic prospects and its strategies for future growth and development.



2.0 The Birth and Growth of Birmingham

2.1 Early Days (c500– c1750)

In the 6th century Birmingham was just one small settlement. The name Birmingham comes from the Saxon for the home (ham) of the tribe (ing) of a leader called Beorma. Birmingham was listed in the Domesday Book of 1086 as a small hamlet worth 20 shillings.

The de Bermingham family held the Lordship of the manor of Birmingham for four hundred years from around 1150. The family placed no restrictions on trade and Birmingham began to develop as a market centre. During this time Birmingham saw the beginnings of small-scale smithing and metalworking. By 1538 there were 1,500 people in 200 houses, one main street with a number of side streets, markets and many smiths who were selling goods all over England.

By supplying the Parliamentarians in the English Civil War (1642–46) with swords, pikes and armour, Birmingham emerged with a strong reputation as a metal working centre. By 1731 the population had grown to 23,000 and manufacturing businesses thrived.

Alpha Tower and the Town Hall

2.2 The Industrial Revolution (c1750–1900)

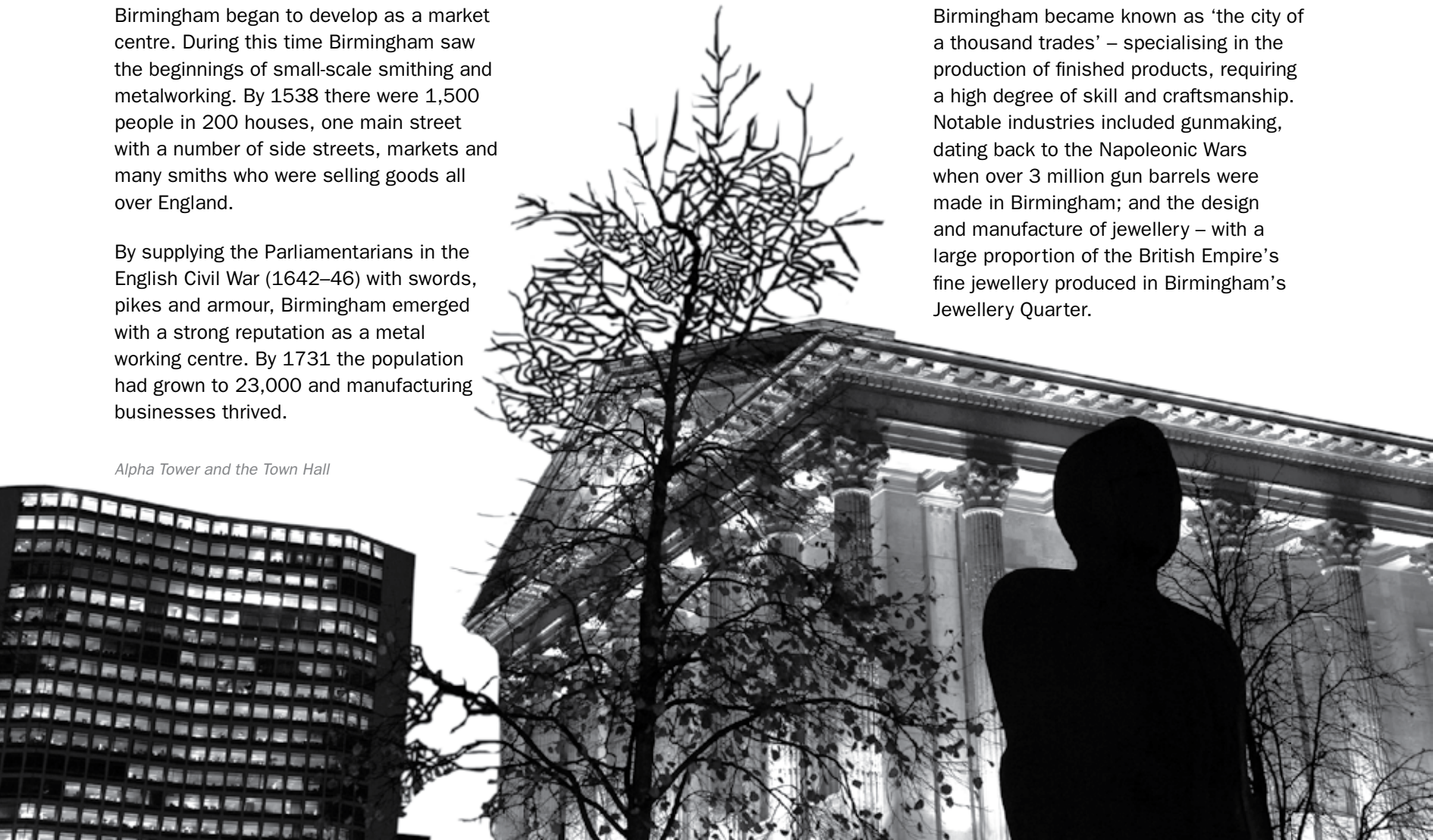
During the 18th and 19th centuries Birmingham and its surrounding area emerged as Britain's industrial heartland.

Birmingham's continued development as a centre for the production of metal-based goods was due to the combination of two key factors. Firstly there were substantial local reserves of raw materials in the form of coal and iron ore. Secondly a complex local canal network was developed by renowned engineers, such as James Brindley and Thomas Telford, which placed Birmingham at the heart of the national canal network.

This enabled a convenient means of transporting both the raw materials to local factories and the finished goods they produced on to markets throughout the country.

The arrival of the railways in the mid 19th century heralded a change in fortunes for the canal network locally and nationally. Gradually carriage by water was superseded by rail and road transport and Birmingham's canal network fell into a steady decline and eventual disuse. Birmingham's subsequent industrial growth utilised its position at the centre of the emerging national rail and road network.

Due to the wide range of goods produced, Birmingham became known as 'the city of a thousand trades' – specialising in the production of finished products, requiring a high degree of skill and craftsmanship. Notable industries included gunmaking, dating back to the Napoleonic Wars when over 3 million gun barrels were made in Birmingham; and the design and manufacture of jewellery – with a large proportion of the British Empire's fine jewellery produced in Birmingham's Jewellery Quarter.



The economic boom of the 18th and 19th centuries saw Birmingham's population soar to 522,204¹ by 1901. As well as indigenous population growth waves of immigrants came to the city attracted by the employment opportunities on offer. Significant Irish and Italian communities were established and the seeds of the culturally diverse city we know today were planted.

This rapid population growth led to various social and public health problems associated with poor housing and sanitation. Many of these issues were outside the scope of manorial or parochial government, and it was not until the passing of the Municipal Charter in 1838 and the establishment of an elected council that these problems began to be addressed.

