



Supporting the Recovery



A report from Overview & Scrutiny





Supporting the Recovery



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Preface

By Cllr Jerry Evans, Chair, Transport, Environment and Regeneration O&S Committee



We commenced this Scrutiny Review as Birmingham was emerging from the recession and entering a period of economic recovery. It was also undertaken in the context of rapid change in the national and regional economic framework.

We found there is a great deal to be positive about: Birmingham's economic performance is strong within the region and the new Greater Birmingham and Solihull LEP area; perceptions of the city as a place to do business are improving each year; and Birmingham is a member of a strong, private sector led, Local Enterprise Partnership. Representatives of businesses consulted for this Review were positive about Birmingham as a place to do business.

However, there is clearly work to be done to enable Birmingham to play the role it can in "re-balancing the economy". Economic performance can be increased, and our evidence has pointed to some key areas to address: the need to increase private sector employment in the city, which has been falling in recent years, and the persistent problem of high long-term worklessness.

Our key conclusions were that the city's major weaknesses are low levels of skills and the high level of long-term worklessness. Low skills levels are where Birmingham fares worst. This is important not only because they are holding our economy back, but because, without addressing these, economic success will not be shared by all residents across the city.

I would like to thank all those who made this review possible: members of the Committee, officers from partner organisations and within the City Council, and Scrutiny officers Emma Williamson and Amanda Simcox. In particular, I would like to thank the business representatives for their time and insight.



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Glossary

ADZ	Accelerated Development Zones
ART	Aston Reinvestment Trust
AWM	Advantage West Midlands
BCU	Birmingham City University
BD&I	Business Development and Innovation Team, Birmingham City Council
BEII	Business Enterprise, Innovation, Investment sub group
BEST	Birmingham Employment and Skills Training Network
BI	Business Insight
BID	Business Improvement District
BIS	Department for Business, Innovation and Skills
BSP-A	Birmingham Science Park - Aston
BTEC	Business & Technology Education Council (vocational awards)
CAF	Creative Advantage Fund
CATE	Customised Access Training for Employment
CTB	Central Technology Belt
CESP	Constituency Employment and Skills Plan
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
CYPF	Children Young People and Families
DfE	Department for Education
DWP	Department for Works and Pension
EAT	Employment Access Team
EfF	Entrepreneurs of the Future
ERDF	European Regional Development Fund
ESA	Employment Support Allowance
ESF	European Social Fund
ESOL	English for Speakers of Other Languages
FDI	Foreign Direct Investment
FE	Further Education
FfE	Framework for Excellence
FSB	Federation of Small Businesses
GDP	Gross Domestic Product
GIF	Growth and Innovation Fund
GVA	Gross Value Added
HESA	Higher Education Statistics Agency
HS2	High Speed 2
IB	Incapacity Benefit



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IoD	Institute of Directors
ITA	Integrated Transport Authority
JASDUPP	Jobs and Skills Development using Public Procurement
JCP	Jobcentre Plus
JSA	Job Seekers Allowance
KTP	Knowledge Transfer Partnership
LEP	Local Enterprise Partnership
LGA	Local Government Association
LSC	Learning and Skills Council
LTP	Local Transport Plan
MAS	Manufacturing Advisory Service
NAS	National Apprenticeship Service
NEET	Not in Education, Employment or Training
NESP	Neighbourhood Employment and Skills Plan
NSAFS	National Skills Academy for Financial Services
NVQ	National Vocational Qualifications (NVQs)
OECD	Organisation for Economic Co-operation and Development
O&S	Overview & Scrutiny
ONS	Office for National Statistics
PFI	Private Finance Initiative
RDAs	Regional Development Agencies
RGF	Regional Growth Fund
SFA	Skills Funding Agency
SfB	Solutions for Business
SLA	Service Level Agreement
SME	Small and Medium-sized Enterprises
SPD	Supplementary Planning Document
SSC	Sector Skills Council
TICs	Technology and Innovations Centres
TIF	Tax Increment Funding
UCB	University College Birmingham
UfB	Understanding Finance for Business
UKCES	UK Commission for Employment and Skills
UKTI	UK Trade and Industry
ULR	Union Learning Representatives
WNF	Working Neighbourhood Fund
YPLA	Young People's Learning Agency



Summary

Purpose of the Review

In June 2010, the then Transportation and Regeneration Overview & Scrutiny (O&S) Committee (now the Transport, Environment and Regeneration O&S Committee) agreed to undertake a Scrutiny Review of Supporting the Recovery in June 2010. The key aim was to investigate:

How can the City Council encourage private investment in the city to increase employment?

This was undertaken as part of the Committee's role in supporting the Cabinet Member for Transport, Environment and Regeneration in meeting the key City Council priority to "succeed economically".

It was also undertaken in the context of rapid change in the national and regional economic framework, in particular with the abolition of Regional Development Agencies and the inception of Local Enterprise Partnerships (LEP).

Methodology

The Scrutiny Review was conducted by a Review Group of six Councillors, led by Cllr Jerry Evans (with Cllrs Robert Alden, Ian Cruise, Nigel Dawkins, Gwyneth Neilly and Shafique Shah). We spoke to representatives from a range of businesses in the city, as well as relevant council officers and partner organisations (including the Birmingham Chamber Group and the Skills Funding Agency). In addition, the Committee held sessions on related issues such as the draft emerging Core Strategy, the Local Transport Plan and tackling worklessness in the city. We also drew on evidence presented to the Co-ordinating O&S Committee, which had been tracking the progress against the implementation of recommendations made in the Scrutiny Review of the Growth Agenda (2009).

Economic Performance

Birmingham's economic performance, as measured by Gross Value Added (GVA)¹ and Gross Domestic Product (GDP)², is strong within the region and the new Greater Birmingham and Solihull LEP area. We found that, whilst the West Midlands region (within which Birmingham has traditionally been included) has been a poor performer in recent decades, Birmingham itself has a strong total GVA and a GVA per head close to the national average.

¹ GVA is used to compare economic growth through productivity across cities or regions. It measures the contribution to the economy of each individual producer, industry or sector in the UK and is defined by the Office for National Statistics as the difference between output and intermediate consumption for any given sector/ industry. In other words, it is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production. GVA doesn't include subsidies and taxes on the products and services produced, notably Value Added Tax (www.statistics.gov.uk)

² GDP is a measure of the value of the total production in a country and is calculated by adding together total consumer spending, total government spending, total business spending, and the value of net exports. (<http://financial-dictionary.thefreedictionary.com/GDP>)



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The evidence showed that Birmingham has adapted better to the industrial changes of the last 30 years than most of our West Midlands counterparts. The city is less reliant on manufacturing and has seen increases in employment in business services as well as growth in some visitor economy sectors. However, we were keen to see that the role of manufacturing was not unduly denigrated. Its unique role as a wealth producer, the emerging opportunities in key sectors and its ability to provide good jobs for the lower skilled make it an important part of our economy.

The national economic situation will have a significant bearing on the local economy. The Council's Business Plan 2011+ predicts that, whilst growth data for 2010 was relatively strong, 2011 is expected to be weaker. We found that, even before the recession, there were some economic indicators causing concern: notably the decline in private sector employment and the relatively slow growth of GVA in relation to other Core Cities.

Birmingham has the lowest employment rate within the LEP area and contains the major concentrations of long-term unemployment; it also has one of the highest proportions of working age population with no qualifications within the LEP area. Birmingham had the second highest unemployment rate (April 2011) and the highest proportion of its working age populations with no qualifications amongst Core Cities. In addition, average earnings for those who work in Birmingham are higher than for those who live in Birmingham, indicating that a significant proportion of higher paid jobs are going to those who live outside the city.

Our Review therefore focused on how we can improve our skills base and create the conditions for private sector growth.

Findings

Speaking to representatives of businesses located in Birmingham, we asked for their thoughts on:

- What are the ideal conditions in which to start and expand a business and how the City Council can facilitate these conditions;
- What businesses want from the City Council in terms of services.

The responses broadly fell within the following categories:

- Access to a skilled labour market;
- A collaborative and supportive environment that enables business to grow, including access to business support;
- High quality infrastructure that enables business to grow;
- Access to good housing, cultural activities etc that mean a good quality of life for employees;
- A positive story to tell about Birmingham as a place to do business;
- Ability to work with the City Council.



Access to a skilled labour market

Our findings indicate that low levels of skills are a major weakness in Birmingham, both from the data and from concerns expressed by our witnesses, who all cited access to an appropriately skilled labour market as a key issue.

There were particular concerns regarding the lack of some specific skills, such as computer programming, and wider concerns related to businesses not knowing which body was tasked with co-ordinating skills provision. Some businesses had gone directly to colleges / universities to discuss setting up relevant courses. Others saw a role for the Council or other body in taking responsibility for articulating and co-ordinating skills activity to meet business needs.

We found that strategic planning for skills does take place within certain sectors – via Sector Skills Councils – but the strategic planning role formerly taken by the Learning and Skills Council is no longer in place.

The Skills Funding Agency (SFA), responsible for funding and regulating adult further education and skills training in England, is the Learning and Skills Council's (LSC) replacement. However, the SFA is not a planning body as the LSC was, so it does not fund training provision based on strategic planning numbers. Rather it funds training provision by contracting through competitive processes to a wide range of training organisations based on employer and learner demand.

The process by which local demand is transmitted to local training organisations (i.e. colleges and other providers) is still unclear. We have expressed concern that whilst some consumers – employers for example – will be well informed enough to make the right choices and work effectively with colleges, others will not have the relevant information, unless someone steps in to fulfil this role. We recommend that the City Council should undertake a key role in relation to those out of work and school leavers.

There is also a role for the LEP here. The LEP submission proposes “a single strategy for skills, inward investment and planning across the economic area” within the first year. We have asked that this is expedited and that it include clear mechanisms to articulate business demand for skills in the area and communicate these clearly and regularly to providers. It is also important that colleges have a clear voice within the LEP, as it is they that will provide the training and qualifications for the long term unemployed.

One route by which training will be provided is apprenticeships. Apprenticeships are work-based training programmes designed around the needs of employers, which lead to national recognised qualifications. The Birmingham Apprenticeship Scheme was designed to encourage the take-up of apprentices by SMEs and has placed 170 apprentices into employment, with a total of 93 businesses supported.

Tackling multi-generational worklessness which persists in some parts of the city is critical to the city's economy, and we recommend that tackling long-term worklessness is an explicit target in both the LEP and City Council business plans. Improving skills is the surest way to achieve any worklessness target, and therefore effective skills training schemes directed at the long-term unemployed are necessary.

Previously, the Working Neighbourhoods Fund has had some success in this area, however this ended on 31st March 2011. The Government's Work Programme, which will also use a contractor model to provide skills training and support to the unemployed, will not commence until September 2011.



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Although we cannot totally separate out Working Neighbourhood Fund spend on skills alone, since the majority of projects were not designed this way, this does appear to mean a drop in funding for employment skills training and support in the city and has left a five month funding gap for some third sector organisations with a proven track record in delivering outcomes. This equates to a loss of spend on locally delivered employment skills training in Birmingham of £12m per annum.³ In addition, there is a loss of spend in bespoke industry-led skills training equivalent to £1.3m per annum.

We were informed that for the period from April 2011 to August 2011 the SFA will be utilising ESF funding and launching two new programmes to support the unemployed. Nevertheless, we have asked that the Cabinet Member for Transport, Environment and Regeneration work with the Skills Funding Agency to address this drop in resources available for skills provision in Birmingham.

Birmingham's Business Environment

Generally, the representatives of businesses we spoke to were satisfied that Birmingham provided a good environment to start or expand a business. Nevertheless, there were shared concerns. One common theme was the need for "critical mass" or "clustering" of companies of similar type. Most witnesses agreed that the era of major manufacturers moving in was over, and therefore "clustering" would provide greater stability in terms of investment and employment. Clustering of businesses of similar types would help build significant areas of employment and encourage appropriately skilled people to move here and/or to gain relevant qualifications from colleges and universities.

Both the City Council and the LEP are focusing investment on particular sectors. Some witnesses, and some research, urge caution in focusing too narrowly on certain types of industry. However, the sectoral approach adopted by the LEP and Marketing Birmingham does build upon a clear evidence base which confirms that there are a number of sectors and industries that we should be looking to encourage to locate in Birmingham. It is also worth noting that the sectors chosen do reflect some of Birmingham's natural and historical advantages.

Business Support and Access to Finance

The business support landscape is rapidly changing and many of our witnesses felt that there was a need for greater clarity about where businesses can go to for support, both for new companies locating in Birmingham and those already here. We also heard that businesses were still experiencing difficulties in accessing finance.

Witnesses were particularly concerned that with the demise of Advantage West Midlands, support and contacts would be lost. Some suggested that the City Council should take a lead role in signposting businesses to relevant support. We have therefore asked the Cabinet Member for Transport, Environment and Regeneration to set up a single point of contact within the City Council for businesses, to signpost businesses to the relevant organisation/part of the City Council.

³ Relates to NESPs and CESPs



Whilst most of the business representatives we spoke to were not looking to the City Council for direct support, there were examples of innovative and entrepreneurial services provided by Birmingham City Council.

For example, Business Insight is an extension of the City Council's Library Service. Although many libraries have a 'business library', Business Insight has extended this concept to providing information, training and advice. Business Insight is in its fifth year as an accredited "Enterprise Agency" and has supported 103 businesses to start in Birmingham.

Another example is Finance Birmingham who administers the Business Loan Fund offering a £10.5 million package of loans to small and medium businesses based in Birmingham. The loans support a diverse range of profitable Birmingham companies which have previously been unable to access funding. Two of our witnesses were recipients of loans from Finance Birmingham. They welcomed the availability of these loans to help develop specific parts of their business.

However, despite Business Insight and Finance Birmingham's proven outcomes, neither of these organisations were widely known. We therefore recommend that publicity for both is increased, and that the Cabinet Member for Transport, Environment and Regeneration review the outcomes of Business Insight alongside regeneration work to ensure the most efficient means of obtaining effective outcomes.

Infrastructure

Witnesses were keen to see improvements in Birmingham's infrastructure to support business growth and their ability to attract employees. The availability and attractiveness of employment land was one element. Good transport links were also emphasised by a number of businesses as critical to attracting good employees and making their daily commuting life tolerable. Access to high quality, high speed digital links was integral to several of the businesses.

The Committee had expressed concerns related to employment land: whether the total amount of land available for employment was reducing incrementally, and whether the number of jobs being created on employment land was equal to what has been lost.

Whilst our fears about the process were allayed – there are clear mechanisms for the protection of employment land – the proposals seem to lack ambition with regards to job creation. The draft emerging Core Strategy proposes to support the creation of 100,000 jobs in Birmingham by 2026 (the same number the LEP intends to create for the LEP area by 2020). However, whilst this may be enough to raise Birmingham's employment rate to the national average, we were not convinced that it would be enough to meet the demands of the growing working age population. We therefore recommend that the Core Strategy contains proposals to facilitate the creation of enough jobs to meet this growing demand.

The City Council's support for major transport projects was welcomed: New Street Station, High Speed 2 (HS2) and the extension of the runway at Birmingham Airport. However, there were concerns that car users would be disadvantaged and that public transport does not easily provide the convenience and flexibility to support working requirements. In particular, there were some key employment areas not well served – the lack of an adequate bus service for the Birmingham Business Park for example. We have



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therefore asked the Cabinet Member for Transport, Environment and Regeneration to work with colleagues on the Integrated Transport Authority to emphasise the importance of public transport links between employment areas and residential areas.

Digital Birmingham is a partnership of public, private and voluntary organisations which aims to make Birmingham a recognised leading European Digital City; and improve connectivity, content and capability for/of residents and organisations/businesses in Birmingham. This is much needed work: we received evidence, both from witnesses and research reports, that this will give Birmingham a competitive edge. In addition, for every £1 spent, Digital Birmingham had generated £2 through sponsorship and other funding attracted into the City.

The initial five year programme came to an end in March 2011. The Committee were clear that they wanted to see the work Digital Birmingham was doing continue; and since we began drafting our recommendations, the City Council has agreed to continue to fund Digital Birmingham (on a reduced basis) for a further three years. Digital Birmingham will be incorporated within the Development Directorate in recognition of its strong links with the Council's economic growth and prosperity agenda.

Quality of Life Issues

The quality of life on offer in Birmingham is crucial to both attracting investment and individuals with appropriate skills to work here. Our witnesses variously cited the importance of "aspirational" and high quality executive housing in clean, safe suburbs; facilities for families such as schools; and good cultural facilities.

With regard to housing, some witnesses thought that the availability of high quality family houses could be improved. The draft emerging Core Strategy set out the proposed areas for new housing in the city, and Members were shown research on the types of housing required. We were concerned that, whilst one or two bedroomed properties were shown to be required by the research, it was not clear whether these were what people actually wanted to live in. There was also nothing in the draft emerging Core Strategy to indicate to developers the type of one or two bedroomed properties needed. Given the rising elderly population, some areas of the city would perhaps be better served by bungalows rather than city centre apartments.

The need for "aspirational" and high quality executive housing was also raised in the Overview of Marketing Birmingham, and its re-appearance as a recurring issue in this Review emphasises its importance. A stronger steer from the City Council is needed. We therefore recommend that the Cabinet Member for Transport, Environment and Regeneration ensures that the need for "aspirational" housing is reflected in the Core Strategy.

Arguably this is not just about building new houses but improving what we already have in the city. We have therefore noted the improvements the City Council has made in recent years relating to crime, graffiti and cleanliness, and improving the public realm.



Enhancing Birmingham's Reputation

A number of businesses mentioned that Birmingham had perception issues to overcome as there were still negative views of Birmingham. There was a need to place an emphasis on the attractiveness of Birmingham in terms of living and working environments.

It was not that our witnesses had a negative view of Birmingham, on the contrary they were very positive about the city and all it had to offer. However, the point was made that Birmingham's culture, geography, universities and labour markets could be sold more, particularly in the context of the significant progress made in recent years.

A request was made that some promotional information be made available to companies looking to recruit from outside the city. This should include success stories told by businesses already in the city and success in particular sectors (such as the software gaming industry), which would also provide reassurance to potential inward investors; and information on living and working in Birmingham.

The Role of the City Council

We asked witnesses to outline what role they believed the City Council should take in setting the conditions for growth and in providing services. Most of the responses related directly to the issues discussed above. However, there were some specific requests and suggestions for the City Council.

A clear strategic lead from the City Council was requested, in order that businesses can understand the city's ambitions and plans. This is both in the context of being able to understand the City Council's vision for the area and future plans to ensure that it matches up with the businesses expectations, and to match local property markets and travel plans to skills needs. It also helps connect businesses that could work together to ensure that, as the business prospers, they can transfer some of that benefit to businesses around them thus generating more wealth and prosperity in the local area.

Whilst there are a number of strategic plans setting out the City Council's plans and ambitions (the City Council Business Plan, the *Sustainable Community Strategy: Birmingham 2026* as well as the LEP submission), some witnesses felt that a clear economic strategy was lacking. We have therefore asked the Leader to expedite the delivery of an economic strategy.

The ability of businesses to work with the City Council was an important element of a supportive business environment. A number of witnesses (bearing in mind that we spoke to businesses already located here) commented that it was their perception that Birmingham City Council, along with others, focused on attracting inward investment, rather than working with and supporting businesses already here. It was felt that there should be more emphasis on supporting businesses already in the city as well as encouraging inward investment. Part of this is having clear information about the businesses we have in the city – this will be helped by Marketing Birmingham building up its database on businesses in Birmingham and working with the Business Development and Innovation Team within the City Council.

The need to support existing businesses and engage with companies at a senior level was emphasised. We have therefore asked the Cabinet Member for Transport, Environment and Regeneration to investigate setting up a mechanism by which periodic discussions between senior officers/Members (as appropriate)



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within the City Council and heads of major businesses in Birmingham can take place. The purpose of these discussions would be to facilitate the sharing of information and to explore opportunities pro-actively to expand local employment.

With regard to Council services, it was felt that business needs were similar to residents' needs: good quality transport and roads, lighting, safe streets, a pleasant physical environment and an efficient planning service. The majority would not look to the City Council for specific business services, although some felt that the City Council could take a lead on signposting for business support.

Conclusions

We found much to be positive about in our assessment of Birmingham's future economic outlook. Economic performance is not as poor as sometime portrayed; perceptions of the city as a place to do business are improving each year and Birmingham is a member of a strong, private sector led, Local Enterprise Partnership.

However, there is clearly work to be done to enable Birmingham to play the role it can in "re-balancing the economy". Economic performance needs to be increased, and our evidence has pointed to some key areas to address.

We were already aware of the need to increase private sector employment in the city and this was confirmed by our evidence gathering. We have therefore set out a number of recommendations to support the City Council's role in facilitating conditions for growth.

However, our findings lead us to the conclusion that the city's major weakness is the low levels of skills, particularly amongst the long term unemployed. Comparatively, this is where Birmingham fares worst. This is important not only because it is holding our economy back, but because, as we stated at the outset, the Committee is keen to ensure that economic success is shared by residents across the city.