¹ONS

2.3 Chamberlain and the City Fathers

During the later half of the 19th century Birmingham's civic leaders began to take steps to improve sanitation, public health and other aspects of life in the city. The catalyst for Birmingham's civic transformation was the election of Joseph Chamberlain as Mayor of Birmingham in 1873.

Chamberlain served three years as Mayor and became one of Birmingham's Members of Parliament in 1876. During Chamberlain's three years in office he initiated ambitious plans for public services and town improvement schemes that led to the transformation of the city.

The supply of gas and water were taken into municipal control and the 1875 town improvement plan led to the clearance of slum housing in large areas of the city centre. Chamberlain's tenure in office was also notable for his promotion of cultural improvement. Public and private money was used for the construction of libraries, municipal swimming pools, parks, schools and other civic buildings.

By the time Birmingham was granted city status in 1889 Birmingham's civic leaders had assumed responsibility for the supply of gas, electricity, water, roads, sewers, lighting, sanitary arrangements, public transport and the police force.



They had overseen the clearance of slum housing, the opening of the first municipal hospitals, schools, parks, libraries and public baths as well as the building of the main civic buildings and the University of Birmingham. Perhaps most importantly they had instilled a sense of civic pride in the people of Birmingham.

2.4 Into the 20th Century (1901– 1970)

Birmingham's physical and economic growth continued into the 20th century, the city expanded physically during this period and its population reached a peak of 1.1 million in 1951 – it has since declined slightly to just over 1 million today². Birmingham confirmed its position as Britain's manufacturing capital in the 20th century by moving into the emerging automotive, mechanical and electrical engineering sectors.

Birmingham enhanced its reputation as a manufacturing centre of excellence by playing a crucial role in the war effort in both World War 1³ (WW1) and World War 2⁴ (WW2). During both conflicts Birmingham's industry was turned over to war production and factories across the city produced aircraft, tanks, military vehicles, guns, ammunition and other military equipment in vast numbers. In WW1 BSA produced the Lewis gun and in WW2 Hurricane and Spitfire fighter planes were built in great numbers at Austin Motor Company's plant at Longbridge and a new purpose built plant at Castle Bromwich (now home to Jaguar Cars). At the peak of WW2 up to 400,000 people were engaged in war production in Birmingham.

² & ©ONS

³ 1914–1918

⁴ 1939–1945

⁵ Working Birmingham – Past Present & Future, BEIC

In the inter and post war years there was an increasing demand for motor vehicles and consumer durables which Birmingham with its tradition for manufacturing and innovation was well placed to exploit. Indeed such was Birmingham's expertise in this sector that by the end of the 1950s the Birmingham area produced the second largest number of motor vehicles outside the USA and accounted for some 40% of UK automotive exports by value⁵. At the high watermark in the mid 1960s the manufacturing sector in Birmingham employed over 250,000 people⁶ and the area boasted one of the lowest unemployment rates and highest wage levels in the country.

3.0 The Birmingham Economy Since 1970

3.1 Manufacturing Decline

The 1970s were the beginning of a change of fortune for the Birmingham economy as its manufacturing sector went into a period of steady decline due to a combination of factors weakening the competitiveness of British manufacturing. In the 1970s manufacturing accounted for almost half the city's employment and over half the male employment. By 2006 there were fewer than 56,000 manufacturing jobs in Birmingham – a reduction of 80% from its mid 1960s peak.

The 1979 to 1982 recession, sparked by the second oil crisis and high value of the pound, caused manufacturing output and employment in the UK to slump by

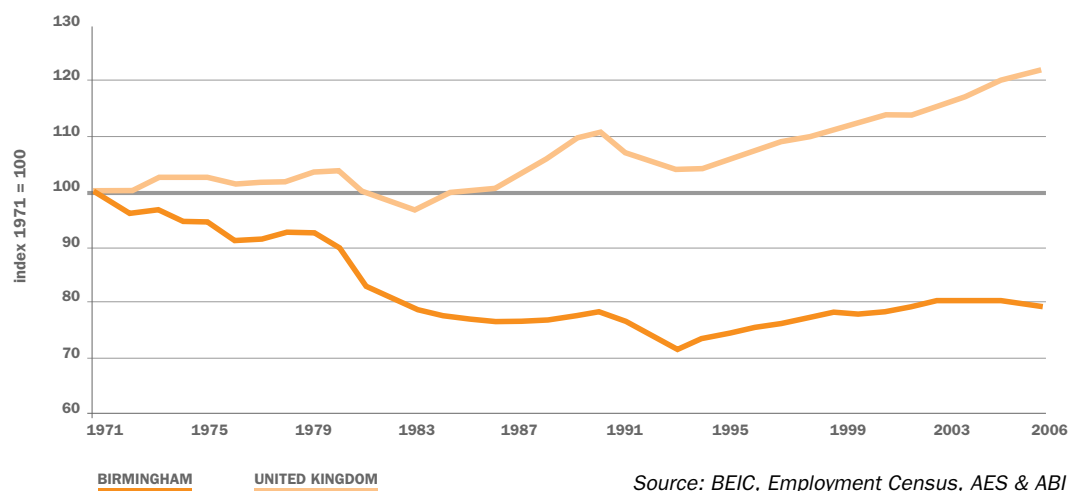


20%. Nationally these manufacturing job losses were eventually compensated for by increased employment in services. However, this job growth in services was concentrated in the south east of England – and not in the areas of manufacturing job loss, such as Birmingham. So for much of the 1980s the unemployment rate for Birmingham soared to over 20%.

3.2 The City's Response

The long-term result of these trends is that whilst UK employment in 2005 was nearly 20% higher than in 1971, employment in Birmingham was nearly 20% lower. This can be seen in Chart 3.1.

It was this sudden collapse into mass unemployment that led to the City Council developing an economic strategy for Birmingham to diversify the economy and to accelerate services employment growth.

Chart 3.1: Indices of employment in the UK and Birmingham

Source: BEIC, Employment Census, AES & ABI

The main thrust of the City Council's strategy, which is discussed in more detail in section 4.3, was to redevelop the city centre as a regional centre for commerce, and to promote it as a destination for business tourism.

Implementing this strategy involved the development of new office districts, retail schemes, tourist attractions and hotels. The successes of this strategy can be seen in Chart 3.2.

Chart 3.2: Structural change in Birmingham employment 1981–2005

Sector	1981	2005	Change	Change %
Energy & water	5,955	2,126	-3,829	-64.3
Automotive sector	62,010	7,187	-54,823	-88.4
Other engineering	69,377	26,683	-42,694	-61.5
Rest of manufacturing	66,560	22,585	-43,975	-66.1
All manufacturing	197,947	56,455	-141,492	-71.5
Construction	19,550	18,722	-828	-4.2
Transport & communications	28,851	26,836	-2,015	-7.0
Retail & wholesale	59,133	76,475	17,342	29.3
Tourism & leisure	22,186	41,162	18,976	85.5
Finance & professional services	46,506	106,279	59,773	128.5
Other private sector services	18,978	11,226	-7,752	-40.8
Public sector & caring services	108,234	152,781	44,547	41.2
All services	283,888	414,759	130,871	46.1
Total employment	507,340	491,720	-15,620	-3.1

Source: BEIC, Employment Census, ABI

Private sector employment grew most quickly in financial & professional services⁷, in tourism & leisure, and in retailing. Since 1997 increased government spending on public services has also significantly increased education and health employment within Birmingham.

As Chart 3.2 illustrates the period continued to see substantial job losses in local manufacturing. In the automotive sector, for example, only one tenth as many people are employed in Birmingham as 25 years ago.

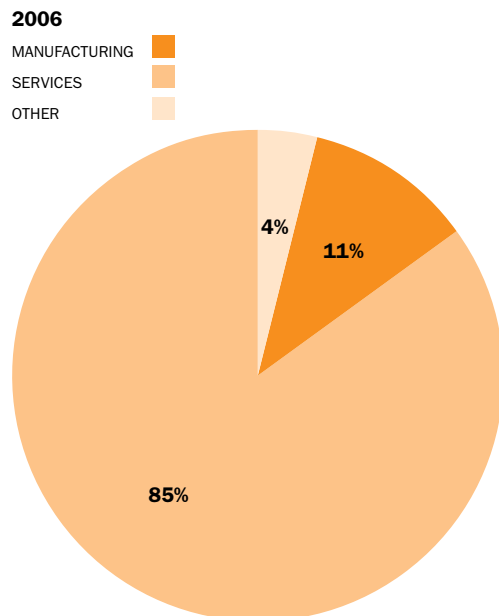
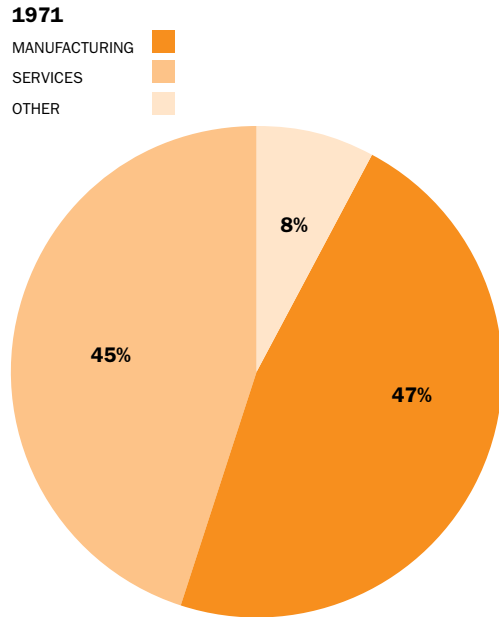
In response the City Council developed a new strategy to develop the manufacturing industries of the future. The strategy provides a framework to exploit Birmingham's designation as a Science City, the technological expertise of its universities and the high technology, knowledge economy assets located within the Central Technology Belt. The Strategy also aims to ensure that Birmingham becomes a world leader in areas such as alternative energy, advanced materials, nanotechnologies and medical technologies.

3.3 A Strong, Services Based Economy

Birmingham's strategy of promoting targeted service sectors bore fruit after the UK recession of the early 1990s. In each year since 1993, increases in local service sector employment have always been greater than reductions in the number of manufacturing jobs. As a result total employment in Birmingham has increased by 55,000. By June 2008, the unemployment rate for Birmingham stood at 8.4%, compared with rates well above

⁷Professional and business services involves knowledge intensive business-to-business activities such as accountancy, legal services, computing & software consultancy, business consultancy, advertising, marketing, property provision & development, architects, building consultants, recruitment services, and many more.

Chart 3.3: Sectoral composition of employment in Birmingham 1971 & 2006



Source: ONS 1971 Employment Census & 2005 ABI

20% in the 1980s. However the proportion of people in jobs is still much lower in Birmingham than in the UK as a whole. A critical task for the City Council and its partners therefore is to ensure that all Birmingham's citizens have the right skills to find jobs in the new city economy.

Chart 3.3 shows the remarkable change in the sectoral shares of manufacturing and services in Birmingham since 1971.

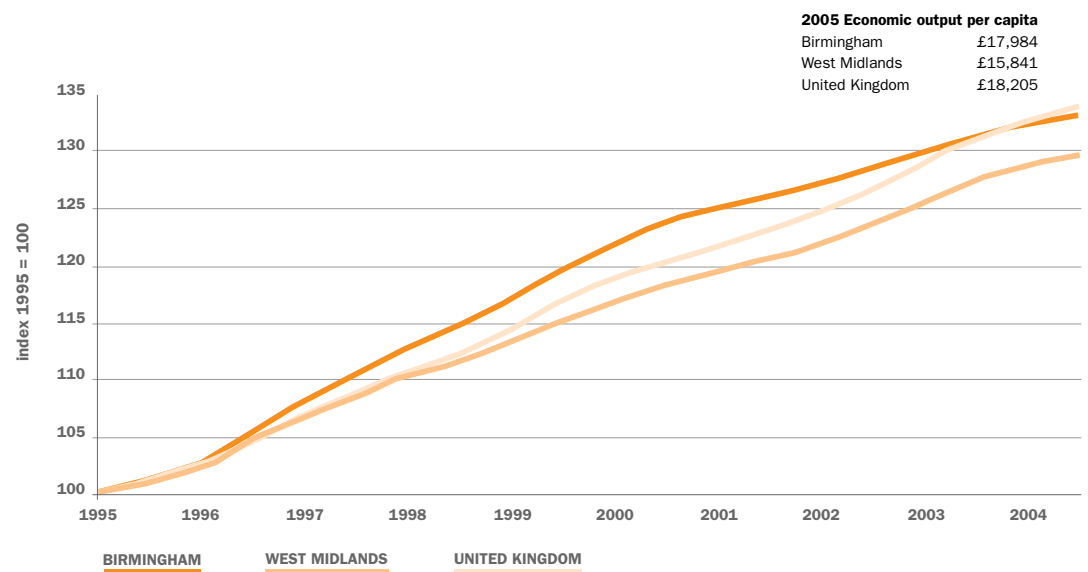
The city has changed from having an economy dependent largely on manufacturing to one based on services. Whilst manufacturing remains an important source of jobs, growth and investment, this diversification meant that, for example, the closure of the MG Rover factory at Longbridge in 2005 had a negative, although ultimately limited, effect on the rest of the city's economy, whereas once it would have been disastrous.