Summary of Recommendations

	Recommendation	Responsibility	Completion Date
R01	The reduction of long-term worklessness and the 'skills gap' should be explicit targets in Birmingham's Community Strategy Vision 2026. We call on the Local Enterprise Partnership (LEP) Board to ensure the reduction of long-term worklessness and the "skills gap" are priorities for the Partnership.	Leader	July 2011
R02	The Leader should work with our Local Enterprise Partnership Board to urgently expedite the development of a strategy for skills. It should include mechanisms to articulate business demand for skills in the area and communicate these clearly and regularly to providers.	Leader	October 2011
R03	The Leader should work with our Local Enterprise Partnership partners to ensure that colleges have a clear voice on the Local Enterprise Partnership, particularly with regards to skills.	Leader	September 2011
R04	The City Council should take a lead role in providing information on business demand for skills in the city and in co-ordinating provision, in particular for those out of work and school leavers.	Leader; Cabinet Member for Transport, Environment and Regeneration and Cabinet Member for Children, Young People and Families	September 2011
R05	The Cabinet Member for Transport, Environment and Regeneration should work with the Skills Funding Agency to address the drop in resources available for skills provision in Birmingham, following the ending of Working Neighbourhood Fund.	Cabinet Member for Transport, Environment and Regeneration	September 2011
R06	The Cabinet Member for Transport, Environment and Regeneration sets up a single point of contact within the City Council for businesses, to signpost businesses to the relevant organisation/part of the City Council. This point of contact should have sufficient knowledge to be able to deal with a wide range of queries, and the ability to refer to senior officers where appropriate.	Cabinet Member for Transport, Environment and Regeneration	September 2011
R07	The Cabinet Member for Transport, Environment and Regeneration explores the need for, and appropriate level of support for, a National Centre for Excellence, in particular to support manufacturing in the region.	Cabinet Member for Transport, Environment and Regeneration	April 2012



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	Recommendation	Responsibility	Completion Date
R08	The Cabinet Member for Transport, Environment and Regeneration expedites increased publicity of Finance Birmingham, and that a variety of avenues are pursued (e.g. contacting accountants in the city).	Cabinet Member for Transport, Environment and Regeneration	September 2011
R09	The Cabinet Member for Transport, Environment and Regeneration should review the outcomes of Business Insight alongside regeneration work to ensure the most efficient means of obtaining effective outcomes.	Cabinet Member for Transport, Environment and Regeneration	December 2011
R10	The Cabinet Member for Transport, Environment and Regeneration should ensure that the Core Strategy contains proposals to facilitate the creation of enough jobs to meet the demands of the growing working age population.	Cabinet Member for Transport, Environment and Regeneration	July 2011
R11	The Cabinet Member for Transport, Environment and Regeneration should work with colleagues on the Integrated Transport Authority to emphasise the importance of public transport links between employment areas and residential areas.	Cabinet Member for Transport, Environment and Regeneration	September 2011
R12	The Cabinet Member for Transport, Environment and Regeneration ensures that the need for aspirational housing is reflected in the Core Strategy.	Cabinet Member for Transport, Environment and Regeneration	September 2011
R13	The Cabinet Member for Transport, Environment and Regeneration should work with Marketing Birmingham to make available information about living and working in Birmingham for businesses and organisations to use in their own promotional/recruitment campaigns.	Cabinet Member for Transport, Environment and Regeneration	December 2011
R14	The Leader should expedite the: a) development and; b) implementation of a city economic strategy.	Leader	a) December 2011 and b) April 2012
R15	The Leader and the Cabinet Member for Transport, Environment and Regeneration investigate setting up a mechanism by which periodic discussions between senior officers / Members (as appropriate) and heads of major businesses in Birmingham can take place. The purpose of these discussions would be to facilitate the sharing of information and to explore pro-actively opportunities to expand local employment.	Leader Cabinet Member for Transport, Environment and Regeneration	September 2011
R16	Progress towards achievement of these recommendations should be reported to the Transport, Environment and Regeneration Overview and Scrutiny Committee in November 2011. Subsequent progress reports will be scheduled by the Committee thereafter, until all recommendations are implemented.	Cabinet Member for Transport, Environment and Regeneration	November 2011



1 Introduction

1.1 Purpose of the Review

1.1.1 In June 2010, the then Transportation and Regeneration Overview & Scrutiny (O&S) Committee (now the Transport, Environment and Regeneration O&S Committee) agreed to undertake a Scrutiny Review of Supporting the Recovery. The key aim was to investigate:

How can the City Council encourage private investment in the city to increase employment?

1.1.2 This was undertaken as part of the Committee's role in supporting the Cabinet Member for Transport, Environment and Regeneration in meeting the key City Council priority to "succeed economically". In addition however, the concentrations of long-term worklessness in Birmingham have long been a concern for this Committee (in its previous incarnation as the Regeneration O&S Committee⁴). We were therefore also keen to see how economic success is shared by residents across the city through increased employment opportunities.

1.2 Terms of Reference

1.2.1 The terms of reference set out two key lines of enquiry:

- How can the City Council ensure that Birmingham is an easy place to do business? There were two parts to this:
 - Exploring what businesses believe are ideal conditions in which to start and expand a business and how the City Council can facilitate these conditions;
 - Understanding what businesses want from the City Council in terms of services.
- How can the City Council ensure that inward investment in the city is linked to increasing employment levels in Birmingham?

1.2.2 Much of the work was conducted by a Review Group of six Councillors, led by Cllr Jerry Evans (with Cllrs Robert Alden, Ian Cruise, Nigel Dawkins, Gwyneth Neilly and Shafique Shah). This group met with representatives from a range of businesses in the city, as well as relevant council officers and partner organisations including the Birmingham Chamber Group and the Skills Funding Agency. In addition, the full Committee held sessions on related issues such as the draft emerging Core Strategy, the Local Transport Plan and tackling worklessness in the city.

⁴ For example, see the Scrutiny Review of the Effectiveness of Employment Strategies, 07 April 2009



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1.2.3 The Committee also drew on evidence presented to the Co-ordinating O&S Committee, which had been tracking the progress against the implementation of recommendations made in the Scrutiny Review of the Growth Agenda (2009).

1.2.4 A full list of witnesses is set out in Appendix A. We are grateful for their time and input.

1.3 The Report

1.3.1 The report starts by setting some of the national policy context following the change of Government in 2010 (Chapter 2). Birmingham's economic context is considered in Chapter 3.

1.3.2 We then set out our findings from our discussions with representatives of businesses in Birmingham. The first issue was having access to a skilled labour market (Chapter 4); then a range of issues including business support, infrastructure and "quality of life" issues are considered (Chapter 5). Chapter 6 outlines specific issues in relation to the role of the City Council.

1.3.3 Our conclusions and recommendations are set out in Chapter 7.



2 Background: Policy Context

2.1 Introduction

2.1.1 Since the Coalition Government came to power in May 2010, the policy context for economic growth has changed rapidly. This chapter summarises the new policy agenda.

2.2 Local Growth: Realising Every Place's Potential

2.2.1 The white paper *Local Growth: Realising Every Place's Potential*⁵ sets out the Government's strategy of rebalancing the economy: rebalancing local economies to private rather than public sector-led growth; rebalancing away from a focus on particular sectors, and rebalancing economic growth across the whole country. The white paper states that:

The Government's overarching economic policy will be judged on whether it delivers strong, sustainable and balanced growth of income and employment over the long-term.

2.2.2 The main announcements in the paper were:

- The approval of 24 Local Enterprise Partnerships (LEP);
- The launch of the Regional Growth Fund (RGF).

2.2.3 Reforms of the banking, planning and skills system were also announced.

Local Enterprise Partnerships (LEPs)

2.2.4 The abolition of Regional Development Agencies (RDAs) was announced in June 2010 with RDAs expecting to cease activity by March 2012. In their place, LEPs were introduced to support enterprise and business in their areas, and promote a more entrepreneurial culture. They aim to:

provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area.

2.2.5 The Greater Birmingham and Solihull LEP will contain one of the 21 Enterprise Zones across England. Enterprise Zones will benefit from tax breaks for businesses, simplified planning rules and the roll out of super-fast broadband. At the time of writing this report, the Greater Birmingham and Solihull LEP Board were drawing up a business case for the city centre to become the Enterprise Zone. The LEP also proposes creating an "enterprise belt" to cover a large part of the LEP's remaining area.

⁵ Published 28th October 2010



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The Greater Birmingham and Solihull Local Enterprise Partnership

The Birmingham and Solihull with East Staffordshire, Lichfield and Tamworth's LEP was in the first phase of the 24 LEPs agreed. Since then, Bromsgrove, Cannock Chase, Redditch and Wyre Forest have joined and it was agreed that the LEP would be known as the Greater Birmingham and Solihull Local Enterprise Partnership. The LEP submission to Government set out the vision:

Our vision is to create and support a globally competitive knowledge economy, the natural home for Europe's entrepreneurs and wealth creators. Reflecting our tradition for attracting innovators, risk takers, entrepreneurs and mavericks, within ten years the economic area will be renowned for being the easiest place in Europe in which to set up and run a business.⁶

Key aims are to:

- Increase economic output in the area by 30% (£8.25 billion) by 2020;
- Create 100,000 private sector jobs by 2020;
- Stimulate growth in the business stock, survival rates and business profitability;
- Boost indigenous and inward investment;
- Achieve global leadership in key sectors, including: automotive assembly; low carbon research and development, transport and building technologies; business, professional and financial services; clinical trials; information technology; creative and digital sectors;
- Build a world class workforce with the skills needed to achieve our ambitions whilst dramatically reducing worklessness.

The LEP will be a formal, legal entity chaired by a business leader. It has taken a "shadow board" route, focusing on setting solid foundations for governance. The full board is expected to be in place by June 2011. The Board will use the submission document as a starting point to create the economic strategy and will be the primary decision-making body for the area in relation to economic development and will bring together business and council leaders in an equal partnership.

The Board will meet in public and will be transparent, committed to open data and digital engagement. Arrangements for scrutiny by both business and local authorities will be developed. There are no resources to support the administration of the LEP, which is currently relying on local authorities and local businesses providing pro bono work.

In terms of funding activity, the emphasis is placed upon the leveraging of private sector funds, as well as exploring options such as Tax Increment Funding (TIF) and Accelerated Development Zones (ADZ).

⁶ Creating a Globally Competitive Knowledge Economy, The Local Enterprise Partnership (LEP) for Birmingham & Solihull with East Staffordshire, Lichfield & Tamworth (now the Greater Birmingham and Solihull LEP); Initial Submission to the Government; 6 September 2010



The Regional Growth Fund (RGF)

2.2.6 The objectives of the £1.4 billion Regional Growth Fund are to:

- Stimulate enterprise by providing support for projects and programmes with significant potential for economic growth and create additional sustainable private sector employment;
- Support in particular those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector-led growth and prosperity.

2.2.7 Bids are invited from the private sector (including social enterprises) and also from public-private partnerships. However, it should be noted that although LEPs can bid for the RGF they will not receive preferential treatment and public sector only bodies are not eligible to bid.

2.2.8 Leverage of private sector funds against the RGF will be a key criterion for successful bids and Government are exploring ways the RGF can be used to complement the Business Growth Fund⁷ as the position on bank equity develops. The Government are also encouraging alignment of the RGF with European Regional Development Funding (ERDF), where the aims of bids are eligible for support from both Funds.

2.2.9 The first round of bidding for the Regional Growth Fund was launched with the white paper. The Fund will run over three years, have no internal ring-fences and provide programme as well as project funding. The minimum threshold for bids was set at £1 million.

2.2.10 The successful bids were announced on the 12th April 2011. In the West Midlands five projects received conditional allocations, with the aim of creating 6,193 direct and 34,669 indirect jobs:

- Alstom Grid UK;
- Birmingham Chamber of Commerce;
- Bosch Thermotechnology Ltd;
- Jaguar Land Rover;
- Prince's Regeneration Trust.

2.2.11 The RGF second round of bidding was opened on the 12th April 2011 and will close in July 2011.

2.3 Trade and Investment for Growth

2.3.1 In February 2011, the Government published its strategy for "securing the benefits of greater openness for our economy, for British business, for the global economy and especially for the world's poorest people". The Trade and Investment White Paper outlines the role of trade and investment in regaining and rebalancing UK growth.

⁷ The Business Growth Fund will be £2.5 billion, built over a number of years, to provide capital for UK firms that have an annual turnover of between £10m and £100m which want to invest and grow.



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- 2.3.2 The paper sets out actions to ensure a domestic environment that encourages inward investment and supports private sector growth; provides support to British exporting firms; and works with the EU and other international partners to break down tariff and non-tariff global barriers to trade.

Government Assistance to Industry

- 2.3.3 During our Scrutiny Review, the Business, Innovation and Skills Committee undertook an initial assessment of the Department for Business, Innovation and Skills' support for industry. Their conclusions and recommendations are contained within their report *Government Assistance to Industry* published on the 18th February 2011.
- 2.3.4 The Committee concluded that the Government has proposed a number of interventions which have the potential to help promote economic growth, but they do not add up to a comprehensive growth strategy.
- 2.3.5 The central theme of the report is that finance remains the critical issue to address, whether by direct intervention or by creating the right environment for investors; and the crucial issue of rates of lending by banks remains unresolved.

2.4 Skills for Sustainable Growth

- 2.4.1 The Government's strategy for Skills, *Skills for Sustainable Growth*, and its parallel publication, *Investing in Skills for Sustainable Growth* published in November 2010 sets out the government's vision for reform of the further education and skills system. This includes:
- Ensuring that funding for adult education is refocused on those who need it most i.e. by supporting adults who lack the basic skills they need to access employment and support the unemployed who are actively seeking work;
 - Improving the quality of information available about skills and make it easier to access through the new all-age career service;
 - Offering every individual adult undertaking learning a Lifelong Learning Account;
 - Employers working alongside Government and a re-modelled UK Commission for Employment and Skills to identify and increase investment in the skills they need;
 - Introducing from 2013/14 new Further Education loans to assist people access the funds they need to gain intermediate and higher level skills;
 - Increasing competition between training providers to encourage greater diversity of provision, including for instance FE colleges offering more Higher Education courses;
 - Freeing providers from excessively bureaucratic control and centrally determined targets and radically simplifying the formulae which determine funding for adult education.
- 2.4.2 The paper also sets out the shared responsibility of Government, employers and individuals. The focus is to prioritise public funding support for learners with very low levels of skills or the



disadvantaged, and there will be an expectation that learners and employers will co-invest alongside Government in meeting the costs of intermediate and higher level training courses from which they will derive private benefits – learners and employers will “take greater roles in the system.”

2.4.3 The system is being reformed to ensure it is “not hampered by over-complicated bureaucracy and regulation.”

Providers will be able to supply the type and volume of training that is needed in their local area, with increasing flexibility to respond to local needs and the demands for quality of learners and employers. In this way we will build a responsive, dynamic system.

Growth and Innovation Fund (GIF)

2.4.4 To support new initiatives to increase the contribution skills make to enterprise, jobs and growth the Government has set-up the Growth and Innovation Fund (GIF). This fund will be delivered in partnership by the UK Commission for Employment and Skills (UKCES) and the Skills Funding Agency (SFA) and aims to deliver:

- Targeted solutions: to drive and enable business growth and promote high performance workplaces by directly addressing a clearly evidenced skills issue;
- Innovation: to develop new solutions for the strategic skills issues facing the economy both now and in the future, where current approaches are not successfully meeting skills needs;
- Partnership: between Government and employers to implement change effectively and quickly to ensure that the benefits of the Growth and Innovation Fund are rapidly available to all;
- Co-investment and sustainability: Government and employer investment to trial and pilot new initiatives, with employers leading and sustaining this investment over the long-term. This will ensure that the solutions agreed deliver both short term aims and long term scale and impact.

2.4.5 Proposals are invited from employer organisations such as Sector Skills Councils, professional bodies and trade associations. The prospectus outlines three types of projects where GIF funding and employer investment can be brought together:

- ‘Best Market Solutions’ which will invest in the best innovative ideas to drive enterprise and remove skills barriers to growth, including through the introduction of new voluntary professional standards and voluntary training levies;
- National Skills Academies: expanding the network of National Skills Academies, which already exist in 16 sectors such as Environmental Technology, Railway Engineering and Retail;
- Joint Investment Programme: bringing together employer and public investment in training projects which improve business productivity and growth, or address skills gaps and shortages.



2.5 Welfare Reform

- 2.5.1 The Government's plans for welfare reform were set out in the *21st Century Welfare Reform* consultation paper (July – October 2010).
- 2.5.2 Following that consultation, all existing welfare to work programmes are to be replaced by a single welfare to work programme (the Work Programme). Contracts with welfare to work service providers will be re-aligned to reflect more closely the results they achieve in getting people back into work. The funding mechanism reflects the fact that initial investment delivers later savings through lower benefit expenditure. Providers will be expected to absorb the risk attached to what essentially amounts to borrowing in order to fund up-front investment in back-to-work services in anticipation of returns through the savings they make in the nation's benefits bill.
- 2.5.3 In April 2011 DWP announced the preferred bidders for the large scale programmes of activity for Birmingham, Solihull and the Black Country. Discussions with the City Council and these preferred bidders are ongoing and it is hoped that some of the good practice and local engagement activities delivered through the Working Neighbourhood Fund (WNF) contracts will be mirrored in the Work Programme contracts (this is discussed in more detail in Chapter 4).

2.6 The Localism Bill

- 2.6.1 The Localism Bill was introduced into Parliament on 13th December 2010. The Government states the Bill will shift power from central government back into the hands of individuals, communities and councils and includes measures to strengthen local democracy by devolving significant new powers to councils and establishing powerful new rights for local people and communities.
- 2.6.2 Sections relevant to this Review include:
- **General Power of Competence:** this will provide local authorities with the same powers that an individual has as long as they are not breaking any other laws, for example they will not be able to impose new taxes as there are other laws which prevent this. This measure might give councils more flexibility to run services and work with others to make savings and efficiencies.
 - **Planning:** Including the abolition of regional strategies; neighbourhood planning; community right to build orders; requirement to consult communities before submitting very large planning applications; strengthening enforcement rules; reforming the community infrastructure levy and reforming the way local plans are made.
 - **Housing:** Part 6 of the Bill deals with housing. Proposed reforms in the Bill are intended to result in more decisions about housing being taken locally. The proposals affect social housing allocation, homelessness, social housing tenure and council housing finance.



3 Background: Economic Context

3.1 Introduction

- 3.1.1 In this chapter, we consider a number of measures that can be used to understand Birmingham's economic performance, and therefore where efforts to support the recovery should focus.
- 3.1.2 We examine Birmingham's performance in relation to Gross Value Added (GVA), the main measure by which economic performance across regions and cities are compared, alongside other measures related to encouraging private investment. We then go on to consider employment, unemployment and average earnings to see how economic success is shared by residents across the city.

3.2 Economic Growth

- 3.2.1 Analysis of Gross Value Added (GVA)⁸ and Gross Domestic Product (GDP)⁹ shows that whilst the West Midlands has traditionally been a relatively poor performer, Birmingham itself has a GVA close to the national average.
- 3.2.2 In 2009, the West Midlands share of national GVA stood at 7.4%. Figures provided by Advantage West Midlands show that GDP/GVA per head in the West Midlands region has been declining in relation to the national average over the last 30 years (see Appendix B.1, Figures B.1 & B.3).
- 3.2.3 The latest figures for Birmingham show a total GVA of £20,182 million in 2008; and a GVA per head of £19,802. Comparing these figures with other West Midlands authorities does confirm Birmingham's stronger performance than most other parts of the region (see Appendix B.1, Figure B.2).
- 3.2.4 However, whilst Birmingham's GVA is relatively strong, data from Advantage West Midlands shows that Birmingham's rate of growth has not matched the national average, nor most other core cities (based on figures from 1996-2006) with a rate of growth higher than Nottingham only (see Appendix B.1; Figure B.4). This trend means that whilst Birmingham currently performs comparatively well in absolute numbers, the trajectory is downwards.

⁸ GVA is used to compare economic growth through productivity across cities or regions. It measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom and is defined by the Office for National Statistics (ONS) as the difference between output and intermediate consumption for any given sector/industry. In other words, it is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production. GVA doesn't include subsidies and taxes on the products and services produced, notably Value Added Tax (www.statistics.gov.uk)

⁹ GDP is a measure of the value of the total production in a country and is calculated by adding together total consumer spending, total government spending, total business spending, and the value of net exports. (<http://financial-dictionary.thefreedictionary.com/GDP>)



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3.2.5 Birmingham's economic future now lies with the Greater Birmingham and Solihull Local Enterprise Partnership (LEP). The most recent GVA figures broken down by local authority (2008) show that GVA for the LEP area stood at £35.5bn in total. Per head, GVA for the LEP area is £19,000, close to the UK average of £21,100. Birmingham's GVA accounts for around 57% of the total GVA of the LEP area. However, whilst it's GVA per head is higher than the LEP average, at £19,802 it is not the strongest performer – East Staffordshire's GVA per head is £20,837; Solihull's £23,221 (see Appendix B.1; Figure B.2).

Reasons for Differences in GVA

3.2.6 Reasons for these differences in local and regional GVA were discussed at the evidence gathering sessions. The main reason proffered for the region's weakness in GVA was insufficient high growth industries¹⁰ in comparison to other cities.

3.2.7 In particular, the role of manufacturing was discussed, and the argument was made by witnesses that mature industries are less likely to produce high growth as these industries have improved productivity over many years and there is little room left for further efficiencies.

3.2.8 Looking at GVA of the region by industry showed that the growth has come from sectors such as business services, public administration and distribution, and hotels and restaurants whilst manufacturing's contribution to GVA has stayed largely static (see Appendix B, Figure B.5). Further data showed that older industries are concentrated in the Black Country, rather than Birmingham, which helps explain Birmingham's better performance relative to other areas of the West Midlands.

3.2.9 However, this does not explain Birmingham's poor performance relative to other core cities. The city's industrial structure largely reflects that of the UK with some employment in low technology industries, but also a substantial employment in medium and high technology industries (see Appendix B, Figure B.6). Data supplied by Advantage West Midlands shows that the export value of goods made in the West Midlands came largely from those sectors not characterised as "high GVA" and that Birmingham achieved relatively few jobs in comparison to other areas in the region as a result of foreign investment (see Appendix B.2, Figures B.7).

3.3 Employment

3.3.1 Birmingham's employment rate stands at 60.7%, the lowest rate within the LEP area (see Appendix B, Figure B.8). The structure of employment in the LEP area mirrors the national structure, and is focused on public services, retail and wholesale and manufacturing (see Appendix B, Figure B.9). Data presented to the Review Group showed that the biggest increases in employment in Birmingham were in the public sector, with increases in business services and hotels and restaurants. Manufacturing employment has decreased substantially (see Appendix B, Figure B.10).

¹⁰ High growth firms are defined by the OECD as a firm with an average employment growth rate exceeding 20% per annum over a 3 year period and with 10 or more employees at the start of the period.