Birmingham is the economic capital of the West Midlands region. The fast growth in financial, professional & business services in Birmingham means it dominates these services within the English Midlands. Consequently, Birmingham's economy has grown more quickly than the rest of the West Midlands over the last ten years.

Between 1995 and 2005 Birmingham's economy grew by 32%, whilst the remainder of the West Midlands region grew by 28%, (see Chart 3.4).

This faster growth is despite the steady relocation of manufacturing companies from Birmingham to other parts of the Midlands. Birmingham accounts for 21.6% of the West Midlands economic output, compared to its 18.6% share of the population. In the latest statistics Birmingham attracted 29% of the region's net investment.

Chart 3.4: Growth in economic output per capita – indexed



Source: ONS

4.0 The Strategic Context – 1970s to Present

Section 3 described how the economy of the city has changed since the 1970s. This section summarises the strategic context and highlights some of the projects that have underpinned the physical and economic transformation of the city.

4.1 Background

Post war reconstruction provided Birmingham with an opportunity to implement bold planning policies, championed by City Engineer and Surveyor Herbert Manzoni, to become what was then perceived to be the 'city of the future'. Zoned-planning led to dedicated sectors for housing, work, retail, and leisure in Birmingham with the motorway brought into the city centre. In line with Birmingham's vision as being the 'city of the motor car' the city centre was regulated for the convenience of traffic, while pedestrians were diverted to underpasses or over bridges, in order to prevent them from hindering the motor traffic. What little character the city centre still possessed was choked and constrained by the notorious inner ring road. Large-scale municipal housing estates were constructed around the periphery of the city and many people relocated to these new areas due to the clearance of poor quality inner city neighbourhoods.

As this redevelopment of the city was in progress the decline in the manufacturing sector transformed Birmingham from a

vibrant and prosperous city with almost full employment to an area with unprecedented levels of unemployment and without the means to take advantage of opportunities for growth in the service sector.

4.2 The 1970s

The City Council responded to the legacy of the 1960s by developing a visionary approach to reinventing the city. The first stage of this was the construction of a major exhibition centre, located close to the airport on city owned land. The National Exhibition Centre (NEC) opened in 1976 and has provided many new jobs, contributed significantly to the region's GDP and has hosted a wide range of important international events and exhibitions. It is one of the largest exhibition centres in the world with in excess of 4 million visitors every year.

4.3 The 1980s

Overtime, there was a realisation that the planning policies pursued so vigorously in the post-war years, coupled with the catastrophic collapse of the manufacturing industry posed a complex series of issues for the city to deal with.

In 1984 the City Council published its first Economic Strategy, which laid the foundations for the development of the city's economy over the next 15–20 years. The broad aims of the Economic Strategy (also reflected in later versions) were:

- To diversify the local economy and broaden the scope of economic development beyond traditional industries;

- To tackle disadvantage and discrimination and to ensure the workforce has the relevant skills to meet changing economic needs;
- To create the conditions and infrastructure for growth and investment;
- To align the City Council's resources to critical priorities.



Centenary Square

The development of the first Economic Strategy coincided with Birmingham becoming eligible for European Union funding and this, together with a range of regeneration initiatives funded from central government, provided the means for Birmingham to implement its economic objectives.

In 1988 the first Highbury conference brought together key public and private sector stakeholders in the city to agree a plan for the physical and economic transformation of Birmingham. This was the catalyst for the next stage in the massive transformation of the city. Key areas of special industrial or cultural heritage around the city were re-branded as quarters and marketed as niche development areas.

The first quarter to be developed was the Convention Quarter, which played a significant role in shaping the renaissance of the city and improving Birmingham's international image, with the International Convention Centre (ICC), Symphony Hall and the National Indoor Arena (NIA). Developed with the help of EU funding, the ICC was conceived as a complement to the NEC, taking advantage of the city's strategic central location and existing expertise in business tourism to exploit a perceived gap in the conference market. Related objectives were to provide a catalyst for wider regeneration in the vicinity; to attract inward investment; and to create employment growth.

Other quarters that were developed included the Jewellery Quarter, the Chinese Quarter and the Gun Quarter following widespread physical and public space improvements.

Birmingham also worked hard to restructure its economy supporting local businesses and encouraging inward investment. The modernisation of the business base saw the expansion of new sectors such as business and leisure tourism, financial and professional services and new technologies.

A number of science parks were built to support the development of high technology industries, including the Aston Science Park, which originally opened in 1983 on a 9 hectare site in the city centre, grew throughout the 1980s and 1990s and will be expanded further as part of the Eastside proposals; and the Birmingham Research Park, a collaborative development by Birmingham University and the City Council in 1986 at the University's Edgbaston campus.

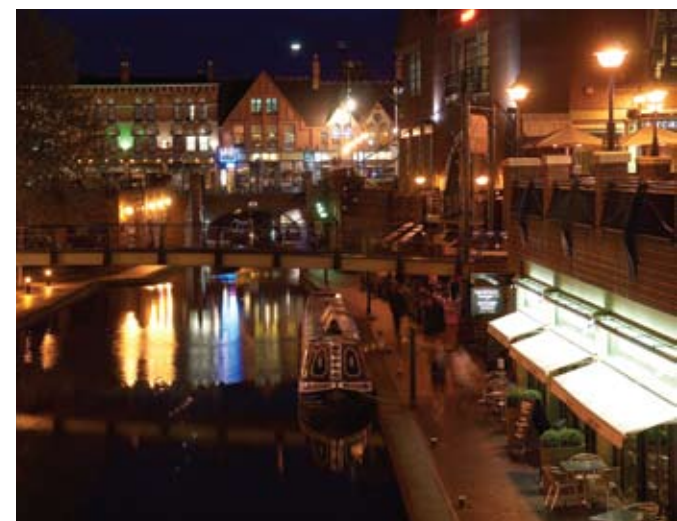
However, although employment in the city was rising, many residents were not able to access these jobs because they had no, low or inappropriate skills. The City Council worked with key agencies across the city to improve the skill base and support the sustainability of local businesses. The city took advantage of a range of government funding streams to improve the competitiveness of local businesses and to encourage diversification and growth in the emerging service sectors.

4.4 The 1990s

The key innovation, which still shapes city centre development today, was to lower a part of the inner ring road at Centenary Way to provide a broad pedestrian access from the city centre to open up the western side of the city centre. Other crucial areas

of the city centre were pedestrianised including New Street and the creation of a series of public squares leading to the ICC. This approach greatly improved the movement and flow of people through the city centre.

The regeneration of the city's canal side quarter began in the late 1980s and continued into the next decade. It was epitomised by the internationally acclaimed Brindleyplace development, the first UK winner of the International Excellence on the Waterfront Award (in 1995).



Brindleyplace

Brindleyplace was a vital complementary element envisaged in the initial plans to develop a convention quarter in Birmingham.

One of the UK's largest inner city mixed-use developments, Brindleyplace provides a dense mix of high quality office buildings, housing, shops, restaurants, cafes and an art gallery and theatre. Reflective of the design led focus adopted in the development of Brindleyplace, it has been hailed as a model for the city of the future – one of the most radical transformations of a city centre anywhere in Europe.

Another constraint for business growth and development was an inadequate supply of quality land and building stock suitable for the demands of modern businesses across the city. The City Council and its partners worked to bring forward the development of key sites; supported improvements to commercial premises and commercial centres; and, where necessary, assembled larger sites for inward investment.

Infrastructure improvements saw road building, the airport expanded and a Midland Metro tram line built from Birmingham Snow Hill to Wolverhampton.

From the 1990s onwards Government policy led to the growth of semi-autonomous publicly funded bodies (Quangos) taking responsibility for a range of functions away from local authorities. This included the Training and Enterprise Council (which would later become the Learning and Skills Council), responsible for adult training and skills and Business Link, responsible for business support. The City Council, which had been active in these areas until that time, effectively lost government funding and

strategic responsibility for how they were administered locally.

The Training and Enterprise Council (and then the Learning and Skills Council) had targets for residents to attain qualifications at every level, while the City Council education department worked to improve attainment in schools. From a low base, educational attainment at 16 in Birmingham is now comparable to national pass rates. However, it will be some time before this success impacts on overall skill levels in the adult population.

4.5 The 21st Century

The first shops in the Mailbox opened in December 2000, marking completion of the conversion of the former Royal Mail sorting office. At the centre of this 80,000 square metre mixed-use development, located by the Worcester and Birmingham canal, is a 200 metre open-air pedestrian route carved dramatically through the full length of the Mailbox. This has enhanced pedestrian access – connecting the Mailbox to the City Centre canals, the Convention Centre and Brindleyplace. The site includes designer shops, two new hotels and is the home of the BBC in the Midlands. The upper levels provide office and residential accommodation, bars and restaurants.

The Bullring shopping centre, which transformed the retail heart of Birmingham when it was built in the 1960s, had become outdated. It was a crumbling reminder of the planning mistakes in the post war period (particularly policy which encouraged out of town retail development) and was a major factor in Birmingham's inability to develop a modern retail offer

appropriate for the UK's largest city outside the capital.

The scale of the project to redevelop the Bullring, which occupies 40 acres in the city centre, resulted in the formation of the Birmingham Alliance in 1999. This was a unique partnership between three major private sector developers working in cooperation with the City Council, on the £500 million redevelopment project. The new Bullring became Europe's largest city centre retail led regeneration project.



Bullring

When it opened in September 2003 the Bullring increased the retail floorspace in the city centre by 25% and during the first year attracted 36.5 million visitors from across the region and beyond. A key factor in the success of the Bullring is that the offer is much wider than the traditional retail due to its close proximity to cultural, sporting and leisure facilities.

As well as developments in the western side of the city centre, the multi billion pound mixed-use Eastside development is enabling the city centre to expand to the east.



Masshouse development

The seven-year Masshouse development, part of the Eastside project, begun in 2004 will create a new community of 550 apartments for residents and office space for 4,000 workers, set around landscaped plazas. The development also helps to break the 'concrete collar' of the inner ring road, linking Eastside with the city centre.

Eastside features a new Learning Quarter clustered around two universities and the Technology Innovation Centre located within the Millennium Point building, as well as more public open space in the form of a new city centre park.

It is estimated that between 1985 and 1992 total developments completed, proposed and underway across the city totalled £3 billion. The scale of development is still increasing.

The figure for 2000 was £3.4 billion, for 2004 £11.5 billion and for 2008 £17 billion. Further planned large-scale developments that will be located close to the city centre includes the Icknield Port Loop and Edgbaston Reservoir, a 32-hectare site located one mile from the city centre, close to the NIA and Convention Quarter.

The importance of developing areas outside the city centre is also recognised. A notable example includes the flagship developments underway in Selly Oak, with the development of a state-of-the-art 'Super Hospital', along with residential, transport and business developments. Other key areas for development include the former MG Rover site at Longbridge, and the Eastern Corridor towards Birmingham International Airport.

Another strategic initiative for developing emerging sectors is the Central Technology Belt, one of the West Midlands Region's high-technology corridors, which runs along the A38 road from Aston University in the city centre, past the Longbridge Technology Centre and on to the Malvern Science Park and Qinetiq (former defence industry research facility) in South Worcestershire. The Belt will draw in public and private sector investment to foster the development of high-growth sectors, building on key local research facilities.

4.6 Local Regeneration

The city's greatest resource is its people. However, many parts of the city continue to suffer from high levels of unemployment and deprivation. Along with the investment in the city centre and in the restructuring of the economy, the city has invested in its local communities and the City Council is committed to ensuring that all its citizens live in a safe secure and prosperous environment.

Central government and European funding, plus focused support from the City Council and other agencies has targeted regeneration on deprived areas across the city to improve the physical infrastructure, support local businesses, skill the workforce and move people into jobs.

Throughout the 1980s the City Council secured wide-ranging physical improvements to the inner city housing stock, which was generally in a poor state of repair. The aim was to ensure that the physical improvements catalysed improvements in the quality of life in these areas.

Throughout the 1990s and into the twenty-first century a series of local area based regeneration schemes, funded by the European Union and central government targeted different areas of the city. These schemes each had a slightly different emphasis to suit the needs of the particular locality, but broadly aimed to improve infrastructure, encourage local businesses and increase the employability of local people in areas of high unemployment and deprivation.

Although largely run through the City Council these schemes worked in close partnership with other agencies and local organisations.

5.0 Future Economic Prospects

This section assesses the performance and future outlook of Birmingham's output and employment for the period 2008 to 2026.

5.1 Output Performance and Prospects

Birmingham is the hub of economic activity in the West Midlands. With an economic output (GVA) of £18 billion the city currently provides over a fifth of the region's GVA and employment, both greater than the city's relative share of population. Birmingham's output per resident is 14% higher than the regional average, with Birmingham's output per worker 3% higher than the regional average.

The city's current £17 billion worth of major planned developments is one of the key drivers of its future economic growth.