- 3.3.2 Two particular areas of concern were raised at our evidence gathering session. Firstly, the high proportion of public sector jobs (and therefore the potential impact of public spending cuts); and secondly the relatively poor performance of the private sector in generating employment.
- 3.3.3 We heard that 35.8% of jobs in Birmingham were located within the public administration, education and health sectors in 2008. This was above the national average (31.5%), but considerably below some of Birmingham's comparator core cities such as Newcastle upon Tyne (43.6%) and Liverpool (43.3%) (Appendix B, Figure B.11). In contrast, 27.1% of employment in London is based in these sectors.
- 3.3.4 Furthermore, analysis of private sector employment across the country, set out in the Centre for Cities paper "Private Sector Cities: A new geography of opportunity",¹¹ showed that the Birmingham Primary Urban Area¹² lost private sector jobs between 1998-2008. The net additional private sector jobs generated was minus 61,400, down 7.7% (Appendix B, Figures B.13). For Birmingham alone, the loss was 21,900 over the same period.¹³
- 3.3.5 Comparing similar figures with other core cities shows Birmingham to be only one of two (the other being Nottingham) to lose private sector jobs over the same period. Within the West Midlands region however, Sandwell, Walsall, Wolverhampton, Stoke-on-Trent and Stafford each had private sector job losses of over 10%. (Appendix B, Figures B.13, 14 & 15)
- 3.3.6 The jobs gap in the Birmingham Primary Urban Area (i.e. the number of jobs that would be required for the employment rate to equal the national average) was calculated by the Centre for Cities to be 4.09 average claimants per vacancy between May 2006 and May 2008. This means an additional 124,100 jobs would be needed in the Birmingham Primary Urban Area for the employment rate to equal the national average. Further research undertaken at Sheffield Hallam University produces a similar figure: to raise residents' employment rate in the West Midlands conurbation to the national average means an additional 135,000 jobs are needed; to raise to the level in best 142 districts: 210,000.¹⁴
- 3.3.7 Data relating to both knowledge intensive industries, both generally and specifically in relation to business services, show Birmingham comparing well on absolute figures or proportion employed, but when rates of growth over the ten years prior to the recession are considered these are generally lower than other core cities or national average (see Appendix B, Figures B.16, 17 & 18).
- 3.3.8 Forecasts for the next decade suggest employment in Birmingham will contract.¹⁵ Factors include vulnerability to public sector cuts and private sector job losses as result of deficit reduction. At the same time, the numbers of people seeking employment is likely to increase due to:

¹¹ Centre for Cities, June 2010

¹² Birmingham, Dudley, Sandwell, Solihull, Walsall and Wolverhampton – Birmingham's Primary Urban Area

¹³ Additional evidence supplied by Centre for Cities, February 2011

¹⁴ Prof Steve Fothergill, CRESR, Sheffield Hallam University Presentation at "How can we best delivery regional economic growth in a period of deficit reduction?", Centre for Public Policy, September 2010

¹⁵ Evidence submitted to the Review Group by AWM, September 2010



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- An increase in the working age population stemming from the young age profile of the city – estimates suggest that there will be a 34,200 or 5.3% increase in Birmingham's working age population, from 649,300 (2010) to 683,500 (2020);¹⁶
- Changes to benefits resulting in claimants being moved to Job Seekers Allowance (JSA) (including Work Capability Assessments being carried out on Incapacity Benefit (IB) / Employment Support Allowance (ESA) claimants and lone parents being moved to JSA earlier).

3.3.9 This will add to a situation of structural, long term unemployment and worklessness in some areas.

3.4 Average Earnings

3.4.1 Appendix B.4 sets out the median weekly earnings for Birmingham in 2010 alongside other Core Cities, Greater Birmingham and Solihull LEP authorities and West Midlands Region authorities. Two sets of data are shown for each group of authorities: one for those who live in the area (resident based) and another for those who work there (workplace based). The datasets give a different picture of Birmingham's relative performance to other authorities, with the city's workplace earnings ranking higher than its residents' earnings.

3.4.2 Birmingham's average weekly earnings for residents was £465.80, which means it ranks fifth amongst Core Cities. Average earnings for those working in Birmingham are higher at £500.20, and Birmingham ranks second amongst Core Cities on this measure (Appendix B, Figure B.20).

3.4.3 Residents' earnings in Birmingham are relatively low within the LEP area (only Wyre Forest has a lower average wage) but again relatively high when workplace earnings are considered (only Solihull has a higher weekly earnings figure for workplace earnings) (Appendix B, Figure B.21).

3.4.4 In the West Midlands region, Birmingham resident earnings are ranked twentieth out of thirty districts and unitaries, whilst workplace earnings are ranked fifth. (Appendix B, Figure B.22).

3.5 Unemployment and Worklessness

3.5.1 Unemployment¹⁷ in Birmingham stands at 11.7%, in comparison to 6.6% across the West Midlands and 5.3% in the UK. This represents a slight fall from the high of 12.9% in early 2010.

3.5.2 Research undertaken for the LEP identified three major unemployment concentrations within the LEP area, and all fall wholly or partly within Birmingham:

- Central Birmingham;
- East Birmingham / North Solihull;
- South Birmingham.

¹⁶ Written evidence from Economic Strategy, Birmingham City Council, March 2011

¹⁷ Unadjusted claimant rate for those claiming Job Seekers Allowance as a proportion of the economically active working age population, April 2011



3.5.3 Worklessness¹⁸ in Birmingham is at 18.2%, in comparison to 13.5% across the West Midlands and 12.2% in Great Britain as at November 2010.¹⁹

3.5.4 Worklessness figures across all wards in Birmingham over the past four years (Appendix B, Figure B.24) re-emphasise the point made in the Scrutiny Review of the Effectiveness of Employment Strategies²⁰ that there is persistent high unemployment concentrated in parts of our city, even during the pre-recession period of sustained economic growth.

3.6 Skills

3.6.1 A further reason cited for Birmingham not doing as well in increasing GVA as other core cities was relatively a poor skills base. Comparisons with Core Cities shows that Birmingham has the highest proportion of population with no qualifications. Only Tamworth has a higher proportion of the population without any qualifications in the LEP area, and only Wolverhampton within the West Midlands (Appendix B, Figures B.25, 26 & 27).

3.6.2 Evidence from the Planning and Regeneration team showed that the picture is similar at higher skills levels. Only 39% of Birmingham's working age population were qualified to NVQ3 or above, compared to 42% in the West Midlands and 47% nationally.

3.6.3 It was also noted that there were large differences between qualification levels of people from different ethnic groups and in different parts of the city:

Some wards have nearly 50% of the population with no qualifications (*Census 2001*), whereas others have rates of around 15%. Over 50% of working age people of Pakistani and Bangladeshi heritage had no qualifications compared to 27% for the White British population.²¹

3.6.4 This does link to the city's ability to recover. Appendix B.5, Figure B.28 shows the correlation between urban authorities with the higher proportions of highly skilled residents and the smaller increases in unemployment during the recession. Data from the 2001 Census shows that the working age population (aged 16-64) with no qualifications without work was significantly higher than that of those in work (Appendix B, Figure B.30a):

- 30% of people aged 16-64 in work had no qualifications, compared to 63% of those not in work;
- 47% of people aged 16-64 in work had lower level qualifications, compared to 28% of those not in work.
- 24% of people aged 16-64 in work had higher level qualifications, compared to 8% of those not in work.

¹⁸ i.e. All those of working age who are not employed and claiming a benefit

¹⁹ www.nomisweb.co.uk

²⁰ Birmingham City Council, April 2009

²¹ Evidence from Planning and Regeneration – Employment, January 2011



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3.6.5 However, current examination results are showing year on year improvements with educational attainment at GCSE level above the national average for four years running. In 2010, 54.8% of candidates achieved 5 or more A*-C including English and maths. All primary and secondary schools in Birmingham achieved above the national challenge target and in doing so eliminated the gap between Birmingham and national results. Birmingham is also equal first among the core cities (average 49%) and statistical neighbour authorities (average 50%).²²

3.7 Summary

3.7.1 Birmingham's economic performance as measured by GDP/GVA is strong within the region and the new LEP area. We found that whilst the West Midlands region (within which Birmingham has traditionally been included) has been a poor performer in recent decades, Birmingham itself has a total GVA and a GVA per head close to the national average. The evidence showed that Birmingham has adapted better to the industrial changes of the last 30 years than most of our West Midlands counterparts. The city is less reliant on manufacturing and has seen increases in employment in business services as well as growth in some visitor economy sectors.

3.7.2 However, even before the recession there were some economic indicators causing concern: notably the decline in private sector employment and the relatively slow growth of GVA in relation to other Core Cities. The earnings figures also suggest that Birmingham residents are not able to take full advantage of the job opportunities in the city, as those working in the city earn, on average, higher wages than those who live in the city.

3.7.3 Birmingham is the authority area with the largest total GVA within the new Greater Birmingham and Solihull LEP, accounting for around 57% of the total GVA and therefore critical to the LEP's success. Furthermore, as we noted in Chapter 2, the Government is emphasising the need to "re-balance the economy" – so it could be argued that Birmingham needs to play a bigger role. The Greater Birmingham and Solihull LEP certainly has ambitions in this regard, as it aims to "represent one of the greatest economic engines of UK plc, so its success is not simply important to the people and businesses of the area but to the country's economic prosperity".

3.7.4 The data we have reviewed points to three key areas that have an impact on our ability to counter the declining trend of GVA performance:

- Lack of skills in the city is a major weakness, particularly amongst the long-term workless;
- The persistent and multi-generational worklessness in some parts of the city is still a major feature of our economic landscape;
- The decline in private sector employment in the city, in particular in growth industries capable of generating more employment.

3.7.5 The next chapters look in more detail at our skills base and conditions for private sector growth.

²² Written evidence from Children, Young People and Families Directorate, May 2011



4 Findings: Skills

4.1 Introduction

4.1.1 Our finding that skills are a major weakness in Birmingham echoed concerns raised by our witnesses, who all cited access to an appropriately skilled labour market as a key issue.

4.1.2 We spoke to five representatives of businesses located in Birmingham and received written evidence from two others. Their views are set out below. We then go on to consider the mechanisms for identifying and articulating business needs for skills and how this is met in the city.

4.2 Issues Raised by Witnesses

4.2.1 The issues raised by witnesses in relation to skills broadly fell into two categories:

- A lack of appropriate skills in the city, with particular gaps regarding some technical skills;
- The need for an organisation to take responsibility for articulating business demand for and co-ordinating skills activity within the city.

4.2.2 Addressing these would enable the city to demonstrate it has the ability to meet the current and future skills needs of inward investors.

Skills Base

4.2.3 We have already set out the data relating to Birmingham's skills base in Chapter 3. Our witnesses' experience reflected these findings, stating that they sometimes had difficulty meeting their organisation's skills needs. The specific skills / job types cited included programmers and actuaries, as well as more general workplace skills.

4.2.4 However, we should note that this is not unique to Birmingham. As the Department for Business, Innovation and Skills notes of the UK as a whole:

Our working age population is less skilled than that of France, Germany and the US and this contributes to the UK being at least 15% less productive than those countries. We are currently weak in the vital intermediate technical skills that are increasingly important as jobs become more highly skilled and technological change accelerates.²³

²³ ONS: International Comparisons of Productivity, October 2010, as cited in Skills for Sustainable Growth, Department for Business, Innovation and Skills, 2010



Business Demand and Co-ordination of Activity

- 4.2.5 Although business representatives recognised problems in their own area, they did not always know to whom to go to discuss their needs.
- 4.2.6 Some business representatives had approached universities and colleges directly. Others had previously worked with Advantage West Midlands (AWM). However, witnesses expressed concern that there appeared to be a lack of understanding of the skills needs of businesses in the city, with no organisation taking responsibility for articulating and co-ordinating skills activity to meet business needs.
- 4.2.7 It was also stressed that the current skills needs may not be the same in five years time and therefore there needed to be links to business growth plans.
- 4.2.8 This was felt to be important in terms of the Birmingham's advantage, because most cities are comparable in terms of good infrastructure, however it was felt that the city needed to demonstrate that it could increase skills to meet inward investors' current and future needs. Information on this did not appear to be readily available for companies to access.

4.3 Defining Skills Need Nationally

- 4.3.1 Nationally there are a number of organisations responsible or involved in defining skills needs. The three key organisations nationally are:
- UK Commission for Employment and Skills (UKCES);
 - Sector Skills Council (SSC);
 - Skills Funding Agency (SFA).

UK Commission for Employment and Skills (UKCES)

- 4.3.2 Primarily UKCES is responsible for skills forecasting. It receives information from Sector Skills Councils (which UKCES fund and performance manage) and other key partners on skills gaps; mismatches between supply and demand; and their implications for future job opportunities, particularly in strategically important markets.
- 4.3.3 The Government intends to reform UKCES to:
- ... provide inspirational leadership to employers on how to get the best from their workforces.²⁴
- 4.3.4 The intention is for UKCES to work with leading employers, SSCs, trade unions and other representatives of workers to develop a pledge setting out commitments to work together to create high performance workplaces. The new pledge will include a number of core commitments

²⁴ Skills for Sustainable Growth Strategy Document Executive Summary pg 14



together with specific commitments decided by each sector, such as engagement with employees, investing in skills especially for those with the lowest levels at present and increasing the number of apprenticeships. Employers in each sector will be encouraged to agree workplace commitments in support of the sector pledge.

Sector Skills Councils (SSCs)

- 4.3.5 Sector Skills Councils (SSCs) are independent, employer led, UK wide organisations designed to build a skills system that is driven by employer demand. There are currently 25 SSCs in total, licensed by the Government through UKCES. The SSCs cover over 90% of the UK workforce representing the skills and training interests of small to large businesses.²⁵
- 4.3.6 It is expected that nationally the Sector Skills Councils will act for businesses in regularly updating national occupational standards. Qualification awarding bodies will be expected to take these standards into account as they update existing qualifications and introduce new ones in emerging sectors of the economy.
- 4.3.7 One of the larger businesses we spoke to confirmed they had worked with the Sector Skills Council responsible for their industry.

Skills Funding Agency (SFA)

- 4.3.8 The Department for Business, Innovation and Skills (BIS) issues an annual budget and a set of targets through the Skills Investment Strategy, which is administered by the SFA.
- 4.3.9 The SFA is responsible for funding and regulating adult further education and skills training in England. They invest £4bn a year in colleges and training organisations, who are allocated funding based on their track record and against priorities. The colleges and training organisations then have discretion over expenditure to meet the needs of local businesses and communities.
- 4.3.10 The SFA work with the Department for Work and Pensions (DWP) and Jobcentre Plus (JCP) to develop and deliver an employment and skills service to individuals and employers, increasing people's chances of gaining and sustaining employment through continued skills development both before and after recruitment; and with the Department for Education, via the Young People's Learning Agency (YPLA).²⁶
- 4.3.11 Importantly, the SFA is not a planning body as the Learning and Skills Council (LSC) was, so it does not fund training provision based on strategic planning numbers. Rather it funds training provision by contracting through competitive processes to a wide range of training organisations based on employer and learner demand.

²⁵ www.bis.gov.uk/policies/further-education-skills/sector-skills-councils

²⁶ The YPLA was launched in April 2010 with the mission of championing education and training for young people by providing financial support to young learners, funding academies for all their provision and by supporting local authorities to commission suitable education and training opportunities for all 16-19 year olds.



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4.3.12 The SFA budgets are also not ring fenced to particular geographical areas,²⁷ rather funding is channelled through approved colleges and training providers with the funding being demand-led, with the demand coming from employers or learners.

4.4 Defining Skills Need Locally

4.4.1 There are a number of organisations who are / will be responsible for defining skills needs locally:

- The Greater Birmingham and Solihull Local Economic Partnership (LEP);
- The Birmingham and Solihull Employment and Skills Board;
- Colleges and other Providers;
- The City Council.

Greater Birmingham and Solihull Local Enterprise Partnership (LEP)

4.4.2 Previously, the Regional Development Agencies (RDAs) led the development of the regional workforce skills strategies via the Statement of West Midlands Skills Investment Priorities. As RDAs are due to be abolished in 2012, their role in skills strategy setting and commissioning training provision will cease.²⁸ It is thought that LEPs will take on the role of skills strategy setting.

4.4.3 The Greater Birmingham and Solihull LEP submission commits to an environment where:

everyone has the opportunity to participate in and benefit from economic prosperity by tackling the underlying issues of long-term worklessness and a low skills base – critical to realise our economic aspirations.²⁹

4.4.4 It goes on to state:

we will drive up the skill levels of the adult population in order to meet existing and forecast skills shortages, for example engineering skills shortages. This will be achieved in partnership with the Employment and Skills Boards (through the Multi Area Agreement and other partnership arrangements) and by exploiting the asset base of our universities and colleges, whilst developing programmes specifically designed to reduce worklessness.

4.4.5 It is for the Greater Birmingham and Solihull LEP to decide whether businesses' skills needs would be a priority, however we believe that this should be a priority based on the evidence we have received. Therefore, prior to the publication of this report, we requested that the Leader of the City Council, who is a member of the Board, pursue this.

²⁷ The only funds specifically targeted at the West Midlands are the European Social Funds (ESF)

²⁸ Local Growth: Realising Every Place's Potential White Paper

²⁹ LEP submission - Pg 4



The Birmingham and Solihull Employment and Skills Board

- 4.4.6 The Birmingham and Solihull Employment and Skills Board, primarily employer based, was set up in 2007 to offer the employer a voice around the skills and employment agenda and as such is a voluntary group.
- 4.4.7 As previously noted, in the LEP submission the objectives in relation to skills are to be met by working with local Employment and Skills Boards, which will provide expert skills advice and expertise. How this will work will be agreed when the LEP Board is in place.

Colleges and other Providers

- 4.4.8 A major part of the Government reforms for improving skills is “freeing providers from excessively bureaucratic control and centrally determined targets and radically simplifying the formulae which determine funding for adult education”. The Minister for Further Education, Skills and Lifelong Learning stated:

We will ensure that colleges and training providers have the freedom they need to meet the demands of local businesses, and in turn we expect them to meet the needs of their communities, including people who are unemployed.³⁰

- 4.4.9 It therefore follows that a closer relationship between businesses and providers needs to be developed and we were pleased to hear from witnesses that some businesses were making links with colleges, including piloting a new apprenticeship scheme.
- 4.4.10 The SFA are simplifying performance management and payment arrangements for colleges. From now on, colleges will be expected to deliver their single budget allocation in line with their assessment of community, stakeholder and employer needs; Government ambitions; and funding guidance.³¹
- 4.4.11 Evidence from City College outlined how they do this:

The College Employer Engagement Strategy has a clear focus on both Government priorities and areas of skills shortages. The information included in the strategy is derived from ‘Regional Observatory data’ and ‘Local authority statements of skills priorities’. In addition, we consult regularly with key partners, and carry out Employer surveys in order that specific needs are being met. The College training offer can then be aligned to priority areas.

The City Council

- 4.4.12 The City Council currently undertakes a number of tasks in relation to identifying skills needs, at three levels: city-wide level, Constituency and Ward level, and specific development level.

³⁰ <http://nds.coi.gov.uk/content/Detail.aspx?NewsAreaID=2&ReleaseID=417597>

³¹ SFA Guidance Note 4: Chief Executive’s Funding Guidance 2010/11 June 2010



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- 4.4.13 A **Work and Skills Plan** position statement for the city was produced in April 2010 (as part of the former requirement for each Local Authority to prepare and publish a Local Economic Assessment). This set out:
- Existing work and skills priorities and principles;
 - Current business needs;
 - Future skills needs;
 - Tackling worklessness and economic exclusion;
 - Informal adult learning priorities.
- 4.4.14 At a more local level, seven **Neighbourhood Employment & Skills Plans** (NESP) and ten **Constituency Employment and Skills Plans** (CESP) were developed to identify local interventions to address worklessness. These focused on areas in the city with high concentrations of worklessness. They were used to determine the commissioning of projects, paid for by the Working Neighbourhoods Fund (which ended in March 2011).
- 4.4.15 The **Employment Access Team** (EAT) provide bespoke recruitment and retention services to new and existing employers, usually in relation to specific new developments such as a new supermarket. The team makes the connection between live jobs and the targeting of those opportunities through the employment support service provider agencies (public, private and third sector). This ensures job opportunities are available to local workless people, and supports employers in recruiting staff and maintaining a skilled workforce. The team is currently working closely on major developments such as Birmingham Gateway New Street Station project (with Network Rail), for the Highways Private Finance Initiative (PFI) Contract (with Amey plc), and the Birmingham Library.
- 4.4.16 The **Jobs and Skills Development using Public Procurement** (JASDUPP) project has provided additional resource to develop and embed the Birmingham City Council Procurement Policy Framework for Jobs and Skills and associated toolkit. By using targeted recruitment and training clauses and training charters, obligations are to be placed on developers, contractors and commissioned service providers to provide jobs, apprenticeships and training opportunities to priority groups.
- 4.4.17 To support this work, the Planning and Regeneration team's aim is to include within the Core Strategy, a policy statement on jobs and skills. This will provide the policy context for capturing jobs and skills, through the planning and development control process – i.e. maximising the council's leverage as a planning authority to achieve outcomes on jobs and skills. Separate guidance will be produced to support implementation.



4.5 Skills Providers

Schools

- 4.5.1 Witnesses highlighted the need to have common threads from basic education to higher education and tailoring degree courses to improve the city's skills base and meet businesses skills needs.
- 4.5.2 The importance of ensuring young people leave school with the necessary skills to progress into further / higher education / employment was addressed in the Children and Education O&S Committee's Scrutiny Overview of Functional Literacy and Numeracy.³² This was undertaken in response to the perception that some young people were leaving school without the necessary skills in English and Maths to engage successfully as citizens, progress in further learning, or secure good jobs within the city.
- 4.5.3 The Functional Literacy and Numeracy Scrutiny Overview concluded that the problem was "not that the vast of majority of young people cannot read or add up but they are unable to apply the concepts they have learned in a practical context such as the world of work; and they had not developed sufficient employment skills, such as team working, problem solving and flexibility".
- 4.5.4 Two ongoing actions resulting from this are for the Cabinet Member for Children, Young People and Families to:
- Encourage schools to explore new ways to develop and strengthen their links with businesses, voluntary and community organisation and the City Council and its partner organisations to improve communication skills via work based opportunities; and
 - Work with schools to identify where current year 10 pupils have held their work experience in 2010 to form a baseline and register of businesses for future placements, monitoring and improvement.
- 4.5.5 One of the priority actions in the City Council's Corporate Employment and Skills Action Plan is to ensure that there are closer linkages between the Children Young People and Families (CYPF) Commissioning Plan for 14-19 provision to real job and training opportunities, and to influence the volume and nature of the National Apprenticeship Service (NAS) based on the needs of the local economy and business skills requirements.³³
- 4.5.6 The Government-commissioned Review of Vocational Education³⁴ considered how vocational education for 14-19 year olds could be improved and thereby promote successful progression into the labour market and into higher level education and training routes. It found that:

The staple offer for between a quarter and a third of the post 16 cohort is a diet of low-level vocational qualifications, most of which have little to no labour

³² City Council meeting, September 2010; www.birmingham.gov.uk/scrutiny

³³ Written evidence from the Assistant Director for Employment

³⁴ Wolf Report Published March 2011



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market value. Among 16 to 19 year olds, the Review estimates that at least 350,000 get little to no benefit from the post 16 education system...Worse, the funding and accountability systems established by government create perverse incentives to steer 16+ students into inferior alternative qualifications.