Birmingham's GVA in 2026 is expected to be £9.36 billion higher than in 2008 (chart 5.1). Most of Birmingham's growth will be delivered through the services sector, particularly in financial & business services, public services, and retailing & wholesaling. Services' GVA will increase by £8.5 billion between 2008 and 2026 – 90% of Birmingham's total GVA growth. Overall, services are expected to account for 83% of Birmingham's total output and 86% of employment in 2026.

Manufacturing's GVA in 2026 is forecast to be over £400 million higher than in 2008. The sector has higher than average levels of productivity and is a key driver for innovation & design.

So Birmingham's manufacturers are well placed to embrace higher value-added production, providing they can access the necessary skills and capital investment.

5.2 Employment Performance and Prospects

Over half a million people work in Birmingham, including some 162,000 who commute into the city to work. Birmingham's financial & business services sector, the UK's largest outside London, employs over 100,000 people.

In the last five years Birmingham's employment has increased by 21,000.

Chart 5.1: Birmingham's output and employment forecasts, 2008–2026

Sector	Output (GVA)		Employment	
	Change 2008–2026 £m	% share 2026	Change 2008–2026	% share 2026
Farming & primary industries	0	0.1	-340	0.1
Energy & water	30	1.6	-880	0.3
Manufacturing	440	11.0	-10,250	8.3
Construction	360	4.4	5,110	5.0
All services	8,520	83.0	70,380	86.4
Retailing & wholesaling	1,290	13.0	17,180	17.0
Hotels & catering	230	3.0	4,560	5.7
Transport & communications	1,040	8.7	-630	4.3
Financial & business services	4,020	33.8	34,520	24.8
Public services	1,630	20.3	15,150	29.5
Other services	310	4.2	-400	5.1
Forecast change (2008–2026)	9,360		64,020	

Source: BEIC and LEFM

Chart 5.2: Forecast employment change in Birmingham by occupation, 2008–2026

	Employment change 2008–2026	% of all employment in 2008	% of all employment in 2026
Managers	15,317	11.7	13.1
Professionals	14,301	12.6	13.7
Associate professionals	12,357	13.1	13.8
Total of 'knowledge workers'	41,975	37.4	40.6
Secretarial & clerical	1,883	12.9	11.8
Skilled manual	549	8.6	7.7
Service occupations	28,031	18.8	21.5
Unskilled manual	-8,415	22.3	18.3
Total of other occupations	22,048	62.6	59.4
All occupations	64,023	100	100

Source: BEIC and LEFM

Since 1993 employment in services has increased by 92,000 – with jobs in high value, knowledge based, professional & business services increasing by nearly 30,000. This growth in services has helped Birmingham to ride out major restructuring in its manufacturing sector.

This trend is expected to continue. Most of the forecast employment growth will be from the services sector, particularly in financial & business services, public services, and retailing & wholesaling, and from high-income, skilled, knowledge intensive jobs which include managerial, professional and associate professional occupations. There will however also be job growth in lower skilled, low wage service sector occupations, including customer service and sales occupations (chart 5.2).

Overall employment in the manufacturing sector will continue to decline, but there will be growth in some manufacturing sub-sectors.

It is conceivable that the employment and growth forecasts in this section may be over achieved, given Birmingham and the region's comprehensive and ambitious strategies for growth and development over the next 20 years.

6.0 The Strategic Aims to 2025

Within the UK, there has been increasing recognition of the wide range of issues that impact on the success and sustainability of the local economy. These range from traditional economic issues, such as skills, competitiveness and innovation, to wider issues such as transport infrastructure and connectivity, housing, health, quality of life and the local area's leisure and cultural offer.

During the 1980s and 1990s the government moved to create a range of government agencies specialising on specific issues. To a large extent this moved a range of local responsibilities away from local authorities. This left local authorities with a particular role in providing local leadership and accountability, while actual delivery was the responsibility of other organisations.

As a result of these organisational changes, there has been a greater need for partnership approaches to tackling local issues. In particular, central government has put more emphasis on partnerships for delivery at all geographical levels. This approach brings together a range of organisations (from the public, private and voluntary and community sectors) to develop a coordinated approach to developing the local economy. In recent years the Government has recognised the key role local authorities play providing strategic leadership and helping to 'place shape' their local area.

6.1 Regional Approach

Birmingham is the capital of the West Midlands region. It acts as a central hub for regional economic activity and employment, competes on the global stage and represents a gateway for the wider region.

In 1999 the UK's regions and the Regional Development Agencies (RDAs) were established to coordinate regional economic development through the Regional Economic Strategy (RES). A range of partnerships, including regional and local partner organisations, supports the delivery of this strategy.

The West Midlands' Economic Strategy identifies Birmingham as the region's 'one internationally recognised economic powerhouse' and the contribution the city makes to both the regional economy and perceptions of the region.

The document proposes specific activities to support the on-going development of Birmingham to ensure that its offer and perceptions of the city are in line with its regional capital status. This includes support for early delivery of key transport priorities in the city, as well as support for further investment and growth in the residential, commercial and leisure offer of the city centre. There is a range of further proposed activities in relation to the development of the region's business base, workforce and investment environment, from which Birmingham would expect to draw investment.