- 4.5.7 The Wolf Report recommends that performance management indicators and systems should not give schools incentives to divert low-attaining pupils onto courses and qualifications which are not recognised by employers or accepted by colleges for progression purposes; and awarding bodies should demonstrate, when seeking recognition, how employers are involved directly in development and specification of qualifications.

Colleges

- 4.5.8 In Birmingham there are four major colleges of further education: Birmingham Metropolitan College; Bournville College; City College; and South Birmingham College. There are 11,345 students attending further education colleges in the region, and 16,055 students who live in the region and study via distance learning.³⁵ Across Birmingham there are approximately 40 School Sixth Forms however this figure will change as new Sixth Forms are created or schools become Academies.

- 4.5.9 The City College provided evidence as to how their 'Employer Services Team' work with Businesses to determine their specific training needs:

An Organisational Needs Analysis will be undertaken in order that we can identify skills shortages and put an action plan into place based on the short and long term needs of each Business.

- 4.5.10 In 2010/11 the City Council was budgeted to receive £145.2m from the Young People's Learning Agency (YPLA) to fund education and training of 16-19 year olds.³⁶ However the City Council received £75m from the YPLA for the financial year 2010/11. This was due to a change in Government policy, whereby after July 2010 the City Council only received funding for the cost of providing education and training for 16-19 year olds in sixth forms within schools. Although the City Council still has responsibility for shaping and influencing provision, particularly in the context of raising the participation age, the YPLA commission services directly from further education colleges.

- 4.5.11 The 14-19 Team within the Children, Young People and Families Directorate and its partners will be responsible for ensuring that young people in Birmingham participate by ensuring appropriate provision is available through either the traditional "A Level" route, Apprenticeships or other forms of Work Related Learning.

³⁵ businessbirmingham.com/why-birmingham/talent

³⁶ Birmingham City Council Draft Business Plan 2011+



4.5.12 In addition the 14-19 Team will continue to work with all post-16 providers:

- To increase participation of 16 and 17 year olds to 98% during 2011/12;
- Continue to identify the destination of the 5% of young people aged 16 and 17 who are 'unknown' to Connexions;
- Promote Apprenticeships and Foundation Learning programmes for those young people in employment without training;
- Work with providers and Connexions to develop a strategy for reducing drop-out at 17 through improved information, advice and guidance, identifying issues at institution level and facilitating better collaboration.³⁷

Universities

4.5.13 In Birmingham there are three universities: Aston University, Birmingham City University and the University of Birmingham. There are also two university colleges: Newman University College and University College Birmingham (UCB).

4.5.14 Students offer a positive perspective on their time at Birmingham universities, with the University of Birmingham gaining a student satisfaction level of 86% and Aston University 83%.³⁸ Birmingham universities have a higher level of international students than average: the percentage of international students studying at Birmingham University currently stands at 19% with the UK average at 11%.

4.5.15 The UCB provided examples of where provision had been tailored to meet local business needs and how they worked directly with businesses. Examples included:

- Creation of a Foundation Degree in Professional Studies in Community Family Support;
- Skills development: NVQ2 and 3 food preparation and cooking; and food safety;
- New product development;
- Marketing for SMEs.

4.5.16 There are limitations around the availability of comprehensive statistics on graduate retention. However from piecing together data and findings from a variety of sources we can get a reasonably good understanding of the number of graduates who leave Birmingham:

- Higher Education Statistics Agency (HESA) carries out an annual graduate destinations survey. The survey aims to cover all UK and EU students in UK higher education institutions, however it is clear that (perhaps due to response rates) not all graduating students appear in the statistics. Results for the 2007/08 academic year show that:

³⁷ Written evidence from Children, Young People & Families Directorate, April 2011

³⁸ businessbirmingham.com/why-birmingham/talent



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- Of the 4,786 graduating students surveyed who lived in Birmingham (while they were studying), 2,623 remained within the West Midlands conurbation upon leaving university. This equates to approximately 55% of graduates retained within the conurbation;
- Of the 45% of students who moved away from the area upon graduating, London was the most popular destination, accounting for 9% of graduating students from Birmingham.
- Birmingham City University (BCU) published a comprehensive report on the destinations of BCU graduates from the 2007/08 academic year. The figures show that of the 2,541 BCU graduating students taking up employment:
 - Upon graduating and leaving BCU, 1,327 (52%) took up employment in Birmingham;
 - Upon graduating and leaving BCU, 1,853 (73%) took up employment within the wider West Midlands region (including Birmingham).
- The final source of information on graduate retention is the *Graduate retention attraction and employment* study carried out for the West Midlands region by the West Midlands Regional Observatory in 2008. This study found that:
 - 60% of graduates from the region's universities remained within the region and took up their first graduate job within the region;
 - The level of graduate retention increased dramatically for those graduates from the West Midlands who had lived in the region *before* entering higher education. In these cases 86% took up their first graduate job within the region.

4.5.17 A study of a hundred of the UK's best-known and most successful employers highlighted the need for graduates to have the necessary work experience and stated:

Although the total number of graduate vacancies is set to increase in 2011, recruiters have confirmed that a **third** of this year's entry-level positions are expected to be filled by graduates who have **already worked for their organisations** – either through industrial placements, vacation work or sponsorships – and therefore are not open to other students from the 'Class of 2011'.³⁹

4.5.18 The Universities Minister, David Willetts, stated:

Internships are an important way of young people getting into the professional jobs market. This is a route being followed by increasing numbers of graduates and – as part of our programme to get Britain working – we continue to encourage employers to offer work experience and internships to help graduates develop valuable skills and boost their employment chances.⁴⁰

³⁹ www.highfliers.co.uk/ - conducted by High Fliers Research during December 2010, The Graduate Market in 2011

⁴⁰ www.guardian.co.uk/education/2011/jan/18/third-graduate-jobs-work-experience



4.5.19 We were pleased to hear from one business that they were increasing graduate recruitment activities in order to address the skills shortages locally.

Other Providers

4.5.20 There are a large number of other training providers in the city. For example, as part of our evidence gathering we were informed of the Better West Midlands project. This is run on behalf of a consortium of trade unions and co-financed by the SFA and West Midlands Leaders Board Regional European Social Fund (ESF). The initiative focused on training and support before redundancy took place and has proved successful (over 70% of people involved with the programme were placed back into employment⁴¹), halting the cycle of dependency and underlining the value of early interventions.

4.5.21 We were also pleased to hear that the Union Learning Representatives (ULR) programme had achieved a great deal in up-skilling workers whilst still in employment. An example of the work undertaken was in the bus industry where computer skills had been improved.

4.5.22 There are a number of examples of successful interventions by third sector organisations however they do not specifically relate to just skills development as the majority of projects are not designed that way. Members of the then Regeneration O&S Committee spoke to a number of third sector WNF providers and their clients on the 16th March 2010. This included:

- Merlin who delivered one contract in Erdington which secured 119 Intermediate Labour Market placements (whereby unemployed people were provided with six months paid placements). Merlin matched clients into companies that may be able to continue their employment after the end of the six months. All placements were provided with ongoing support ensuring that every client continued to have the best chance of finding permanent work. 83 clients secured permanent employment;
- Enta delivered three contracts in Erdington with the following outcomes to-date: 527 clients engaged and 127 clients supported into employment.⁴²

4.5.23 We also met with the BEST⁴³ Network and their clients on the 23rd November 2010. The BEST Network comprises over 50 third sector employment support service providers from across the third sector. They won and delivered two contracts under the WNF Worklessness theme – supporting workless residents, carers and ex-offenders in Yardley back into the labour market.

4.5.24 Another example of a successful third sector provider who was in receipt of WNF was Enterkey who delivered one contract in Hodge Hill with the following outcomes to date: 319 clients engaged; 86 clients achieving accredited training and 37 clients were supported into employment.

⁴¹ Verbal evidence, November 2010

⁴² Figures provided by Planning and Regeneration, April 2011

⁴³ Birmingham Employment and Skills Training (BEST) Network



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The City Council

4.5.25 The City Council does not directly provide skills training, however it has had a role in directly commissioning skills training (through WNF) and will continue to have a significant role in influencing delivery of skills training, through the Work Programme, co-design of services and other local policies.

4.5.26 Approximately £57m of the £114m Birmingham City Council received through the Working Neighbourhoods Fund between April 2008 and March 2011 has been deployed primarily to address employability and access to work issues. The nature of the activity that has been funded focuses primarily on improving client engagement, and addressing barriers to employment (transportation; housing; benefit transition; English for Speakers of Other Languages (ESOL); customised recruitment training to meet employers needs, including basic skills) in order to meet the Local Area Agreement worklessness target. There are examples of WNF projects which are improving Birmingham's skills base:

- The Local Communities Higher Skills project improved the attainment of level 4 qualifications and offered graduate placements. As of January 2011, 257 individuals have been helped to obtain level 4 accreditation and 10 graduates have been offered placement opportunities;⁴⁴
- The CATE (Customised Access Training for Employment) programme provided access to bespoke training support for individuals linked to job opportunities and ongoing skills support in employment. The programme is being jointly delivered by the City Council's Employment Access Team (EAT) in partnership with JCP and the SFA.

4.5.27 The Committee have received regular reports on the outcomes of WNF activities. Evidence presented have shown that the latest figures do show a marked improvement in Birmingham's position in relation to improving the position of Birmingham's worst Super Output Areas (where WNF spend was focused) as opposed to other local authority areas in the West Midlands region. Cause and effect cannot be demonstrated however there appears to be some correlation of the improvements over the life of WNF. Evidence from the Planning and Regeneration Team suggested:

Obviously there may be other externalities that have affected this trend however it is reasonable to suppose that the delivery of WNF has had a positive impact in these priority areas, and that the trend will continue after the end of the WNF programme as the individuals supported progress.⁴⁵

4.5.28 However, there were concerns regarding the gap between WNF ceasing on the 31st March 2011 and the Work Programme coming into operation in September 2011. This equates to a loss of spend on locally delivered employment skills training in Birmingham of £12m per annum. In

⁴⁴ Written evidence, Planning & Regeneration team, January 2011

⁴⁵ January 2011 evidence gathering session



addition, there is a loss of spend in bespoke industry-led skills training equivalent to £1.3m per annum and there is therefore a need for the SFA to fund this gap.⁴⁶

- 4.5.29 It was suggested to us that the City Council needs to influence the prioritisation and allocation of resources, such as European Social Fund (ESF), European Regional Development Fund (ERDF) and funding that flow through the SFA and Job Centre Plus to fill this gap. We were informed by the SFA, that during the period April to August 2011, the SFA will be utilising ESF funding and launching two new programmes to support the unemployed. These will both start delivery shortly, one will provide a full range of bespoke support including training for individuals under notice and/or recently made redundant across the West Midlands, the other will offer the same flexible support package for unemployed individuals.
- 4.5.30 The City Council's influencing role is dependent on its relationships with partners such as JCP and SFA, as well as providers. One way in which the City Council is building these relationships is through joint working protocols and delivery relationships with prime contractors in the DWP's **Work Programme**.
- 4.5.31 In September 2010, the Council's Growth and Regeneration Corporate Management Team considered a series of options for the Council's involvement in the Work Programme. The team endorsed an approach whereby the Council would not itself bid to deliver the programme as a prime contractor, but would:
- Work with partners and consortia to negotiate with the potential DWP providers around possible sub-contractual/delivery arrangements for specific elements of the programme;
 - Develop influence around the commissioning and subsequent management and monitoring of the Work Programme locally, through strategic links with JCP district office and DWP.
- 4.5.32 Meetings have been held with 14 potential prime contractors, which it is hoped could develop into three distinct types of working relationship:
- Direct delivery relationships between some potential prime contractors and the Council's Disability Employment Solutions function;
 - Joint Working Protocol: to be agreed with the prime contractors in respect of other Council services that will run in parallel to Work Programme;
 - Brokerage of sub-contracts between prime contractors and key external partner agencies: the Council is currently working actively to facilitate joint working/sub-contracting between the Prime Contractors and other partner agencies, specifically BEST Network (third sector consortium), Birmingham Social Housing Partnership members, Centro/WorkWise) and Birmingham Voluntary Services Council (around volunteering options).⁴⁷

⁴⁶ Written evidence from Planning and Regeneration - April 2011

⁴⁷ Report to the Cabinet Member for Transport, Environment and Regeneration, 8th February 2011



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- 4.5.33 Subsequently, in April 2011, DWP announced the preferred bidders for the Work Programme. For Birmingham, Solihull and the Black Country these were: FourStaR Employment and Skills Ltd; Newcastle College Group and Pertemps People Development Group.
- 4.5.34 City Council Officers are continuing to meet with the preferred bidders to continue to develop the three distinct types of working relationship outlined above.
- 4.5.35 A direct relationship with JCP is being developed, as Birmingham City Council is one of five Local Authorities piloting the **co-design of service delivery**, including the co-design of services with Job Centre Plus, developing new solutions to specific aspects of worklessness. Development of the approach is currently underway as part of a pilot initiative centred on the Lozells/Handsworth area of Birmingham.

4.6 Apprenticeships

National Apprenticeship Service (NAS)

- 4.6.1 The Prime Minister has stated that apprenticeships are “absolutely vital” to economy.⁴⁸ Apprenticeships are work-based training programmes designed around the needs of employers, which lead to nationally recognised qualifications. Apprenticeships can be used to train both new and existing employees. Apprenticeships are designed by the Sector Skills Councils working with business representatives.
- 4.6.2 Most of the training is ‘on the job’ at the businesses premises. The rest can be provided by a local college or by a specialist learning provider, or in some cases businesses could deliver everything themselves.
- 4.6.3 Apprenticeship funding is available from the National Apprenticeship Service. The size of the contribution varies depending on the sector and the age of the candidate. This is paid directly to the organisation that provides and supports the apprenticeship; in most cases this will be a learning provider. Large employers with a direct contract with the National Apprenticeship Service may receive the funding themselves.⁴⁹
- 4.6.4 The SFA houses the National Apprenticeship Service and the Government have stated they will expand the numbers of adult apprenticeships and improve the programme to meet the needs of advanced skills to that of Level 3.⁵⁰
- 4.6.5 The Wolf Report, *Review of Vocational Education*,⁵¹ makes a number of recommendations to the Department for Education (DfE) and Department for Business, Innovation and Skills (BIS) concerning apprenticeships including:

⁴⁸ www.number10.gov.uk/news/latest-news/2011/02/apprenticeships-absolutely-vital-to-economy-pm-60323

⁴⁹ www.apprenticeships.org.uk/Employers/Training-and-Funding.aspx

⁵⁰ Skills for Sustainable Growth Strategy Document, BIS

⁵¹ Published March 2011



- An evaluation of the extent to which current general education components of apprenticeship frameworks are adequate for 16-19 year old apprentices – including considering ways to increase flexibility and responsiveness to local labour markets and conditions;
- To consider how best to introduce a comparable requirement for students who do not have GCSE A*-C in English and/or Maths;
- Payments should be made to employers who take on 16-18 year old apprentices where they have received clearly identified off-the-job training and education, with broad transferable elements;
- Contracting arrangements should be reviewed drawing on best practice internationally – increasing efficiency, controlling unit costs and driving out any frictional expenditure associated with brokerage or middleman activities that do not add value.

Birmingham Apprenticeship Scheme

- 4.6.6 Figures from the Regional Observatory, presented to the Review Group, indicate that there has been a total of 5,318 new apprenticeships in Birmingham in the 2009/10 academic year. In spite of this Birmingham still lags behind most West Midlands local authority areas in terms of the proportion of apprentices who successfully complete their apprenticeships, and also has significantly fewer applicants for each vacancy advertised through the National Apprenticeship Service.
- 4.6.7 The Birmingham Apprenticeship Scheme was designed to encourage the take-up of apprentices by SMEs. The programme is led and delivered by Planning and Regeneration Team within the City Council and has placed 170 apprentices into employment, with a total of 93 businesses supported.⁵²
- 4.6.8 The programme aims to increase both the range of sectors and the range of employers, primarily SMEs, who are engaged with the apprenticeship programme, and to increase and sustain the number of young people (16–24 year olds) in Birmingham accessing apprenticeships by contracting with employers to employ the apprentice for a minimum of 2 years. It has provided, with the support from the National Apprenticeship Service providers, NVQ training appropriate to the individual and the employer, as well as access to key skills training.
- 4.6.9 Two examples of apprenticeship schemes from the private sector in Birmingham are explored below:
- Amey plc has launched its Amey Apprenticeship Academy, which will bring together young recruits from all of its contracts including the City Councils highway maintenance and management Private Finance Initiative (PFI). As part of the initiative Amey is creating 100 new apprenticeships with 40 in the region.

⁵² Correct at 31 March 2011; evidence from Planning and Regeneration team, April 2011



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Amey's apprentices will complete a structured programme involving studying towards National Vocational Qualifications (NVQs), completing work placements, on-the-job training and working to achieve the Gold Duke of Edinburgh's Award.⁵³

- Wesleyan Pilots New Apprenticeship Scheme: The Wesleyan Assurance Society has partnered with the National Skills Academy for Financial Services (NSAFS)⁵⁴ and its lead training provider partner in the Midlands, Birmingham Metropolitan College as part of a groundbreaking apprenticeship scheme.

Five new apprentices (three positions were created within customer services division and two positions within general insurance) joined the Birmingham-based organisation on a year-long vocational training programme designed to provide an alternative route for young people to kick-start a career in financial services. The scheme gives the apprentices a thorough understanding of how the financial services industry works and equips them with the necessary skills.

The apprentices spend four days working at the Wesleyan's headquarters in Birmingham, with the other day spent working towards a NVQ Level 2 in Business Administration or Retail Financial Services at Birmingham Metropolitan College.

The Wesleyan will also be supporting NSAFS Pre-Apprenticeship Scheme, which offers BTEC⁵⁵ students from Birmingham Metropolitan College a two week work placement at the Company.⁵⁶

Apprenticeships within the City Council

- 4.6.10 The City Council has a role in supporting apprenticeships not only by championing them with businesses but in its own workforce.
- 4.6.11 Apprenticeship programmes have been developed and delivered across a number of Directorates within the Council. Aimed broadly, but not exclusively, at young people aged 16-24, programmes have primarily targeted those who fall into the NEETs (not in education, employment or training) category, 30% of whom live in the areas of the highest unemployment in the city.
- 4.6.12 The majority of the City Council apprentices were managed via the People Resourcing Team. The City Council has financially supported the development and implementation of apprenticeships via provision of apprentice salary incentives to Directorates and individual mentors for all apprentices based in the Human Resources team.
- 4.6.13 In addition the People Resourcing Team has provided support, resource and expertise to a pre-apprenticeship training programme within the Housing and Constituencies Directorate, where 96

⁵³ Birmingham Post – 17th November 2010

⁵⁴ The National Skills Academy for Financial Services is an independent employer-led, charitable organisation which is a leading body for training and development in the financial services industry.

⁵⁵ BTEC: Business & Technology Education Council (vocational awards)

⁵⁶ Birmingham Post – 10th February 2011



young people worked towards an NVQ 1 qualification. A number of these also progressed to complete NVQ level 2 frameworks.⁵⁷

- 4.6.14 From 2010 the People Resourcing Team developed the Internal Apprenticeship model, which took the opportunity to up-skill staff who were already employees of the City Council. 140 City Council employees⁵⁸ are currently signed up to the Internal Apprenticeship Scheme and appropriate apprenticeship frameworks to develop their skills and knowledge, to complete a qualification and to consolidate their work experience.
- 4.6.15 “Increasing the number of apprenticeships by working with public, private and third sector organisations and linking these to priority groups of residents” has been agreed as a high priority in the City Council’s Employment and Skills Action Plan. The immediate action is to establish a cross-directorate City Council Apprenticeship Strategy Group to provide a co-ordinated response to maximise the number of available apprenticeships and to better inform National Apprenticeship Service activity. The main issue is to increase the number of apprenticeships per se not just those within the City Council, through the Procurement Policy for Jobs and Skills, better targeted Corporate Social Responsibility (CSR) etc, drawing on the Council’s responsibility for NAS provision amongst other things.⁵⁹

4.7 Choosing a College or Provider

- 4.7.1 Business Link acknowledges that finding a suitable training provider can be challenging as there are thousands of individuals, private companies and public bodies offering services to businesses.⁶⁰ The Business Link’s guide therefore serves as a gateway for businesses in finding the right provider and outlines the different types of provider available.
- 4.7.2 The SFA’s Framework for Excellence (FfE) website can assist learners and employers search, review and compare further education colleges and other organisations that receive Government funding to educate and train adults and young people over the age of 16.
- 4.7.3 The Framework for Excellence includes information about how successful organisations are at helping people achieve the qualifications they start; their customers views - learners and employers; and the percentage of learners and trainees who progress in learning or employment as a result of completing their course.
- 4.7.4 Although the Framework for Excellence is a step in the right direction we were concerned that not all individuals would be in a position to make an informed choice regarding the training they need and what provider they should use.

⁵⁷ Briefing Note to Equalities and HR O&S Committee, March 2011

⁵⁸ As of the 21st April 2011; evidence from People Resourcing team, April 2011

⁵⁹ Written evidence from Planning and Regeneration, April 2011

⁶⁰ www.businesslink.gov.uk/bdotg/action/layer?site=220&topicId=1074202379



4.8 Summary

4.8.1 Our findings indicate that lack of skills are a major weakness in Birmingham, both from the data and from concerns expressed by our witnesses, who all cited access to an appropriately skilled labour market as a key issue. As one witness told us:

The City's skill levels have improved over the past years but it will require a significant shift in the rate of up-skilling to impact on the residents' competitiveness in the local labour market.

4.8.2 Witnesses expressed particular concerns regarding lack of some skills, and wider concerns related to businesses not knowing which body was tasked with co-ordinating skills provision. Some saw a role for the Council in taking responsibility for articulating and co-ordinating skills activity.