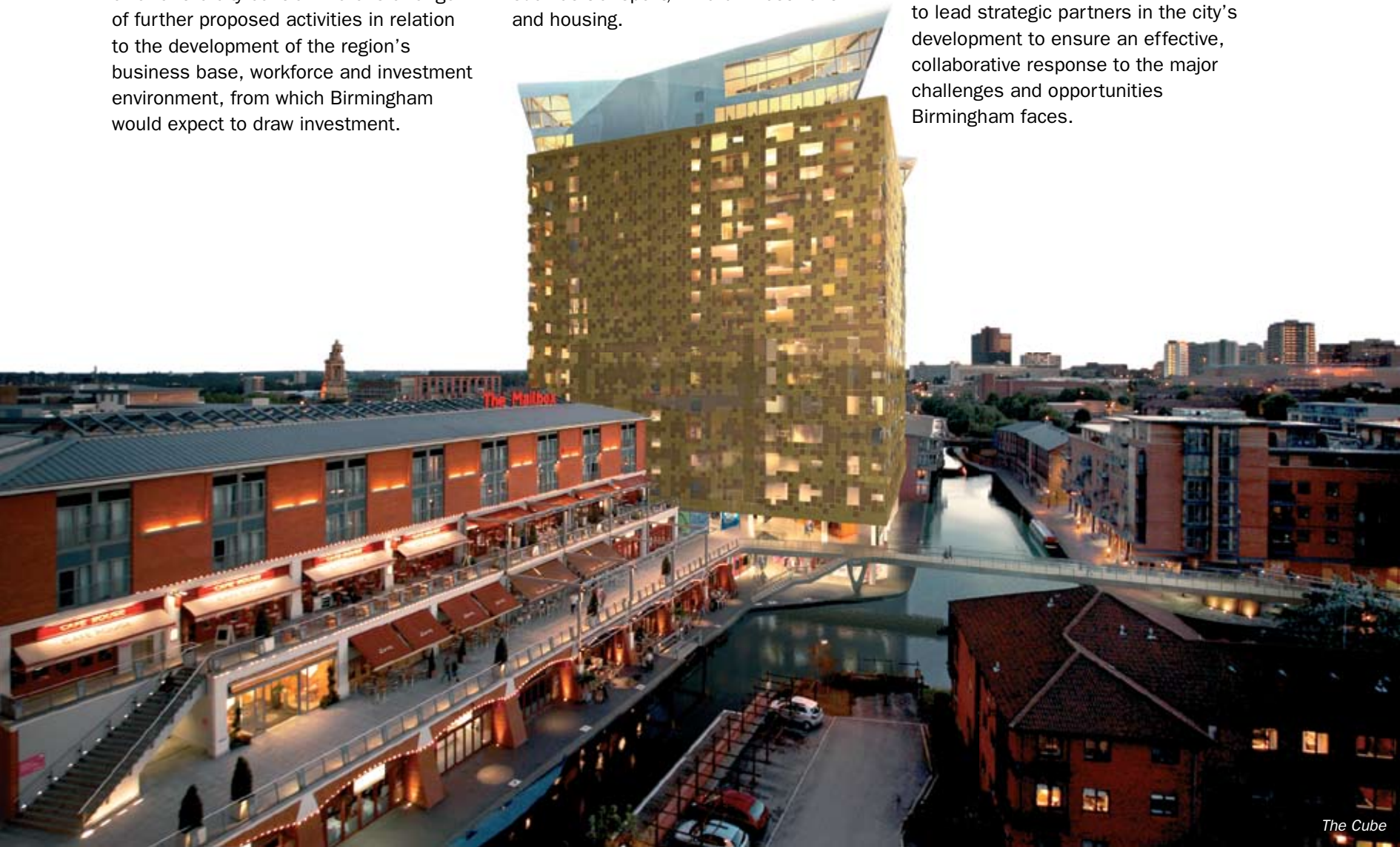
6.2 The City Region

Recent academic research on European cities has highlighted that regional capitals, such as Birmingham and their immediate hinterlands, have a key role in driving the economy of the wider region. As such Birmingham is currently working with seven neighbouring local authorities in the Birmingham, Coventry and the Black Country city-region, cutting across administrative boundaries. The city-region partnership is currently developing a coordinated strategy for future development of the area, including joint investment plans on a range of issues, such as transport, inward investment and housing.

The Government is currently considering the powers that may be devolved to these emerging 'city-region' approaches to local governance, including the potential for awarding such bodies formal legal recognition.

6.3 Local Partnership Working

Within Birmingham itself, the increasing focus on empowering local partnership working has been instrumental in securing effective economic development and regeneration. The City Council's democratic authority brings with it a responsibility to lead strategic partners in the city's development to ensure an effective, collaborative response to the major challenges and opportunities Birmingham faces.



This authority also brings with it a responsibility to secure the engagement of local residents, businesses and other organisations in Birmingham's long-term development. In 2006, the City Council worked with key stakeholders in the private, public and voluntary and community sectors to help articulate a shared vision of Birmingham's future over the next 20 years, consistent with the aspirations of the city's Sustainable Community Strategy. The result, the Birmingham Prospectus, represents an ambitious long-term strategy to secure our position as a leading world city and as a place where people want to live, learn and work.

6.4 Plans for Further Growth and Transformation

The next exciting stage of redevelopment to complete the transformation of the city centre began in 2006 when the City Council commissioned a visioning study led by Professor Michael Parkinson, which set out the principles for a new masterplan for the city centre. The Big City Plan, as the masterplan will be known, will shape and revitalise Birmingham's city centre over the next twenty years.

The Big City Plan sits at the heart of Birmingham's citywide growth agenda supporting the vision of Birmingham as a growing, global city with a local heart. The central thrust of Birmingham's growth agenda is to secure significant and sustainable population growth throughout the city, underpinned by economic and employment growth and the provision of high quality infrastructure, learning facilities and local services. It represents a unique opportunity to secure the long-term viability and competitiveness of Birmingham as a whole for the benefit of future generations.

6.5 Climate Change and Sustainability

The City Council is committed to the continuing improvement of Birmingham's social, economic and environmental well being so that it is recognised as a sustainable city of excellence at a global level.

We are currently placing particular emphasis on the challenges of climate change and making positive progress towards becoming a low carbon economy.

A Climate Change Strategy and Action Plan are being developed to set the strategic framework for the city's future actions. But we are already committed to a number of activities including:

- Investing in the use of energy and design, development and improvements to the council's buildings – for example the installation of the largest array of solar panels on a public building in the UK at Alexander Stadium – making it the UK's first carbon neutral sports stadium;
- Using the planning system to encourage sustainable development. One key example of this is the Eastside area of the city centre, which is being developed as an exemplar of sustainable development practice;
- Encouraging walking, cycling and public transport, reducing car dependence;
- Encouraging energy saving measures in homes.



Moor Street Station

7.0 Conclusion

Since the recession of the 1970s and 1980s Birmingham has demonstrated strong and visionary political leadership and achieved a remarkable transformation of major areas of the city centre. It has diversified its economic base so that services now make up over 80% of the local economy, and unemployment has reduced significantly over the last decade.

However there is still a considerable amount of work to do particularly in some areas of the city where low income, unemployment and poor work skills are concentrated. These disadvantaged neighbourhoods are generally to be found in the older 19th century parts of the inner city and the public housing estates that were built on the fringes of Birmingham after World War 2.

The task for the City Council and its partners in these neighbourhoods is to improve the skills of local people and to assist employers to recruit from the people who live in them.

This policy seeks a social transformation of the city that will solve the lingering after effects of the manufacturing slump of the 1980s.

Meanwhile the City Council is also proceeding with its physical transformation of Birmingham's economic structure that involves the further geographical expansion of the city centre commercial and tourism district.

The City Council now seeks to spread the benefits of this successful model of transformation in the city centre to local centres in other parts of Birmingham. Many of these secondary centres are in disadvantaged neighbourhoods where their redevelopment will provide local economic benefits.

As part of this policy the council intends to improve the quality of life for Birmingham's inhabitants through better housing and environmental improvements.