4.8.3 There is no strategic planning body for skills nationally. The Government has freed colleges and other providers to respond to local demand. However, we were concerned that not all individuals would be in a position to make an informed choice as to which training and provider they should use.

4.8.4 We were informed that meeting businesses skills needs was a priority for the LEP but one that still needed some attention once the Board is established. We were concerned that a skills plan needed to be in place for September 2011 to articulate and co-ordinate businesses skills needs. To this end, we wrote to the Leader of the City Council during our evidence gathering, requesting this be a priority. The Leader raised this at the LEP Development Board meeting in February 2011.

4.8.5 The City Council can provide leadership not only as acting as 'champion' in terms of promoting skills levels by the City Council's procurement strategy, but by better aligning the employer engagement functions within the City Council, becoming better able to articulate the needs of businesses and the skills that they require, so that resources can be targeted at areas where there are real skills shortages.

4.8.6 We have concerns regarding WNF ceasing on the 31st March 2011 and the gap in funding until the Work Programme comes into operation in September 2011. We recognise that the SFA and Jobcentre Plus provision will be in place during April to August 2011; and further education colleges have funds in their 2010/11 adult responsive budgets that they can use to deliver to unemployed people and will be recruiting throughout this period to August. In addition, we were informed that during the period April to August 2011, the SFA will be utilising ESF funding and launching two new programmes to support the unemployed. However, there will be a five month funding gap for some third sector organisations with a proven track record in delivering outcomes.



5 Findings: Conditions for Growth

5.1 Introduction

5.1.1 During our evidence gathering, we spoke to five representatives of businesses located in Birmingham and received written evidence from two others. We asked them to tell us their thoughts on:

- What businesses believe are ideal conditions in which to start and expand a business and how the City Council can facilitate these conditions;
- What businesses want from the City Council in terms of services.

5.1.2 In addition to access to a skilled labour market, discussed in the previous chapter, the responses broadly fell within the following categories:

- A collaborative and supportive environment that enables business to grow, including access to business support;
- High quality infrastructure that enables business to grow;
- Access to good housing, cultural activities etc that mean a good quality of life for employees;
- A positive story to tell about Birmingham as a place to do business;
- Ability to work with the City Council.

5.1.3 The last of these will be dealt with in the next chapter, as part of the discussion on the role of the City Council. The remaining issues are explored in this chapter. Each section deals with an issue, presenting the business witnesses' views, then the response we received from relevant Council officers or partners. Our comments and conclusions are then set out in the final Summary section.

5.2 Birmingham's Business Environment

The Issues

5.2.1 Generally, the representatives of business we spoke to were satisfied that Birmingham provided a good environment to start or expand a business. They varied in size and sector; some were long established in Birmingham with local supply chains, others were SMEs of a few years standing.

5.2.2 Nevertheless there were shared concerns. One common theme was the need for "critical mass" or "clustering" of companies of similar type. Most witnesses thought that the era of major manufacturers moving in was over, and therefore the "clustering" would provide greater stability in terms of investment and employment. Clustering of businesses of similar types would help build significant areas of employment, encourage appropriately skilled people to move here and/or to gain relevant qualifications from colleges and universities.



Supporting the Recovery

- 5.2.3 The lack of a high tech “cluster” was cited by more than one witness as a barrier to recruitment. We were told that other areas of the UK had achieved this, and were seen as “hotspots” for certain industries, such as wireless communications programming (Bristol and Cambridge). Birmingham is however gaining a reputation as hub for gaming software. One of the catalysts for this is Birmingham Science Park Aston (see below).
- 5.2.4 “Critical mass” or “clustering” was also cited as crucial to securing good local supply chains. The importance of maintaining good supply chain delivery programmes was mentioned by several witnesses and was seen as a key role for the LEP. For example, it was noted that the aerospace industry had strong links with Birmingham and a significant supply chain already existed. The route to maintaining this was by ensuring investment in technology, supporting trade associations and encouraging the development of small business parks and/or Technical Innovation Centres.

Birmingham Science Park Aston (BSP-A)

BSP-A is a 22 acre campus within the city centre, which focuses on providing a service for founders of new technology ventures as well as more established businesses. The objectives of the BSP-A are to:

- Champion and catalyse the Birmingham and regional innovation economy to promote high value employment and the regions enterprise culture;
- Offer value added mentoring and support services to aid in the creation of new innovation based companies working with technology innovators to provide them with necessary skills in order to deliver their innovations to the market;
- Promote national and international networks to provide access to the best not just local expertise and experience;
- Facilities appropriate for the knowledge based businesses of the 21st century.

It is owned 100% by the City Council, and had turned losses in 2008 and 2009 into a small profit in 2010. All capital and interest payments due have been paid.

In recent years, 26 graduate companies had been formed at BSP-A (with further potential companies under development) through the Entrepreneurs of the Future (EfF) programme funded by the City Council which provides mentoring support services and infrastructure to promote high tech ventures with growth potential. Free accommodation, business and financial support were being provided to graduates. The Business Park provides support with starting, maintaining and developing businesses. It has created 23 new businesses and 30 new jobs.

In January 2011, Birmingham Science Park Aston (BSP-A) became the UK’s first “science park without walls”. The launch of the “Ideas and Communications Suite” allows individuals and groups to hold meetings with customers or contacts as if there were in the same room.



Current and Planned Activity

- 5.2.5 Focusing investment on sectors is one of approach of the Greater Birmingham and Solihull LEP, which aims to “creat[e] an enterprise culture” through “exploiting our key sectors: taking forward the best of sector and cluster programmes, with increased leadership from business”.
- 5.2.6 The LEP submission states that a “faster growth rate in key sectors relative to elsewhere in the country” will be a target. Specifically, the LEP includes the vision to achieve global leadership in sectors where the LEP area can outstrip UK average, including:
- Automotive assembly;
 - Low carbon research & development;
 - Business, professional and financial services;
 - Clinical trials;
 - Creative and digital sectors;
 - Environmental technologies and services.
- 5.2.7 The intention is to use the knowledge and experience of the “wealth of business leaders already engaged in the development of growth sectors”. This expertise will be used “to build on existing sector and cluster programmes, with an even stronger voice for business”.
- 5.2.8 It is proposed that sector teams will be established, chaired by business leaders, to develop focused plans. The LEP seeks to “maintain effective areas of sector support that currently exist (e.g. Manufacturing Advisory Service (MAS) and the West Midlands Business Clusters Network) by exploring the potential to host them within our LEP on behalf of the West Midlands as a whole”.
- 5.2.9 In addition, Marketing Birmingham is preparing an Inward Investment Strategy with related marketing and sector plans. The sector priorities have been agreed (following research conducted by IBM in 2010):
- Financial and Professional Services (priority sub-sectors: financial services, back-middle office);
 - Shared services (priority sub-sectors: HR/legal);
 - Transport technologies (priority sub-sectors: green automotive production, automotive low-carbon research and development);
 - Public sector relocations (though wholesale moving of government departments is now unlikely);
 - Developing sectors (priority sub-sectors: digital, low carbon and medical technologies).
- 5.2.10 Marketing Birmingham’s work will focus on attracting and retaining companies in these sectors. A key focus will be on supporting priority sectors that not only add value to Birmingham’s economic performance but also assist in developing the image and perception of Birmingham as a business location and international city of choice. A sales programme and marketing campaign will be implemented, to include the following activities:
- Active engagement with companies within target sectors for Birmingham;
 - Development of sector specific marketing material for target sectors;



Supporting the Recovery

- Prioritised attendance at events that focus on target sectors;
- Organisation and attraction of events in Birmingham that fall within the priority sectors.

5.2.11 The advantages of having a cluster was demonstrated recently when a large American industrial conglomerate were seeking to set up a new European shared service centre employing 160 staff. Their final shortlist included Birmingham and another city in the UK but they chose the latter as it had a more established shared service centre community and shared service centre forum. As a result, they considered that they would be able to recruit the right staff more quickly and at a lower cost. This situation has been addressed by Marketing Birmingham who have established a Shared Service Forum and are working closely with this community to build a detailed shared service proposition. They have also recently recruited an expert for the financial sector who will be able to help develop and promote Birmingham as a centre for financial shared services.

5.2.12 However, some of our witnesses were a little wary of putting too much faith in the sector approach. We were repeatedly warned against “putting all our eggs in one basket”. Learning the lessons of the last recession, it is critical to foster diversity within the City’s economy and not concentrate on a particular sector e.g. financial services. It was noted that predictions in growth rates have been wrong in the past and will be again.

5.2.13 Furthermore, according to the Centre for Cities, there was little evidence that adapting a sector policy helps that sector. Their report, *Firm Intentions: Cities, Private Sector Jobs & the Coalition*⁶¹, points out that “not every city can have a powerful creative, advanced manufacturing or green industries cluster”:

Our research shows that 39 of 56 cities in England believe they have a creative industries sector worth supporting or developing, 26 are shooting for a green industries sector and 33 identify advanced manufacturing as a current or future key strength. Fifteen of these cities are aiming for all three.

5.2.14 In the past, the focus on individual sectors has “led to some hugely unrealistic strategies and interventions in England’s cities”. They call for a higher standard of evidence to back up any such policy. They also note that:

- Clusters are likely to emerge as the result of some natural or historical advantage, such as a particular mix of local assets;
- Government’s ability to stimulate the growth of new business clusters is limited. One international study found that government intervention and random events was cited as the most important determinant of a cluster’s success in just 3.7% of studies of the world’s ten most competitive clusters in their industry. The study also found that clusters where government had been the key determinant were found to be the least competitive.

⁶¹ Paul Swinney, Kieran Larkin & Chris Webber, Centre for Cities, September 2010



5.2.15 The importance and benefits of businesses working together is demonstrated by the five Birmingham Business Improvement Districts (BIDs). Businesses have worked together to provide, amongst other things, clear identities for the areas, better signage and a better, greener, street scene, funded through a levy and voluntary contributions. The value of businesses co-operating in this way was recently shown when the three city centre BIDs worked together to help produce *Visions for Movement*, a long term vision for movement around and within the city centre to support the objectives of the Big City Plan over a 20 year timeframe (see 5.6.9 below).

5.3 Business Support

The Issues

- 5.3.1 We heard repeatedly from businesses that there was a need for greater clarity about business support, both for companies locating in Birmingham and those already here. A number of witnesses felt that signposting to support available within the local area was a pressing need (one of our witnesses obtained their business support through London based organisations).
- 5.3.2 It was highlighted that signposting was also important in helping SMEs to understand the route to seeking support from the Government. Advantage West Midlands had been of assistance in this regard and it was not clear to the business representatives what would replace AWM's assistance.
- 5.3.3 The sort of support discussed was not just advice on legal, communications or funding issues, but wider business mentoring or 'handholding' – and not just for start ups. A couple of our witnesses represented companies who were making or had made the transition from start up to SME, or from SME to larger company. This latter transition put them outside the scope of the majority of programmes/funding streams, which tend to be aimed at SMEs.
- 5.3.4 Conversely of course, the largest companies we spoke to did not have any need in this area as they had a number of advisory departments due to the scale and size of the organisation. Indeed, they provided services to benefit businesses around the world.
- 5.3.5 One witness cautioned against being too reliant on physical structures for business support, commenting that business grants often included "golden handcuffs" which tied companies to expensive office accommodation. An approach that offered support without being tied to a physical place would be welcomed.

Current and Planned Activity

- 5.3.6 Nationally, business support had been predominantly available from Business Link and the Manufacturing Advisory Service who deliver national business support contracts. However, support from Business Link West Midlands is being reduced with its closure in November 2011 as a result of the demise of AWM. There are now two primary routes for all SMEs across England to access Government-funded business advices: a national website (www.businesslink.gov.uk) and a national call centre.



Supporting the Recovery

- 5.3.7 Within the Local Growth white paper (see Chapter 2), the Government announced the following support proposals:
- Developing and implementing a national business mentoring strategy to increase awareness and access to business-to-business mentoring;
 - Simplifying the Government funded offer for business support, re-launching a streamlined *Solutions for Business* support portfolio with a much clearer focus on improving business performance and growth. The portfolio will be targeted at activities where a Government lead is required, for example, on supporting complex trade deals and challenging technology developments.
- 5.3.8 AWM also provided other types of support to businesses, for example *Bridge to Growth* helped any non-UK-owned company that wanted to create or grow a business in the UK by setting up in the Heart of England⁶². Companies were assisted with matters such as company registration, finding accommodation, financial and legal advice and recruitment services.⁶³
- 5.3.9 The Greater Birmingham and Solihull LEP proposal sees business support as “essentially a local matter”, for each LEP to determine according to its own economic structure and mix of businesses. The LEP submission document pledges that “within ten years the economic area will be renowned for being the easiest place in Europe in which to set up and run a business”. One of the ways in which it seeks to achieve this is via “a peer support mechanism to increase survival rates, foster the growth of existing businesses and support new ones.”⁶⁴
- 5.3.10 The Greater Birmingham and Solihull LEP submission proposed to establish a “virtual boardroom” using volunteer functional business specialists, and where suitable, we will make use of the existing business clusters in the LEP area. There will also be the opportunity to build on business support infrastructure from elsewhere in the LEP area, for example the Think Local 4 Business infrastructure – currently covering East Staffordshire, Tamworth and Lichfield.
- 5.3.11 The City Council does offer a walk-in service: Business Insight, based within the Environment and Culture Directorate of Birmingham City Council. Business Insight is an extension of the City Council’s Library Service. Although many libraries have a ‘business library’, Business Insight has extended this concept to providing information, training and advice. Business Insight is in its fifth year as an accredited “Enterprise Agency”. Further details are set out below.
- 5.3.12 Additionally within Birmingham, the Business Development and Innovation Team (BD&I) within the Development Directorate in the City Council has led on the development and delivery of a number of business support projects funded as part of the £31m Birmingham business support package.

⁶² Another name for the West Midlands

⁶³ www.theheartofengland.co.uk/bridgetogrowth/

⁶⁴ Creating a Globally Competitive Knowledge Economy, The Local Enterprise Partnership (LEP) for Birmingham & Solihull with East Staffordshire, Lichfield & Tamworth (now the Greater Birmingham and Solihull LEP); Initial Submission To The Government; 6 September 2010



Business Insight (BI)

Business Insight offers more than 40 services, including:

- Business Start-up information and support
- Business Advice Sessions
- Business Planning service
- Management skills training
- Market Research
- Intellectual Property
- Credit Checks
- Patents
- Marketing Resources
- Business Research

The emphasis is at ground level, providing a free walk-in service at the Central Library. However, it also undertakes projects in the Constituencies, such as a project in Yardley concerning business start up, providing business advisers and access to free information. BI has also run 'Business Dragons' events in each Constituency. Disadvantaged communities are a niche sector, with BI often helping those who may only wish to have additional income from a second job, do some work from home, be part time in the creative industries or simply want a paying hobby.

The overall cost of the service is £549,200. However, BI is contracted by 16 other local authorities to advise staff when necessary, and provides paid-for services for some businesses. In total last year, BI generated an operating surplus of £160,000.

One examples of its success is the BEST for Business Partnership (www.bestforbusiness.com), which won the National Federation of Enterprise Agencies award 2009 for business innovation for our work to create a completely new type of business online support service in 2009. The model was live in 34 countries six months after its launch.

The first analysis of statistics has shown that 103 new Birmingham start-ups within BI's definition have started via the system, forming their company, accessing advice, being provided free websites, business forms and management tools, including business plans to better plan and run their service. One company gained a £1m MOD contract through using the online contracts and funding service. BI can also demonstrate that 51% of its clients are non-white, with nearly 49% of these of Asian origin.

The 2006 Scrutiny Review of Support to Small Businesses noted BI's value but that "there is some need for clarity as to its place within the Council's framework of support for small businesses". Since then, regular meetings and a closer working relationship between Business Development & Innovation Team and Business Insight have been put in place. The Assistant Director of Investment, Enterprise and Employment has joined the Board of Business Insight (as Vice-Chair), to help influence and set the strategic direction of Business Insight taking account of the overall work being undertaken by the Council to provide support to local businesses such as our joint work over the past few years on global entrepreneurial week.



Supporting the Recovery

5.3.13 The package is designed to stimulate business and enterprise activity within the city: business entrepreneurs, SMEs, large businesses and inward investors across a range of sectors. It provides support at all stages of development from incubation to expansion. Examples include:

- **Entrepreneurs of the Future Centre:** a high growth business incubator based at Birmingham Science Park Aston. The centre provides mentoring, support services and infrastructure to promote new high-tech ventures with growth potential. The project has helped 68 businesses including 23 new businesses to set up and created 30 jobs;⁶⁵
- **Enterprise City High Growth Programme:** the main high growth programme within the city takes place over the next three years with ERDF funding, offering in depth one-to-one coaching, mentoring, peer group learning and networking to businesses demonstrating high growth potential. 180 businesses were supported, 60 in the current year;
- **Stimulating Enterprise through Coaching:** to target people in deprived communities who have the potential to start their own business. The programme has engaged 1000 individuals onto the programme and 57 individuals into self employment;
- **High Growth Ethnic Minority Companies:** this project has been developed on a successful Enterprise City high growth model and is being delivered by Deloitte. 90 businesses are on the programme and receiving a package of mentoring coaching and peer to peer learning.⁶⁶

5.3.14 Appendix D provides a summary of the business support available in the city and includes the types of support businesses and entrepreneurs requested during our evidence gathering.

5.4 Access to Finance

The Issues

5.4.1 We also heard that businesses were still experiencing difficulties in accessing finance. A number of witnesses again emphasised the need for signposting to relevant support – one witness had not been aware of Regional Growth Fund (RGF), and thought either the Council or the Birmingham Chamber should have promoted these more widely.

5.4.2 However, two of our witnesses were recipients of loans from Finance Birmingham to fund the development of particular aspects of their business.

5.4.3 The business support landscape is rapidly changing, with the demise of Advantage West Midlands (AWM) and a regional Business Link and their associated grants (e.g. Grant for Business Investment), alongside with announcements of replacement funding (e.g. Regional Growth Fund (RGF)). Some therefore requested that the Council provide leadership in assisting businesses.

⁶⁵ Annual Report of the Cabinet Member, Transportation and Regeneration, Report to Transportation and Regeneration O&S Committee, 25th January 2011

⁶⁶ Evidence from Business Development & Innovation Team, Development Directorate, Birmingham City Council



Current and Planned Activity

5.4.4 Problems with bank lending was raised in the Business, Innovation and Skills Committee's report *Government Assistance to Industry* which stated:

The crucial issue of rates of lending by banks remains unresolved; and all the good that the [Business, Innovation and Skills] Department hopes to achieve in its industrial policies will suffer without a vibrant business community which has adequate access for working capital. That, more than any Government initiative, will drive the recovery. The Government has been talking a tough game since it came into power and while bank lending rates are a complicated issue to manage, it is time for Government to deliver.⁶⁷

Finance Birmingham

Birmingham City Council launched a Business Loan Fund in January 2010, an initiative offering a £10.5 million package of loans to SMEs in order to improve liquidity for small businesses in the local community. Three companies were used to provide loans of between £1,000 and £1,000,000 to eligible businesses within Birmingham. One of those companies was InvestBX. To date Investbx has approved a total of £4.9m worth of loans which is expected to generate 277 jobs and safeguard 209 jobs over the life of the loans.

Following the planned abolition of Advantage West Midlands, Investbx was placed in voluntary liquidation. The City Council in December 2010 acquired Investbx managed services which is now a wholly owned subsidiary of the City Council named 'Finance Birmingham'.

Businesses can apply for loans from Finance Birmingham of between £100,000 and £1,000,000 if they pay their business rates to Birmingham City Council; can demonstrate a two-year trading track record; and produce a three year business plan including financial forecasts illustrating the serviceability of the loan.

Loans are normally repayable over a five year period with up to 12 months capital repayment holiday. The interest rate is between 8.5% and 12.5% (typically 11%) with an arrangement fee equalling 2% of loan amount plus a monitoring fee 1.75% per annum of the initial loan.

The purpose of the loan can be working capital or capital expenditure but excludes research and development. It should be complementary to existing clearing bank debt rather than in competition or replacement and focus on job preservation and job creation.

It was explained that there was a robust due diligence process in place in respect of the granting of loans. Processes are in place sought to mitigate risks. There had not been any defaults (to date) with all loan repayments made against the repayment schedule with monitoring of loan facilities occurring monthly.

Further information is available at: www.financebirmingham.com or telephone number 0121 233 4903.

⁶⁷ Page 45 and paragraph 143



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- 5.4.5 Making finance more accessible is one of the pledges in the Greater Birmingham and Solihull LEP. Primarily this will be through developing Finance Birmingham (see box above).
- 5.4.6 Other sources of funding available from the City Council, as part of the £31m Birmingham business support package referred to above, include the following:
- Business Development Fund: used to stimulate enterprise, develop new market opportunities, encourage investment, foster survival/growth, create new jobs and safeguard existing ones. Over 200 businesses have been helped to consolidate and grow in the City;
 - Support on business rates: to provide business rates relief. This fund has provided £2m in rates relief to 320 businesses faced with difficulties in paying rates (700 jobs safeguarded).⁶⁸
- 5.4.7 The BD&I Team had put together four proposals totalling £56m which have been submitted for Regional Growth Funding to encourage entrepreneurship, business growth and improve access to finance across the LEP area. There are further proposals being developed by the BD&I Team around projects to allow businesses to access ideas and undertake innovation projects, maximise how public procurement can bring new products and services to the market and expanding the *Finditinbirmingham* procurement portal to offer a greater range of business to business services and a new range of business to consumer initiatives such as trusted traders.
- 5.4.8 There are other sources of funding open to businesses. For example the Aston Reinvestment Trust (ART) offers loans of £10,000 to £50,000 to new and existing local businesses who require access to finance to facilitate their growth. Creative Advantage Fund (CAF) is a wholly-owned company of Birmingham City Council which provides equity capital between £75,000 and £150,000 for growth companies in the creative industries sector.

5.5 Infrastructure – Land Use

The Issues

- 5.5.1 Witnesses were keen to see improvements in Birmingham's infrastructure to support their business growth and their ability to attract employees. The availability and attractiveness of employment land was one element.
- 5.5.2 The businesses we spoke to were already located in Birmingham, but even so raised issues relating to land availability and office space, either for themselves as they wished to expand or in order to ensure their supply chain was able to grow. The availability of land and how it is made attractive to potential investors (in terms of size, links and market readiness) were discussed.
- 5.5.3 In general, witnesses wanted to see a good supply of low price office accommodation together with appropriate parking provision and good commuter accessibility. It was felt that this supply was largely met in Birmingham, although public transport links could be improved.

⁶⁸ Evidence from Business Development & Innovation Team, Development Directorate, Birmingham City Council



5.5.4 Witnesses identified the need for the provision of development sites in attractive locations with good transport links and infrastructure in which industries would be willing to invest. It was noted that there were potential sites at areas including Longbridge, Minworth and Heartlands, however, such sites may not be considered to be necessarily attractive in terms of living and transport links. Witnesses were not generally aware of the Council's policy on land use.

Current and Planned Activity

5.5.5 To address these concerns, we spoke to officers in development strategy responsible for developing the draft emerging Core Strategy, and to officers in planning and regeneration, responsible for delivering these policies.

5.5.6 The Core Strategy is a statutory document that sets out a clear spatial framework for the growth of Birmingham up to 2026. It will be the city's key land use and strategic planning document and therefore the first point of call for information on land use within the city (see box overleaf).

5.5.7 Birmingham's draft Core Strategy was out for consultation at the time of writing. The Transportation and Regeneration O&S Committee provided extensive comments on the draft emerging Core Strategy. Some of those concerns expressed related to employment land: whether the total amount of land available for employment was reducing incrementally, and whether the number of jobs being created on employment land was equal to what has been lost.

5.5.8 The draft emerging Core Strategy proposes to protect Core Employment Areas, including over 200 hectares of industrial development opportunities within these areas, with the aim of supporting the creation of around 100,000 new jobs by 2026:

Core Employment Areas will be retained in employment use and will be the focus of economic regeneration activities and additional development opportunities likely to come forward during the plan period. Measures to improve the quality and attractiveness of these areas to investment in new employment will be supported.

5.5.9 The evidence base for the policy is an employment land study conducted in 2008.⁶⁹ This looked at 1,829 hectares of land in employment use, most of which was considered 'good' or 'best' quality. For regeneration purposes, land is classified into four categories:

- Regional Investment Sites – high quality sites over 20 hectares suitable for offices, research and development and high quality manufacturing, attractive to international and national companies (there are two high quality Regional Investment Sites at Longbridge and Aston);
- Best Urban – Large high-quality industrial sites such as Midpoint Park/Bromford;
- Good Urban – Smaller sites suitable for locally based companies;
- Other Urban – Suitable for marginal or "bad neighbour" uses.

⁶⁹ Conducted by ENTEC and Knight Frank Study, 2008



Supporting the Recovery

Birmingham's Draft Emerging Core Strategy

Birmingham's Core Strategy aims to provide a 20-year framework for sustainable growth in Birmingham with proposals to provide 50,600 new homes and deliver 100,000 new jobs by 2026.

There is a statutory requirement for the City Council to prepare a Core Strategy – and once the strategy is adopted it will form the central part of the city's Development Plan. Amongst other things this means that it will be the starting point for decisions on all major new development proposals in the city.

There are 54 city wide policies, identifying the key locations for:

- Housing;
- Employment provision;
- Shopping;
- Waste management;
- Leisure and sports facilities;
- Education facilities;
- Health facilities.

The Core Strategy also aims to:

- Address transport and other infrastructure provision;
- Reflect Birmingham's ambitious targets for reducing CO² emissions;
- Contribute to the Council's wider agenda of improving the quality of life and health of all Birmingham residents.

It includes some specific policies for the four areas of Birmingham: city centre, North and West Birmingham, East Birmingham and South Birmingham.

The draft Core Strategy's consultation period was December 2010 to March 2011. Comments and suggestions are, at the time of writing, being collated. A revised draft will be presented to the City Council meeting in late 2011.

5.5.10 Employment land is surveyed twice yearly and data maintained in BLADES, a database of employment land development and supply since the 1980's. Results are published in the Annual Monitoring Report and a bi-annual Employment Land Review.⁷⁰

5.5.11 The draft emerging Core Strategy proposes releasing poor quality industrial sites for other uses such as housing, education and community uses (the ENTEC study identified around 200 hectares of employment land with potential for change of use to housing).

5.5.12 This was explored further by the Committee, as we were concerned that this incremental loss of employment land to other uses would severely limit future growth. We were told that the policy

⁷⁰ Most recent: Annual Monitoring Report 2010, Birmingham Local Development Framework, agreed by Cabinet Member, Transport, Environment and Regeneration, 19th January 2011, www.birmingham.gov.uk/democracy; Employment Land Review, March 2010



was that no desirable investment is lost for the want of a suitable and readily available site. A portfolio of employment land is maintained, including a minimum reservoir of land to ensure supply leads demand. The policy is implemented through planning management process. When developers proposed using former employment land for other purposes, an assessment was made by planning officers on the evidence presented that there was no prospect of the land being used for employment use (usually 2 years on the market with no interest shown, including information on how the land was marketed, asking prices etc) against pre-assessment criteria. The conclusions from that assessment were included in reports to Planning Committee to inform their decision.

- 5.5.13 In total, land developed with employment uses in Birmingham totalled 9.58 hectares during 2009/10. This represents a significant fall in the rate of development on the previous year which reflects the downturn due to the recession.⁷¹
- 5.5.14 Furthermore, we were told that whilst employment land will be re-developed, there was unlikely to be the same number of jobs on the site as has been the case historically. For example, there were around 35,000 jobs at Longbridge at its height, now the site is expected to provide 5,500. This is essentially due to lower employment densities than in the past. It was also emphasised that much of the future supply of employment land will come forward through recycling.

5.6 Infrastructure – Transport

The Issues

- 5.6.1 A second infrastructure concern related to transport. Good transport links were emphasised by a number of businesses as critical to attracting good employees and making their daily commuting life tolerable, particularly as Birmingham has a large travel to work area.
- 5.6.2 On balance, Birmingham's transport infrastructure was viewed positively, particularly given current and future developments. Strategically, the proximity of Birmingham Airport and the prospect of High Speed 2 were widely welcomed – the latter expected to open up significantly more markets by improving connection with London, particularly with regard to the financial sector. However, a more attractive visual experience was required in terms of the corridor between the city and Birmingham Airport, particularly the A45 Coventry Road.
- 5.6.3 The airport runway extension and redevelopment of Birmingham New Street train station were welcomed. The bus and rail network were generally held to be better than elsewhere. However, there were some key employment areas not well served – the lack of an adequate bus service for the Birmingham Business Park for example.
- 5.6.4 Witnesses also emphasised the need to recognise that, for some (typically more senior) employees, public transport does not easily provide the convenience and flexibility to support their

⁷¹ Annual Monitoring Report 2010, *ibid*



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working requirements. Therefore attention needs to be paid to ensure that car commuting is also as trouble free as possible. Congestion was cited as a cost to business.

- 5.6.5 Road maintenance was also mentioned, particularly with regard to the need to co-ordinating planned road and essential service maintenance.

Road works and closures, or breaks in supply of power or water, especially if they continue for several days or even weeks, can cause significant difficulties for small businesses. They are usually unable to transfer business operations to another site while the disruption continues and it can result in significant loss of trade or at worst signal the demise of the business. It would also be helpful if the council also took into consideration the fact the businesses not in the immediate area for the road closure etc are also often affected by congestion, noise and dirt and include them in any assistance provided.

Current and Planned Activity

- 5.6.6 The LEP is supporting the major projects cited above: New Street Station, HS2 and the extension of the runway at Birmingham Airport. The LEP submission document recognises the need to work with the Integrated Transport Authority (ITA) to manage transport issues across LEP areas.
- 5.6.7 The City Council's position is that HS2 will bring economic benefits to the city and country. As a key piece of strategic transport infrastructure, it will generate redevelopment around the new city centre station. HS2 will also:
- Act as a catalyst to improve local transport networks using sustainable modes;
 - Enable improvements to the existing highway network where HS2 has an impact e.g. the need to relocate Bromford Gyratory;
 - Free up capacity on the existing rail network for more local rail services; and
 - Free up capacity on the existing rail network for freight.
- 5.6.8 The draft Local Transport Plan (2011-2026)⁷² was out for consultation at the time of writing this report. The LTP states that simply "accommodating greater overall levels of traffic" would only temporarily contain the problem. The intention therefore is to:
- Make better use of existing capacity for all modes and users, including freight, public transport, cyclists and pedestrians;
 - Employ effective Transport Asset Management;

⁷² Public Consultation Draft Strategy, presented to Transportation and Regeneration O&S Committee, 14th December 2010



- Develop 'Smarter Choices' policies and proposals, which help people find a viable alternative to car use or, if the car is the only alternative for a journey, to minimise its impact;
- Achieve a step change in the attractiveness of public transport as an alternative.

5.6.9 More locally, Visions for Movement⁷³ sets out a vision for transport in the city centre, developed by the City Council, Centro and the three Business Improvement Districts within the city centre. The aim is to improve integrated public transport into and around the city centre; to make best use of the existing highway network with an appropriate hierarchy of priority for public and private transport, and to create a well connected and safe walking environment.

5.6.10 One of the proposals is Birmingham Sprint, a new network of bus rapid transit corridors which will be developed to support regeneration objectives in the city centre. Routes along Broad Street and to Birmingham International train station and airport are two priorities for early delivery. The City Council has also worked with Centro to secure over £120 million of funding for an extension of the current Metro route from Snow Hill Station to New Street Station via Corporation Street.

5.6.11 A further element of the Vision for Movement strategy is the City Centre Interchange Project which seeks to simplify bus route patterns, improve waiting areas and improve information and signage. Improved interchanges within the city centre will assist travel to different parts of the city.

5.6.12 The Camp Hill Chords proposal would enable new local rail services to be provided. These could run from the city centre to Kings Norton via the Camp Hill Line through Moseley and Kings Heath, and to Tamworth, and potentially along the Sutton Park Line to Walmley, Sutton Coldfield and Aldridge into Walsall. New stations are proposed for Moseley, Kings Heath, Hazelwell, Fort Parkway, Castle Bromwich, Minworth, Walmley, Sutton Town or Sutton Park, Streetly, and Aldridge. The Camp Hill Chords would therefore have a strategic value across the city in helping to reduce road congestion in currently congested parts of the City, and providing improved public transport access to the city centre and other employment sites.

5.6.13 With regards to road maintenance, the Committee has been receiving regular updates on the Highways Maintenance and Management Private Finance Initiative (PFI). The City Council entered into a 25 year partnership with Amey plc for highway maintenance and management services in June 2010. This means that maintenance of the city's highway infrastructure and the management of operational services on-highway are carried out by a private sector partner

5.6.14 As a result of this partnership, over £350m will be invested in rehabilitating the city's highway infrastructure over the next five years. This will improve carriageway and footway condition, street lighting, structures and bridges, the City Centre tunnels and traffic signals and traffic management infrastructure. The partnership also provides operational services on the highway since the start of the contract in June 2010. These include:

- Responding to urgent highway defects and emergencies to keep traffic flowing;

⁷³ Presented to Transportation and Regeneration O&S Committee, 14th December 2010



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- Co-ordinating all works (including utilities) and events on the network; and
- Conducting winter maintenance activity to keep the network safe and moving.

5.6.15 Conducting maintenance on any highway network will usually involve a degree of necessary disruption. However, this is managed and controlled through the contract with Amey:

- The City Council remains as Traffic Authority: the Highways Service manages the need for closures with regard to overall traffic considerations and City Council policies;
- Amey at all times operates under a contractual obligation to minimise road closures and optimise traffic flow; and
- Work must be planned on the network with a sufficiently far-sighted view of future events.

5.6.16 It is important to note that since the start of the contract, there has been no significant disruption of traffic related to investment works.

5.7 Infrastructure – Digital

The Issues

5.7.1 Access to high quality, high speed digital links was integral to several of the businesses we spoke to. These included dual high bandwidth links, improved mobile phone access, and access to virtual offices (meeting rooms). Reference was made to the role of the WiMAX and the benefits of 4G technology which could provide much faster services delivered over mobile telephones.

5.7.2 Research underlining the economic benefits of high quality, efficient digital infrastructure was brought to our attention. For example, a Price Waterhouse Cooper report for UK Online 2009 showed that “increasing digital inclusion can lead to direct economic benefits for the individual and society as a whole”.⁷⁴ A recent report regarding inward investment⁷⁵ has made a clear link between a city's infrastructure and its attractiveness to investors.

Current and Planned Activity

5.7.3 The importance of good digital infrastructure is well recognised. The Government, in its recent “Digital Britain” white paper expressed its commitment to strengthening and modernising the country's communication infrastructure for the UK to compete and lead in the global digital economy. The Greater Birmingham and Solihull LEP recognises that “digital technologies increasingly underpin innovation, creating new services, jobs and wealth.”

5.7.4 The draft emerging Core Strategy, Policy 37 (Digital Connections), states that “High capacity, leading edge digital communication networks will be provided in Birmingham to meet the needs of both business and communities.”

⁷⁴ As cited in Digital Birmingham Partnership Review, Co-ordinating O&S Committee, 5th November 2010.

⁷⁵ Commissioned by Marketing Birmingham, conducted by IBM



Digital Birmingham

Digital Birmingham is a partnership of public, private and voluntary organisations. There are now over 40 members of Digital Birmingham including BT, BBC, Microsoft, BPM Media, three Birmingham universities, Birmingham Chamber Group, Primary Care Trusts, Deloitte and Centro. Birmingham City Council is the accountable body and the partnership is chaired by the Deputy Leader of the Council.

The partnership aims to:

- Continue to be a recognised leading European Digital City;
- Improve connectivity, content and capability for/of residents and organisations/businesses in Birmingham and reduce digital exclusion;
- Exploit the use of digital technologies to support economic growth and the City's Carbon reduction targets.

Digital Birmingham develops and progresses plans and implementation of city wide connectivity infrastructure through e.g. the digital district high speed fibre negotiations, the BT wifi network in the city centre, the Aston wireless cloud, the provision of broadband through the digital switchover for tower blocks. Projects like Aston Pride ICT and Windsor Tower (broadband through the integrated receiver system have directly improved the quality of life for many residents and improved skills and confidence.

Digital Birmingham plays a key role in influencing local, national and European policy ensure that benefits of digital technologies are maximised for businesses and for the city. It is leading the City Council on its use of social media such as innovative use of open data, social media and Web 2.0.

Projects directly aimed at helping business have included providing information and advice to SMEs at key events such as Hello Digital and getting SMEs involved in projects like Web2.0 Stimulating Demand and work to provide high speed networks in the Digbeth/Eastside areas directly benefits SMEs. Previous survey work undertaken in these areas had identified that organisations were frustrated with the lack of internet speed, to the point where some companies had been discouraged from remaining there. This creation of digital districts would set the City apart from others.

The Partnership raises the profile of Birmingham through representation at regional, national and European level events, and through publications, improving Birmingham's image as a modern, digital city. One example was the choice of Birmingham to launch the Digital Britain report in 2010. In 2010 Birmingham was named as one of the top 21 "intelligent communities" – the only UK city to be included.⁷⁶ For every £1 spent, Digital Birmingham had generated £2 through sponsorship and other funding attracted into the City.

The City Council has agreed to continue to fund Digital Birmingham (on a reduced basis) for a further three years and to be incorporated within the Development Directorate in recognition of its strong links with the Council economic growth and prosperity agenda.

⁷⁶ Chosen by the Intelligent Community Forum, a New York based global thinktank; www.digitalbirmingham.co.uk



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5.7.5 Proposed actions in the Core Strategy include:

- Providing a superfast symmetrical broadband network providing upload and download speeds of up to 100Mb/s throughout the city. The provision of this enhanced network capacity will be focused initially on the city centre developments and other major regeneration areas and then expanded across the city;
- Requiring developers to include the necessary physical infrastructure to accommodate open access information and digital communications networks (i.e. available to competing service providers) as an integral part of all appropriate new developments. The detailed requirements will be set out in a Supplementary Planning Document;
- Continuing to develop the Intelligent Transport System for Birmingham that enhances real-time and interactive information for road and public transport users.

5.7.6 These will be largely achieved through the Digital Birmingham partnership. Digital Birmingham is a partnership of public, private and voluntary organisations, initially set up by Birmingham City Council with the support of BT in 2006 following a government initiative to encourage local authorities to make innovative use of digital technologies.

5.7.7 The partnership was set up because “digital infrastructure, digital skills and content creation and Birmingham's reputation are issues that are driven by numerous organisations across the city. Improving them cannot be the task of the Council alone and the benefits are citywide”.⁷⁷ Research commissioned by Digital Birmingham in 2006 (conducted by the University of Birmingham) showed that Birmingham and the West Midlands region were nationally behind in broadband take up.

5.7.8 The box overleaf outlines Digital Birmingham's main achievements. The LEP submission makes a commitment to “build on the strong base of the Digital Birmingham partnership to focus on the economic benefits of digital infrastructure and media and the opportunity of linking the green and digital agendas”.

5.7.9 However, in our evidence gathering it was emphasised that much of the digital infrastructure needs investment. Some is already happening through working with partners, such as work being undertaken with Amey relating to the utilisation of the street lighting infrastructure to facilitate broadband provision. Work was also being undertaken with utilities to install ducting for fibre optics and noted the potential for utilising wireless technology. A trial of WiMAX technology is being undertaken with Birmingham Science Park.

⁷⁷ Digital Birmingham Partnership Review, Co-ordinating O&S Committee, 5th November 2010



5.8 “Quality of Life”

The Issues

5.8.1 The quality of life on offer in Birmingham is crucial to both attracting investment and attracting individuals with appropriate skills to work here. Our witnesses variously cited the importance of “aspirational” and high quality executive housing in clean, safe suburbs; facilities for families such as schools, and good cultural facilities.

5.8.2 With regard to housing, one witness thought that the type of housing stock available in the city was satisfactory, but the availability of high quality family houses could be improved. Witnesses remarked that there were plenty of city centre apartments for young professionals in Birmingham – and they appreciated the efforts to make the City a more attractive place to live and work – but where do they go next? The challenge was to have an appropriate mix of housing to meet varying needs. Density of housing was an issue as well as the availability of family sized, executive homes.

5.8.3 Witnesses were also concerned that Birmingham should be an attractive place physically, with attractive open spaces, free from litter and graffiti. We were told that some areas of Birmingham did not meet the necessary standards for business – one witness said that there were certain areas that they would always avoid when taking clients around or through Birmingham.

Current and Planned Activity

5.8.4 The LEP recognises the key role that quality of life issues play:

We will support the quality of life that underpins business success by continuing the area’s cultural renaissance and further developing our world-class cultural, leisure, heritage and sporting facilities. We will continue to develop our areas of high quality housing, whilst also ensuring that the required amount of affordable and social housing is available.

5.8.5 The draft emerging Core Strategy sets out housing requirements in the city, based on population projections and a housing needs analysis. This equates to the need for 50,600 additional dwellings between 2006 and 2026 (11,700 completed or under construction at April 2010). It also sets out the main areas of the city that will be used to meet this demand.

5.8.6 Policy 26 considers the type and size of new housing. As Figure C.4 in Appendix C shows, over a third (20,000) will be built in the city centre. Evidence presented to the Committee showed, that over two-thirds (69%) of the requirement is for one or two bedroom housing. However we expressed concern that, whilst one or two bedroom properties were shown to be needed by the research, it was not clear whether these are the types of property in which people actually wanted to live. There was also nothing in the draft emerging Core Strategy to indicate to developers the type of one or two bedroom properties needed. Given the rising elderly population, some areas of the city would perhaps be better served by bungalows rather than city centre apartments.



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However, guidance on the types of houses the City Council would want to see in the city was lacking.

- 5.8.7 We also explored the issue of housing density and concerns that an increasing number of gardens were being built on, thus increasing density and in some cases, decreasing the attractiveness of some areas. The city's housing density standards (set out in the Core Strategy) are:
- Birmingham City Centre – at least 100 dwellings per hectare;
 - Other centres/sites in transport corridors – 50 dwellings per hectare;
 - Elsewhere in Birmingham – 40 dwellings per hectare.
- 5.8.8 The density of new housing completions (2001-2010) are set out in Appendix C, Figure C.3. The City Council has prepared a Supplementary Planning Document (SPD) on residential intensification in Birmingham mature suburbs.
- 5.8.9 The issues raised by our witnesses were not just about the size and shape of housing however. The attractiveness of areas was also important, in terms of safety and cleanliness.
- 5.8.10 It is therefore worth noting that Birmingham has had success in reducing crime in the city: between 2003 and 2010, there have been decreases in personal robbery (37%), domestic burglary (37%) and theft of a motor vehicle (51%) as well as a 27% reduction in anti-social behaviour⁷⁸. Birmingham has also made considerable progress in recent years in reducing graffiti in the city, the result of a multi-partnership Anti-Graffiti Strategy. Actions have included making graffiti removal a core part of community payback and offender reparation; supporting local community involvement in identifying, reporting and removing graffiti; and collaboration amongst public agencies.
- 5.8.11 As a result of these improvements, not only have residents' perceptions of the Council and Police's ability to deal with anti-social behaviour and crime improved, but businesses and residents have made real savings through not having to remove graffiti and deal with the consequences of crime.
- 5.8.12 The attractiveness and prosperity of our local centres is also critical in ensuring Birmingham is attractive place to live. The City Council has a Local Centres Strategy to guide regeneration activities in relation to centres. This is supported by a Local Centres Programme, which sets out priorities for action.⁷⁹ In addition, many areas have town centre managers, who are tasked with improving local centres and are responsible for a number of local schemes to encourage shoppers and traders back to our local centres.

⁷⁸ Safer Birmingham Partnership Strategic Assessment 2009 – 2010; www.saferbirmingham.org.uk/

⁷⁹ Birmingham's draft emerging Core Strategy



5.9 Enhancing Birmingham's Reputation

The Issues

- 5.9.1 A number of businesses mentioned that Birmingham had perception issues to overcome as there were still negative views of the city, albeit largely from those who have not visited the city. There was a need to place an emphasis on the attractiveness of Birmingham in terms of living and working environments.
- 5.9.2 This affects not only the propensity of businesses to locate here, but the ability of companies already here to attract staff.
- 5.9.3 As we found in the Overview of Marketing Birmingham, it was not that our witnesses had a negative view of Birmingham, on the contrary they were very positive about the city and all it had to offer. One large employer stated that they were satisfied that the area was supporting the business meet its goals. It tends to be the view of those that have not visited the city that hold the negative view. As one of our witnesses admitted:
- I didn't know Birmingham [before I came here], and I was pleasantly surprised when I got here.
- 5.9.4 However, the point was made that that Birmingham's culture, geography, universities and labour markets could be sold more, particularly in the context of the significant progress made in recent years.
- 5.9.5 A request was made that some promotional literature be made available to companies looking to recruit from outside the city. This should include success stories told by businesses already in the city and success in particular sectors (such as the software gaming industry), which would provide reassurance to potential inward investors; and information on living and working in Birmingham.