Finally, Birmingham is re-establishing its historical connection with the technological aspect of the modern economy by re-inventing itself as a centre for advanced research and development, combined with the promotion of a cluster of cutting edge technology companies.



Appendix 1: Glossary/ Explanation of Terms

Business Link

Business Link is a Government-funded service which provides the information, advice and support to start, to maintain and to grow a business. Business Link is operated on a regional basis, overseen by the regional development agencies (RDAs) since April 2005.

Birmingham Economic Information Centre (BEIC)

The BEIC produces bespoke economic and labour market research and analysis. The BEIC is part of Economic Strategy within the Development and Culture Directorate of Birmingham City Council.

Central Technology Belt (CTB)

The Central Technology Belt (CTB) is a high technology corridor established to encourage economic diversification into high-technology, high-growth sectors. The CTB runs from Birmingham city centre through southwest Birmingham into Worcestershire ending at Qinetiq (former defence industry research facility) in Malvern. Included within the CTB are sites such as Longbridge, the University of Birmingham, the University Hospital and Pebble Mill Science Park.

Gross Value Added (GVA)

A measure of economic output broadly similar to Gross Domestic Product (GDP) but removes input costs.

Learning and Skills Council (LSC)

The LSC is a non-departmental public body responsible for planning and funding high quality education and training for everyone in England other than those in universities. The LSC has the goal to improve the skills of England's young people and adults to ensure there is a workforce of world-class standard, (see Training and Enterprise Council).

Local Economy Forecasting Model (LEFM)

The LEFM has been developed by Cambridge Econometrics in collaboration with the Institute for Employment Research at the University of Warwick. It is a custom designed economic forecasting package which enables users to produce their own economic (employment and output) projections for local areas within the UK.

The Office for National Statistics (ONS)

The ONS is the executive office of the UK Statistics Authority. It undertakes a number of official surveys and produces a range of official statistics for the UK Government.

Regional Development Agencies (RDAs)

There are nine Regional Development Agencies (RDAs) covering each of the England's eight regions as well as one for Greater London. They are sponsored by the Department for Business, Enterprise and Regulatory Reform. Their primary role is to act as strategic drivers of regional economic development in their region. The RDAs aim to co-ordinate regional economic development and regeneration, enable the regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions. Advantage West Midlands (AWM) is the RDA for the West Midlands.

Science City

Birmingham is one of the six Science Cities across the country, and sits alongside Bristol, Manchester, Newcastle, Nottingham and York in a group designated by Chancellor of the Exchequer Gordon Brown in 2005.

The Birmingham city region was awarded 'science city' status in recognition of its strengths and achievements in world-class scientific research, innovation and development of our academic and industrial sectors.

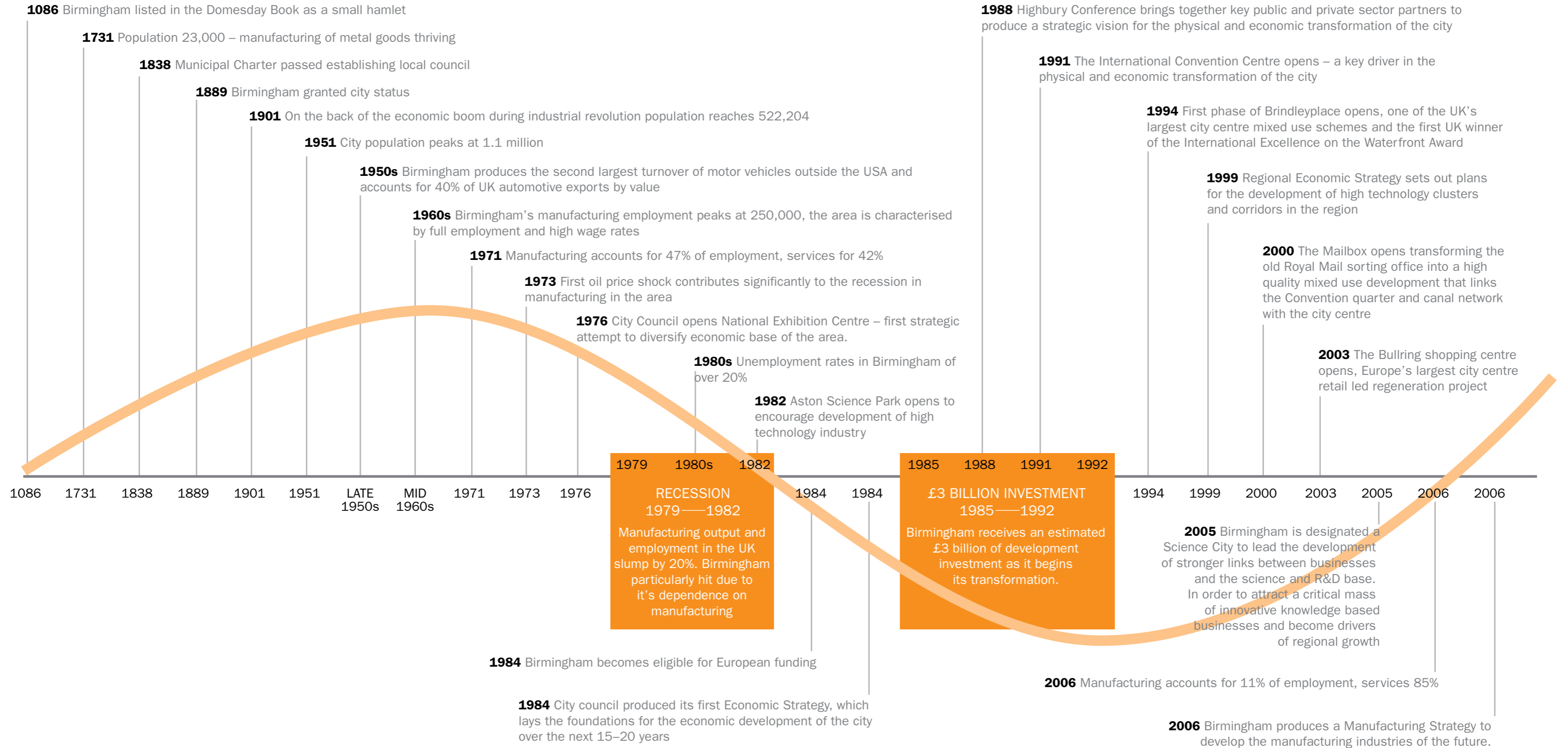
Training and Enterprise Council (TEC)

Training and Enterprise Councils carried out the functions of the Learning and Skills Council (LSC) prior to 2001.





Appendix 1: Timeline of Birmingham's Transformation



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