Current and Planned Activity

- 5.9.6 Leading on promoting Birmingham as visitor destination and focus for inward investment within Birmingham is Marketing Birmingham – the city's strategic marketing partnership. Marketing Birmingham is a private-public partnership supported by the City Council, with member companies, champions and private investors from all over the West Midlands.
- 5.9.7 Attracting inward investment is dependent on the view of Birmingham as a place to do business, and Marketing Birmingham monitor this annually. The Overview of Marketing Birmingham, completed in February 2010, noted that the percentage of those surveyed who perceive Birmingham as good place to do business have increased since 2005, with the city's growth in perception exceeding some other core cities including Manchester, Newcastle and Leeds. The latest figures show that increase continuing into 2010, with an overall increase of 10% since 2005.



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5.9.8 It was noted that this rise had been aided by investment such as that by Deutsche Bank in Birmingham, which had changed the way the city was viewed globally.

5.10 Summary

5.10.1 Our witnesses raised a range of issues and concerns which they felt had an impact on the conditions for economic growth in Birmingham. Whilst, generally, the representatives of business we spoke to were satisfied that Birmingham provided a good environment to start or expand a business, a number of areas were highlighted where Birmingham could improve.

5.10.2 Some of these are being clearly addressed through the Greater Birmingham and Solihull LEP, for example the desire to see more clustering of similar industries, and support for major infrastructure projects such as High Speed 2 or the Birmingham New Street redevelopment.

5.10.3 The Digital Birmingham partnership is meeting the need to improve digital infrastructure and yield the economic benefits of high quality, efficient digital infrastructure and has had its funding extended for a further three years.

5.10.4 The Core Strategy is an important document, setting out the City Council's priorities for land development. Getting this right is critical, as the Localism Bill gives greater powers to local communities it will be the key statutory document in determining priorities and therefore should clearly set out what the city needs. This should include clear guidance on the size and type of housing required to reflect the different needs and aspirations of Birmingham resident. The Core Strategy should also contain plans to create jobs that will not only raise Birmingham's employment rate to the national average, but meet the demands of the growing working age population.

5.10.5 We also tested some of the propositions put to us. In terms of investment priorities, both the City Council and the LEP are focusing investment on particular sectors. Some witnesses, and some research, urge caution in focusing too narrowly on certain types of industry. However, the sectoral approach adopted by the LEP and Marketing Birmingham does build upon evidence provided by a study commissioned by Marketing Birmingham. Their work confirmed that there are a number of sectors and industries that we should be looking to encourage to locate in Birmingham. It is also worth noting that the sectors chosen do reflect Birmingham's "natural or historical advantages".

5.10.6 We also noted the potentially increased role for the City Council in business support as the business support landscape is rapidly changing – not necessarily as a provider (though the outcomes presented by Business Insight showed a good level of economic return on the investment made), but as an organisation that could develop funding proposals for business support and commission and enable such support, as well as signpost businesses to the appropriate levels of help and assistance.



6 The Role of the City Council

6.1 Introduction

6.1.1 We asked witnesses to outline what role they believed the City Council should take in setting the conditions for growth and in providing services. Most of the responses related directly to the issues discussed above and we will not repeat those here. However, there were some specific requests and suggestions for the City Council. These fell into five categories and are discussed below:

- Strategic vision;
- Investment Priorities;
- Engagement with businesses;
- Procurement;
- Council services.

6.2 Strategic Vision

The Issues

6.2.1 The witnesses we spoke to echoed the findings of the Overview of Marketing Birmingham, in that businesses need to understand the locality's ambitions and plans.

6.2.2 This is both in the context of being able to understand the Council's vision for the area and future plans to ensure that it matches up with the businesses' expectations, and to match local property markets and travel plans to skills needs. It also helps connect businesses that could work together to ensure that, as the business prospers, they can transfer some of that benefit to businesses around them thus generating more wealth and prosperity in the local area.

6.2.3 Understanding the Council's aims and objectives also helps local businesses see how they can contribute to those objectives through corporate social responsibility projects. The lack of a clear City Council Economic Strategy was noted by some witnesses.

Current and Planned Activity

6.2.4 The City Council's strategic priorities are set out in several documents. The overarching strategy, the *Sustainable Community Strategy: Birmingham 2026*, was launched in 2008 by the City Council and Be Birmingham, the local strategic partnership. It built upon what local people and organisations said were the big issues for the city over the next 16 years.⁸⁰ The vision for this strategy has recently been re-drafted (to accommodate changes in funding following the ending of

⁸⁰ Report of Director of Be Birmingham to Co-ordinating O&S Committee, 14th January 2011



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WNF and the changing economic environment) and new sub-outcomes are now being agreed with a clear focus on a smaller number of priorities.

6.2.5 These priorities are set out in the box below, and are echoed in the Council Business Plan 2011+, which sets out the high level medium term corporate plan for the council, mostly focused on the key priorities and the budget, resources and workforce plans that support them.

6.2.6 Overall strategic direction with regard to economic growth will be developed by the LEP; however there needs to be a clear link with local strategic planning.

Sustainable Community Strategy and Council Business Plan 2011+ Priorities

The overarching ambition is for Birmingham people to “enjoy a high quality of life”. This will be delivered through the three strategic outcomes and “making a contribution” enabling outcome.

Succeed Economically: people benefiting from education, training, jobs and investment. The aims are to reduce poverty, ensure more people have jobs and a choice of high quality housing whilst creating an innovative, low carbon economy. Key outcomes will be:

1. Increasing individuals' personal wealth and reducing relative poverty within the city;
2. Increasing employment and economic activity within the city. Ensuring that people have the education and skills to make the most of job opportunities;
3. Create a vibrant low carbon, low waste economy through the best use of environmental technologies and ensure that Birmingham is prepared for the impact of climate change;
4. Raise quality, choice and affordability of housing.

High level measures of success include:

- Average wages levels;
- Overall employment rate;
- Co2 equivalent emissions;
- Net additions to the housing stock

Stay Safe In Clean Green Neighbourhoods: reducing crime and antisocial behaviour to make people feel safer, alongside improving the cleanliness of local neighbourhoods, to make Birmingham a better place to live and work. Key outcomes will be:

1. Crime and anti-social behaviour is reduced and people feel safer;
2. Protecting the most vulnerable people within the community – in particular children;
3. Securing cleaner, greener, sustainable neighbourhoods empowering citizens to make their neighbourhoods better places to live.

Be Healthy: ensuring that people enjoy long, healthy and fulfilling lives. Key outcomes will be:

1. Reduced health inequalities and mortality across Birmingham;
2. More people enabled to choose healthy lifestyles, enjoying rich cultural experiences and improve their wellbeing, resulting in people living well.



6.3 Investment Priorities

The Issues

6.3.1 A number of witnesses (bearing in mind that we spoke to businesses already located here) commented that it was their perception that Birmingham City Council, along with others, focused on attracting inward investment, rather than working with and supporting businesses already here. Some took a very cautious view of the yields likely from efforts to attract inward investment, believing that employment growth is more likely to be from very small companies growing rather than large companies locating in Birmingham, or that most inward investment is more likely to come from London based offices decentralising.

6.3.2 One witness commented that inward investment was to be welcomed:

... as long as the new companies involve themselves in the local economy and communities in a way that brings positive benefits to all. We feel that the City Council has a role to play in asking questions about the way in which the company looking to relocate will interact with local businesses to ensure existing businesses are not disadvantaged.

6.3.3 The role of the City Council in encouraging businesses locating into the city to consider local small businesses for their supply chain was also considered:

As far as inward investment in the city is concerned, small businesses will benefit from new company relocations only if they are fully able to participate in the supply chains of new companies ... The situation must be avoided where the changes result in more jobs being lost overall, when taking into account secondary job losses in existing businesses.

6.4 Engagement with Council

The Issues

6.4.1 The previous chapter dealt with the conditions for growth businesses wanted to see to help them grow and develop. The ability of businesses to work with the City Council was an important element of that.

6.4.2 Perhaps because of the perceived emphasis on inward investment, as described above, a number of witnesses we spoke to felt neglected by the City Council. The need to support existing businesses and engage with businesses companies at a senior level was emphasised.



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Marketing Birmingham

Marketing Birmingham was formerly the city's destination marketing partnership, responsible for the promoting the city's visitor economy. Following a recommendation of the Regeneration O&S Committee (Overview of Marketing Birmingham⁸¹) that Marketing Birmingham and the City Council's inward investment service be better aligned, the latter service was transferred to Marketing Birmingham in September 2010.

The City Council Cabinet agreed a new funding and Service Level Agreement (SLA) with Marketing Birmingham for the four year period 2011/12-2014/15.⁸² This emphasised the promotion of the city as a place to do business and the attraction of major levels of inward investment to Birmingham.

The City Council retains a close interest, with the Leader of the Council both a member of the Board and chair of the Investment Policy Committee (a sub committee of Marketing Birmingham's main board) which will sign off the inward investment strategy. Individual spending decisions on programmes and projects will be signed off by the Leader in his capacity as the relevant Cabinet Member for the Marketing Birmingham budget being spent.

Marketing Birmingham's Business Plan Priorities are to:

- Attract investment to Birmingham from high profile growth sectors;
- Contribute to growth in GVA by creating and retaining jobs, skilled employees and spend in the city;
- Strengthen the image and profile of Birmingham and its appeal as an investment and visitor destination;
- Improve Birmingham's competitiveness in UK and international markets;
- Increase the value of the visitor economy;
- Attract major economic and high profile business events.

A key activity for Marketing Birmingham is the preparation of an Inward Investment Strategy with related marketing and sector plans. This will draw together objectives from relevant strategies and result in an action plan.

Marketing Birmingham has a marketing and PR plan for the promotion of Birmingham as a place to do business. Marketing Birmingham will be working with national organisations (UKTI) on inbound and outbound sales missions that will:

- Raise the profile of the business and expertise already in the City and
- Encourage new companies to invest in Birmingham.

⁸¹ Birmingham City Council, February 2010



- 6.4.3 Those that did have contacts were the result of specific enquiries, e.g. around planning. On a more positive note, a couple of witnesses had been involved in the Greater Birmingham and Solihull LEP submission, and that relationships had become stronger as a result.
- 6.4.4 There was a request for there to be a stronger dialogue to stimulate thoughts and ideas between the Council and significant businesses in Birmingham. Businesses were not asking for time-intensive support, but at least periodic one hour get-togethers that would not only improve communications but could also be used to signpost companies to where help and support can be provided before crisis hits, and to allow the Council positively support where appropriate.
- 6.4.5 Businesses queried what understanding the City Council had of businesses already located in Birmingham, in order that the City Council might be in a position to show that welcome and understanding. One witness found obtaining certain information – such as understanding growth and shrinkage in the city – had been easier to get independent of the Council.
- 6.4.6 This concerned witnesses when they considered the impression made on companies looking to locate in Birmingham. We were told that international companies considering opening new offices, consider national issues first and then compare cities. Often the ratings can be the same on “objective” criteria, so the feeling and general tone set by local leaders can be crucial. There is a need for the council to play its role in setting this general feel and tone so businesses feel welcomed and “feel that they can do business with these people”. Being welcoming and positive, providing a friendly face is one of the building blocks needed to attract companies as is demonstrating an understanding that business is the lifeblood of the city.

Current and Planned Activity

- 6.4.7 There are a number of strands addressing these issues. We have been informed that an event was held in August 2010 with the Chief Executive and senior officers within the City Council and businesses. Another event is being planned for June 2011 with a schedule of quarterly meetings thereafter.
- 6.4.8 Also the Business Development and Innovation Team are looking at developing a corporate programme for engagement and after care of the top 50 businesses and wealthiest individuals in the City. This business engagement will enable the private sector to inform and discuss policy, seek intelligence on future investment plans, improve understanding of work force development and employment issues and build relationships generating high value-added jobs.⁸²
- 6.4.9 Marketing Birmingham has recently taken over the business investment remit for the City Council, and already has a relationship with some business in the City (those choosing to be members of

⁸² Service Level And Funding Agreement with Marketing Birmingham for the Four Year Period 2011/12 – 2014/15, Report of the Assistant Director, Investment, Enterprise & Employment to Cabinet, 13th September 2010; www.birmingham.gov.uk/democracy

⁸³ Cabinet Member for Transport, Environment and Regeneration 6 Month Update Report to the Committee on the 25th January 2011



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Marketing Birmingham). The majority of work with these businesses is around expansion of existing operations, retention of graduate employees and networking. Marketing Birmingham, now it has the inward investment brief, is building a CRM (Customer Relationship Management) system on business in Birmingham.

6.4.10 In 2010, the City Council had embarked on the Business Matters project, which acknowledged:

So far very little work has been done by any local authority or agency to apply Customer Insight work to business customers – understanding how they want to access services, what different customer segmentation models could apply and what opportunities exist to better design and deliver services to them. Given the difficult economic climate we are currently in, it is crucial we understand how best to support the growth of new businesses as well as the needs of those facing decline, and can target our services and resources accordingly.

6.4.11 The key aim of the project was to address the fact that “businesses often express frustration about having to give the same information multiple times, not only to different government organisations, but often to different teams within the same local authority. Business Matters wants to change this.” The project has developed standards for capturing data about businesses in a consistent way and being able to exchange that information using simple low-cost technology solutions to enable a much more rounded view of the way we interact with business customers.⁸⁴

6.5 Procurement

The Issues

6.5.1 One business raised concern regarding being able to access procurement opportunities with the City Council. It was also noted that the City Council can influence and support local business and support through its procurement practices.

Current and Planned Activity

6.5.2 The Government announced on the 11th February 2011 measures intended to simplify and accelerate procurement processes for central government with the aim of encouraging more SMEs, charities and social enterprises to compete for government contracts. Key measures include:

- The launch of a Contracts Finder Website which will contain details of public sector contracting opportunities over £10,000 – with e-mail alert facility where suppliers can specify which areas they are interested in and tender details will be emailed free of charge as and when they are posted;

⁸⁴ <http://www.workingwithbusiness.org.uk/>



- The launch of SME product surgeries – these events will give SMEs the opportunity to pitch innovative products directly to central government and the wider public sector rather than waiting for tender opportunities to arise.

6.5.3 The City Council had already amended its Standing Orders Relating to Contracts in May 2010, requiring all City Council supply needs which cannot be met from existing contracts to be advertised on www.finditinbirmingham.com. This has given the business community complete visibility of Birmingham City Council's supply needs and enables any interested party to compete to satisfy those needs.

6.5.4 The City Council launched the *Finditinbirmingham* website on the 13th May 2010 to improve access and take up of public sector procurement opportunities and the project is ongoing with 8,000+ businesses now registered on the website. A varied rolling programme of monthly breakfast events has been developed and these are attended by an average of more than 100 business people.

6.5.5 On 23rd February 2011 *Finditinbirmingham* hosted its first large event "Growing Green" which was a showcase event for environmental technologies. It was attended by 500 people and included 55 exhibitors and speakers from prominent international companies such as Crown Paints and Skanska. Many local businesses used this event to promote their innovative products to national market leaders.

6.5.6 Feedback from *Finditinbirmingham* members demonstrated that the initiative is delivering on its objective of helping businesses succeed through responding to supply opportunities advertised on the website and attending our events. A small sample of local businesses that have benefited from *Finditinbirmingham* membership includes:

- A sales manager for a social enterprise met a client at one of the networking events who contracted her to make 100 branded canvas bags for a conference;
- A local SME based in Hockley won a contract to install photovoltaic panels for the Chamber of Commerce. This introduced a new local SME to the Chamber of Commerce and provided an innovative low cost solution to installing panels on flat roofs;
- A local children's play service, won a contract through the site to provide an after school play project for the City Council in Northfield;
- A Sales Coordinator has used the networking events to tell employers at big companies about the free construction training her company offers and has helped their employees earn the health and safety certificates they need to work on site.

6.5.7 The project was initially funded by Working Neighbourhoods Fund (WNF) and an internal loan has been secured to enable *Finditinbirmingham* to continue beyond 31st March 2011. We were informed that Business Development and Innovation officers are actively looking at succession planning involving sponsorship, advertising and accreditation of suppliers. A business plan has been developed for the next 3 years which shows that *Finditinbirmingham* will become self financing in 2011/12.



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6.5.8 The City Council also seeks to harness public sector buying power to achieve outcomes on jobs and skills through the Council's procurement Policy Framework for Jobs and Skills. The strategic and systematic approach ensures that job and skills contract clauses are always considered first. If contract clauses are considered not to be relevant to the contract then voluntary agreements or jobs and skills charters may be used.⁸⁵

6.6 Council Services

The Issues

- 6.6.1 In general, it was felt that the Council services businesses need are the same as for residents: good quality transport and roads, lighting, safe streets, a pleasant physical environment and an efficient planning service.
- 6.6.2 The majority would not look to the City Council for specific business services, although some felt that the City Council could take a lead on signposting for business support (Chapter 5).
- 6.6.3 Where specific services or answers were sought, several witnesses described how difficult they found it to get answers from the City Council on specific matters or found the website difficult to use. One company, looking to expand its operations here, did request information from the City Council but had not received a reply.
- 6.6.4 Another, also looking to expand, described trying to use the Council's commercial property website as "rather awkward" and in need of improvement. He was unable to find the information required.
- 6.6.5 In terms of specific services, the following were mentioned by witnesses:
- **Waste collection and recycling:** whilst some of the larger companies had parent companies which had in place corporate arrangements for facilities issues such as recycling, and confidential shredding, one SME did find it difficult to work with the City Council on meeting their recycling needs. Evidence from another witness suggested more work was needed to ensure small businesses understood their obligations to dispose of waste (including having a waste contract and not using domestic collections or Household Recycling Centres). Recycling centres for businesses might be considered;
 - **Business rates:** one witness mentioned the City Council's role in collecting business rates. Their proposal was that the City Council could agree to apply small business rate reliefs automatically for all eligible businesses. The Local Government Association (LGA) reported that 52% of small businesses are not claiming for small business rate relief. The reasons are that small businesses feel unsure about how to make a claim – making it automatic would remove this uncertainty, reduce red-tape (even if only by one form) and may even reduce costs for Birmingham City Council in administering the applications;

⁸⁵ For existing contractors



- **Car Parking:** concerns about the impact of rising car parking charges on small businesses were mentioned: “as this could make customers think twice about shopping where parking is expensive and choose instead to shop in areas where parking is cheaper or free or go to out of town centres”.

6.6.6 Another concern is the need to balance business with residential needs. This is particularly highlighted by the issue of recent closures of long established entertainment venues due to the upholding of noise complaints from new residents in nearby new developments in the city centre.

It cannot be fair for existing businesses to have to make so many changes that they fundamentally affect the nature of the business. After all, new residents have a choice over whether to live in a particular area or not taking into account the surrounding areas. Why move to a property near a night-time entertainment venue if you need peace and quiet throughout the night?

6.6.7 Witnesses also asked for some commonality of service provision or regulation across the LEP area, and this will be explored:

We will explore ways of transforming our regulatory environment by establishing common sets of rules across the economic area, making it easier to do business and expand local procurement opportunities

Current and Planned Activity

6.6.8 We were informed by Birmingham Property Services that there had been some technical difficulties in navigating the Council's commercial property website however these were being addressed and the replacement website should be in place shortly.

6.6.9 Birmingham creates over three million tonnes of waste each year and only less than a sixth of this is household waste. A recent Scrutiny Review of Reducing and Recycling Business Waste recognised the importance of business waste issues. For businesses in the city, waste is a cost and for the City Council business related fly-tipping is also costly.

6.6.10 The City Council's Fleet and Waste Management Division offers a waste collection and disposal service to some 8000 businesses across the City, charging on the basis of volume. It currently provides cardboard, paper and glass recycling. The City Council's Regulatory Services ensures that businesses are complying with their obligation to lawfully dispose of waste.

6.7 Summary

6.7.1 The witnesses we spoke to had little or no contact with the Council. Where they attempted to do so, the service they received was often disappointing.



Supporting the Recovery

6.7.2 A clear strategic lead from the City Council was required, in order that businesses can understand the city's ambitions and plans. The ability of businesses to work with the City Council was an important element of a supportive business environment. Perhaps because of the perceived emphasis on inward investment, a number of witnesses we spoke to felt the City Council did not pay sufficient attention to those businesses already here. The need to support existing businesses and engage with companies at a senior level was emphasised.

6.7.3 The information the City Council holds is a valuable resource, but is not easily accessible.

City Council Portfolios and Directorates

Perhaps one of the reasons businesses find it hard to engage with the City Council is its size. There are a number of portfolios and directorates responsible for the many areas of council activity covered in this report. This section summarises the key responsibilities.

Leader's Portfolio: includes the responsibility for visible leadership on major projects and encourage inward investment / tourism to Birmingham.

Deputy Leader's Portfolio: includes responsibility for determining and monitoring the Council's policies and procedures in relation to procurement and supporting the Leader in the corporate marketing and promotion of Birmingham. The Digital Birmingham partnership is chaired by the Deputy Leader of the Council.

The **Cabinet Member for Transport, Environment and Regeneration's** portfolio includes a range of activity falling within two City Council Strategic Directorates:

Development Directorate:

- Regeneration and strategic planning (Development Strategy / Planning and Regeneration Teams);
- Economic development (Business Support and Innovation Team);
- Reducing unemployment (Planning and Regeneration Team – Employment);
- Transportation strategies, including public transport and infrastructure (Development Strategy).

Environment and Culture Directorate:

- Powers and duties of the Council as the local highway authority, including signage, car parking and traffic control (Highways);
- Management of PFI contract (Highways);
- Waste management and recycling (Fleet and Waste Management).



7 Conclusions and Recommendations

7.1 Conclusions

- 7.1.1 The Transportation and Regeneration O&S Committee embarked on this Scrutiny Review to explore the City Council's role in encouraging private investment in the city to increase employment.
- 7.1.2 Birmingham has often been bracketed within the West Midlands but actually fares much better in terms of economic performance. Firstly, the city has adapted better to the industrial changes of the last 30 years than most of our West Midlands counterparts. The city is less reliant on manufacturing and has seen increases in employment in business services and as well as growth in some visitor economy sectors. In absolute terms, the total Gross Value Added for the city is by far the largest in the region and LEP area. Per head, it is close to the national average.
- 7.1.3 However, we were keen to see that the role of manufacturing was not unduly denigrated. It's unique role as a wealth producer, the emerging opportunities in key sectors and its ability to provide good jobs for the lower skilled make it an important part of our economy.
- 7.1.4 Secondly, perceptions of the city as a place to do business are improving each year, having increased since 2005, with the city's growth in perception exceeding other core cities including Manchester, Newcastle and Leeds.
- 7.1.5 Thirdly, the new context set by the Greater Birmingham and Solihull LEP gives fresh impetus and new freedoms to the City Council to work much more closely with local businesses in setting the right conditions for Birmingham to be "the natural home for Europe's entrepreneurs and wealth creators". As the LEP submission states, the Greater Birmingham and Solihull LEP area contains an "astonishing concentration of economic drivers, second only to London". A number of these are within, or linked to, Birmingham.
- 7.1.6 However, there is clearly work to do to enable Birmingham to play the role it can in "re-balancing the economy". Economic performance can undoubtedly be improved, and our evidence has pointed to some key areas to address.
- 7.1.7 We were already aware of the need to increase private sector employment in the city and this was confirmed by our evidence gathering. We have therefore set out a number of recommendations to support the City Council's role in facilitating conditions for growth.
- 7.1.8 However, our findings lead us to conclude that the city's major weakness is the low level of skills, particularly amongst the long term unemployed. Comparatively, this is where Birmingham fares worst. This is important not only because it is holding our economy back, but because, as we stated at the outset, the Committee is keen to ensure that economic success is shared by residents across the city.



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- 7.1.9 Keeping a focus on specific actions to help the long-term unemployed is particularly important as the economy recovers. As we were told in our evidence gathering:

The key challenge remains to ensure that, as the economic recovery continues, economic growth in the city offers employment opportunities for residents at all skill levels. This will require a prolonged programme of engagement and basic training for those who are not as yet engaged with the labour market or in lower skilled occupations and opportunities for those with low skills to improve their qualifications, along with attracting and retaining graduates. High and sustained levels of worklessness, combined with the impact of the recession, mean this is likely to be a long-term process.

7.2 Recommendations

Access to a skilled labour market

- 7.2.1 Low levels of skills are a major weakness in Birmingham, particularly amongst the long term unemployed. Whilst the importance of improving our employment rate and increasing personal wealth are recognised within the Council's Business Plan 2011+ and the *Sustainable Community Strategy: Birmingham 2026*, tackling long term worklessness is not an explicit aim or target. The LEP submission does refer to "dramatically reducing worklessness" but it is important to recognise that the biggest challenge lies with the long term workless.
- 7.2.2 Tackling multi-generational worklessness which persists in some parts of the city is critical to the city's economy, and we recommend that tackling long-term worklessness is an explicit target in both the LEP and City Council business plans.
- 7.2.3 A key concern of our witnesses was the lack of a co-ordinating body, to take responsibility for articulating and co-ordinating skills activity to meet business needs. The strategic planning role formerly taken by the Learning and Skills Council is no longer in place and the Skills Funding Agency funds training provision by contracting through competitive processes to a wide range of training organisations based on employer and learner demand.
- 7.2.4 There is a role for the LEP here. The LEP submission proposes "a single strategy for skills, inward investment and planning across the economic area" within the first year. This should be brought forward urgently, and include clear mechanisms to articulate business demand for skills in the area and communicate these clearly and regularly to providers. It is also important that colleges have a clear voice within the LEP, as it is they that will provide the training and qualifications for the long term unemployed.
- 7.2.5 The process by which local demand is transmitted to local training organisations (i.e. colleges and other providers) is still unclear. We have expressed concern that whilst some consumers – employers for example – will be well informed enough to make the right choices and work



effectively with colleges, others will not have the relevant information, unless someone steps in to fulfil this role. The City Council could undertake this role, which would complement the necessary work carried out by the Employment Action Team (EAT), linking local workless people to job opportunities via tailored and specific support packages.

7.2.6 The Working Neighbourhood Fund (WNF) ceased in April 2011 and the Government's Work Programme, which will also use a contractor model to provide skills training and support to the unemployed, will not commence until September 2011. We recognise that mainstream Skills Funding Agency and Jobcentre Plus provision will remain in place during April to August 2011; and further education colleges have funds in their 2010/11 adult responsive budgets that they can use to deliver programmes to unemployed people and will be recruiting throughout this period to August. In addition, we were informed by the SFA, that during the period April to August 2011, the SFA will be utilising ESF funding and launching two new programmes to support the unemployed. However, there will be a five month funding gap following the end of WNF for some third sector organisations with a proven track record in delivering outcomes. This equates to a loss of spend on locally delivered employment skills training in Birmingham of £12m per annum. In addition, there is a loss of spend in bespoke industry-led skills training equivalent to £1.3m per annum and there is therefore a need for the SFA to fund this gap.

7.2.7 We have therefore asked that the Cabinet Member for Transport, Environment and Regeneration work with the Skills Funding Agency to address this drop in resources available for skills provision in Birmingham.

	Recommendation	Responsibility	Completion Date
R01	The reduction of long-term worklessness and the 'skills gap' should be explicit targets in Birmingham's Community Strategy Vision 2026. We call on the Local Enterprise Partnership (LEP) Board to ensure the reduction of long-term worklessness and the "skills gap" are priorities for the Partnership.	Leader	July 2011
R02	The Leader should work with our Local Enterprise Partnership Board to urgently expedite the development of a strategy for skills. It should include mechanisms to articulate business demand for skills in the area and communicate these clearly and regularly to providers.	Leader	October 2011
R03	The Leader should work with our Local Enterprise Partnership partners to ensure that colleges have a clear voice on the Local Enterprise Partnership, particularly with regards to skills.	Leader	September 2011



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	Recommendation	Responsibility	Completion Date
R04	The City Council should take a lead role in providing information on business demand for skills in the city and in co-ordinating provision, in particular for those out of work and school leavers.	Leader; Cabinet Member for Transport, Environment and Regeneration and Cabinet Member for Children, Young People and Families	September 2011
R05	The Cabinet Member for Transport, Environment and Regeneration should work with the Skills Funding Agency to address the drop in resources available for skills provision in Birmingham, following the ending of Working Neighbourhood Fund.	Cabinet Member for Transport, Environment and Regeneration	September 2011

Business Support

- 7.2.8 The business support landscape is rapidly changing and many of our witnesses felt that there was a need for greater clarity about where businesses can go to for support, both for new companies locating in Birmingham and those already here.
- 7.2.9 Witnesses were particularly concerned that with the demise of Advantage West Midlands, support and contacts would be lost. Some suggested that the City Council should take a lead role in signposting businesses to relevant support. We have therefore asked the Cabinet Member for Transport, Environment and Regeneration to set up a single point of contact within the City Council for businesses, to signpost businesses to the relevant organisation/part of the City Council.
- 7.2.10 These issues were raised by the former Regeneration O&S Committee as part of the Scrutiny Review of Support to Small Businesses. Whilst improvements following that Review have improved matters, recent changes (in particular the demise of a regional Business Link and Advantage West Midlands) have left gaps in business support that businesses may increasingly look to the City Council to fill.
- 7.2.11 To support the development of relevant skills in the region, and to boost the city's reputation for manufacturing excellence, the City Council should consider the need for, and appropriate level of support for, a National Centre for Excellence, in particular to support manufacturing in the region.
- 7.2.12 Whilst most of the business representatives we spoke to were not looking to the Council for direct support, we did find two examples of innovative and entrepreneurial services provided by Birmingham City Council. Business Insight and Finance Birmingham have demonstrated good outcomes from their work. However, neither of these organisations are widely known. We therefore recommend that publicity for both is increased, and that the Cabinet Member for Transport, Environment and Regeneration review the outcomes of Business Insight alongside regeneration work to ensure the most efficient means of obtaining effective outcomes.



7.2.13 As a result of our discussions, a “start a business” proposal has been circulated by Business Insight to Constituency and Ward Chairmen which generated several meetings to discuss the proposal. To support that, Business Insight has also put forward a new proposal which could help local traders keep money within local shops and trades, plus generate an income for the ward or constituency. If enough areas participated, this would have the effect of creating a Birmingham wide traders card, firmly based on local areas.

	Recommendation	Responsibility	Completion Date
R06	The Cabinet Member for Transport, Environment and Regeneration sets up a single point of contact within the City Council for businesses, to signpost businesses to the relevant organisation/part of the City Council. This point of contact should have sufficient knowledge to be able to deal with a wide range of queries, and the ability to refer to senior officers where appropriate.	Cabinet Member for Transport, Environment and Regeneration	September 2011
R07	The Cabinet Member for Transport, Environment and Regeneration explores the need for, and appropriate level of support for, a National Centre for Excellence, in particular to support manufacturing in the region.	Cabinet Member for Transport, Environment and Regeneration	April 2012
R08	The Cabinet Member for Transport, Environment and Regeneration expedites increased publicity of Finance Birmingham, and that a variety of avenues are pursued (e.g. contacting accountants in the city).	Cabinet Member for Transport, Environment and Regeneration	September 2011
R09	The Cabinet Member for Transport, Environment and Regeneration should review the outcomes of Business Insight alongside regeneration work to ensure the most efficient means of obtaining effective outcomes.	Cabinet Member for Transport, Environment and Regeneration	December 2011

Infrastructure

7.2.14 Witnesses were keen to see improvements in Birmingham’s infrastructure to support their business growth and their ability to attract employees. The availability and attractiveness of employment land was one element. Good transport links were also emphasised by a number of businesses as critical to attracting good employees and making their daily commuting life tolerable. Access to high quality, high speed digital links was integral to several of the businesses.

7.2.15 The Committee has expressed concerns related to employment land: whether the total amount of land available for employment was reducing incrementally, and whether the number of jobs being



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created on employment land was equal to what has been lost. In general, fears about the process were allayed – there are clear mechanisms for the protection of employment land.

- 7.2.16 However, the draft Core Strategy proposes to support the creation of 100,000 jobs in Birmingham by 2026 (the same number the LEP intends to create for the region by 2020). However, whilst this may be enough to raise Birmingham’s employment rate to the national average, we were not convinced that it would be enough to meet the demands of the growing working age population. We therefore recommend that the Core Strategy contains proposals to facilitate the creation of enough jobs to meet this growing demand.
- 7.2.17 The City Council’s support for major transport projects was welcomed: New Street Station, HS2 and the extension of the runway at Birmingham Airport. However, there were concerns that car users would be disadvantaged and that public transport does not easily provide the convenience and flexibility to support working requirements. In particular, there were some key employment areas not well served – the lack of an adequate bus service for the Birmingham Business Park for example. We have therefore asked the Cabinet Member for Transport, Environment and Regeneration to work with colleagues on the Integrated Transport Authority to emphasise the importance of public transport links between employment areas and residential areas.
- 7.2.18 The need for “aspirational” and high quality executive housing was also raised in the Overview of Marketing Birmingham, and its re-appearance as a recurring issue in this Review emphasises its importance. A stronger steer from the City Council is needed.
- 7.2.19 Digital Birmingham is a partnership of public, private and voluntary organisations which aims to make Birmingham a recognised leading European Digital City; and improve connectivity, content and capability for/of residents and organisations/businesses in Birmingham. This is much needed work and the Committee were clear that they wanted to see that continue. Since we started drafting our recommendations, the City Council agreed to continue to fund Digital Birmingham (on a reduced basis) for a further three years. It will be incorporated within the Development Directorate in recognition of its strong links with the Council’s economic growth and prosperity agenda.

	Recommendation	Responsibility	Completion Date
R10	The Cabinet Member for Transport, Environment and Regeneration should ensure that the Core Strategy contains proposals to facilitate the creation of enough jobs to meet the demands of the growing working age population.	Cabinet Member for Transport, Environment and Regeneration	July 2011
R11	The Cabinet Member for Transport, Environment and Regeneration should work with colleagues on the Integrated Transport Authority to emphasise the importance of public transport links between employment areas and residential areas.	Cabinet Member for Transport, Environment and Regeneration	September 2011



	Recommendation	Responsibility	Completion Date
R12	The Cabinet Member for Transport, Environment and Regeneration ensures that the need for aspirational housing is reflected in the Core Strategy.	Cabinet Member for Transport, Environment and Regeneration	September 2011

Promoting the City

- 7.2.20 A number of businesses mentioned that Birmingham had perception issues to overcome as there were still negative views of Birmingham, albeit largely from those who have not visited the city. There was a need to place an emphasis on the attractiveness of Birmingham in terms of living and working environments.
- 7.2.21 It was not that our witnesses had a negative view of Birmingham, on the contrary they were very positive about the city and all it had to offer. However, the point was made that that Birmingham's culture, geography, universities and labour markets could be sold more, particularly in the context of the significant progress made in recent years.
- 7.2.22 A simple request was made that some promotional literature be made available to companies looking to recruit from outside the city. This should include success stories told by businesses already in the city and success in particular sectors (such as the software gaming industry), which would also provide reassurance to potential inward investors; and information on living and working in Birmingham.

	Recommendation	Responsibility	Completion Date
R13	The Cabinet Member for Transport, Environment and Regeneration should work with Marketing Birmingham to make available information about living and working in Birmingham for businesses and organisations to use in their own promotional/recruitment campaigns.	Cabinet Member for Transport, Environment and Regeneration	December 2011

Role of the City Council

- 7.2.23 Witnesses asked for a clear strategic lead from the City Council, in order that businesses can understand the city's ambitions and plans. This is both in the context of being able to understand the Council's vision for the area and future plans to ensure that it matches up with the businesses expectations, and to match local property markets and travel plans to skills needs.
- 7.2.24 Whilst there are a number of strategic plans setting out the City Council's plans and ambitions (the City Council Business Plan, the *Sustainable Community Strategy: Birmingham 2026* as well as the LEP), some witnesses felt that a clear economic strategy was lacking. We have therefore asked the Leader to expedite the delivery of an economic strategy for the city.



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7.2.25 The ability of businesses to work with the City Council was an important element of a supportive business environment. Perhaps because of the perceived emphasis on inward investment, a number of witnesses we spoke to felt the City Council did not pay sufficient attention to those businesses already here. The need to support existing businesses and engage with companies at a senior level was emphasised. We have therefore asked the Cabinet Member for Transport, Environment and Regeneration to investigate setting up a mechanism by which periodic discussions between senior officers/Members (as appropriate) within the City Council and heads of major businesses in Birmingham can take place. The purpose of these discussions would be to facilitate the sharing of information and to explore opportunities pro-actively to expand local employment.

	Recommendation	Responsibility	Completion Date
R14	The Leader should expedite the: a) development and; b) implementation of a city economic strategy.	Leader	a) December 2011 and b) April 2012
R15	The Leader and the Cabinet Member for Transport, Environment and Regeneration investigate setting up a mechanism by which periodic discussions between senior officers / Members (as appropriate) and heads of major businesses in Birmingham can take place. The purpose of these discussions would be to facilitate the sharing of information and to explore pro-actively opportunities to expand local employment.	Leader Cabinet Member for Transport, Environment and Regeneration	September 2011

Progress with Implementation

7.2.26 To keep the Transport, Environment and Regeneration O&S Committee informed of progress in implementing the recommendations within this report, the Cabinet Member for Transport, Environment and Regeneration is recommended to report back on progress periodically. This will be carried out through the established tracking process.

	Recommendation	Responsibility	Completion Date
R16	Progress towards achievement of these recommendations should be reported to the Transport, Environment and Regeneration Overview and Scrutiny Committee in November 2011. Subsequent progress reports will be scheduled by the Committee thereafter, until all recommendations are implemented.	Cabinet Member for Transport, Environment and Regeneration	November 2011



Appendix A: Witnesses

A.1.1 The Committee is very grateful to the following for their assistance with this Review:

- Shilpi Akbar, Assistant Director, Employment, Birmingham City Council;
- Philip Amison and Glynn Jones, AWM;
- Stuart Baker and Neil Rawlinson, Rolls-Royce Goodrich Engine Control Systems Ltd, trading as Aero Engine Controls;
- Jerry Blackett, Birmingham Chamber Group;
- Gerard Coyne, West Midlands Regional Secretary, Unite the Union;
- Craig Errington and Clive Bridge, Wesleyan;
- Jack Glonek, Assistant Director, Investment, Enterprise and Innovation, Birmingham City Council;
- Rob Harrison, M Stack;
- Dave Howl, Regional, European and International, Birmingham City Council;
- Douglas Laird, Business Insight;
- Ian Mack and Linda Waltho, The Green Bus;
- Raj Mack, Head of Digital Birmingham;
- Waheed Nazir, Director of Regeneration & Planning and Dave Carter, Acting Head Of Strategy and Information, Birmingham City Council;
- Nicholas Niziolomski, CCBT;
- Neil Rami and Tim Manson, Marketing Birmingham;
- Sue Summers, Investbx;
- Hamish Wilson, Economic Strategy, Birmingham City Council.

Written evidence:

- Lesley Bradnam and Jane Newman, Birmingham City Council;
- David Caro, West Midlands Policy Unit Chairman, Federation of Small Businesses;
- Rob Fellow, Chief Operating Officer, DBOI Global Services (UK) Ltd.
- Corrie Harris, City College;
- Professor Ray L Linforth, Principal, University College Birmingham (UCB);
- Kim Thorneywork and Michael Kilduff, Skills Funding Agency.



Appendices



Appendix B: Economic Indicators

B.1 Gross Value Added (GVA)

- B.1.1 In 2009, the West Midlands share of national GVA stood at 7.4% (Figure B.1). Evidence from AWM showed that GDP per head in the West Midlands¹ fell below the UK average in 1976 and since the late 1990s has fallen steadily. Between 2000 and 2007, the West Midlands region had the lowest average annual growth in GVA per head of any region in the UK (Figure B.3). This means that, whilst the regional economy has continued to grow, the rate has not matched other regions.
- B.1.2 However, Birmingham has been a strong performer within the region (Figure B.2). Evidence from AWM and the ONS indicate that Birmingham is critical to regional economic performance, accounting for over one fifth of the region's GVA. Further, Birmingham is responsible for 57% of the LEP area's GVA, albeit with a lower GVA per head than East Staffordshire and Solihull. However, as data from Advantage West Midlands shows, Birmingham's rate of growth has not matched the national average, nor most other core cities (Figure B.4).
- B.1.3 The sectoral contribution to regional GVA is set out in Figure B.5. The proportion of manufacturing employment to all employment is set out in Figure B.6.

Figure B.1: Regional GVA 2009

Source: Office for National Statistics, *Statistical Bulletin*, 08 December 2010²

Region	Per head (£)	Per head growth on 2008 (%)	Total GVA (£m)	Total GVA growth on 2008 (%)	Share of UK (%)
London	34,200	-2.6	265,171	-1.5	21.5
South East	20,923	-3.5	176,500	-2.7	14.3
North West	17,263	-1.9	119,079	-1.6	9.6
East of England	18,591	-4.0	107,209	-3.2	8.7
South West	18,211	-2.5	95,268	-2.1	7.7
West Midlands	16,788	-3.2	91,178	-2.7	7.4
Yorks & the Humber	16,569	-3.4	87,123	-2.6	7.1
East Midlands	17,349	-3.2	77,223	-2.7	6.3
North East	15,621	-2.0	40,369	-1.5	3.3
England	20,442	-2.9	1,059,120	-2.2	85.8
Wales	14,842	-2.5	44,517	-2.2	3.6
Scotland	19,744	-1.4	102,552	-0.9	8.3
Northern Ireland	15,795	-2.7	28,256	-2.0	2.3
UK	19,977	-2.7	1,234,445	-2.1	100.0

¹ Includes Herefordshire, Worcestershire, Warwickshire, Shropshire, Staffordshire and West Midlands counties (Birmingham, Solihull, Coventry, Wolverhampton, Walsall, Sandwell and Dudley)

² www.statistics.gov.uk/pdffdir/gva1210.pdf



Appendices

Figure B.2: GVA Calculations – West Midlands Local Enterprise Partnerships

Source: ONS 2008 GVA Calculations (provided by Economic Strategy, Birmingham City Council, March 2011)

	GVA £millions	GVA per head (£)	GVA per head index: UK=100	GVA per head index: UK ³ =100
Birmingham	20,182	19,802	93.8	103.6
Bromsgrove	1,332	14,320	67.9	75.0
Cannock Chase	1,395	14,796	70.1	77.4
East Staffordshire	2,255	20,837	98.7	109.1
Lichfield	1,627	16,603	78.7	86.9
Redditch	1,491	18,926	89.7	99.1
Solihull	4,744	23,221	110.0	121.5
Tamworth	1,153	15,314	72.6	80.2
Wyre Forest	1,338	13,609	64.5	71.2
Greater Birmingham & Solihull LEP	35,517	18,999	90.0	99.4
Stoke-on-Trent	3,586	14,985	71.0	78.4
Staffordshire CC (Remainder)*	6,128	13,582	64.4	71.1
Staffordshire / Stoke LEP	9,714	14,068	66.7	73.6
Coventry	5,896	18,989	90.0	99.4
Warwickshire	10,910	20,461	97.0	107.1
Coventry / Warwickshire LEP	16,806	19,919	94.4	104.3
Herefordshire County of	2,840	15,857	75.1	83.0
Shropshire CC	4,175	14,362	68.1	75.2
Telford and Wrekin	3,203	19,808	93.9	103.7
The Marches LEP	10,218	16,181	76.7	84.7
Worcestershire LEP**	4,760	16,690	79.1	87.4
Dudley	4,029	13,154	62.3	68.9
Sandwell	4,907	16,996	80.5	89.0
Walsall	3,661	14,350	68.0	75.1
Wolverhampton	4,143	17,402	82.5	91.1
Black Country LEP	16,740	15,383	72.9	80.5
West Midlands Region	93,755	17,335	82.1	90.7
UNITED KINGDOM	1,295,663	21,103	100.0	n/a

* Staffordshire County Council less Cannock Chase, East Staffs, Lichfield & Tamworth

**Worcestershire County Council less Bromsgrove, Redditch and Wyre Forest

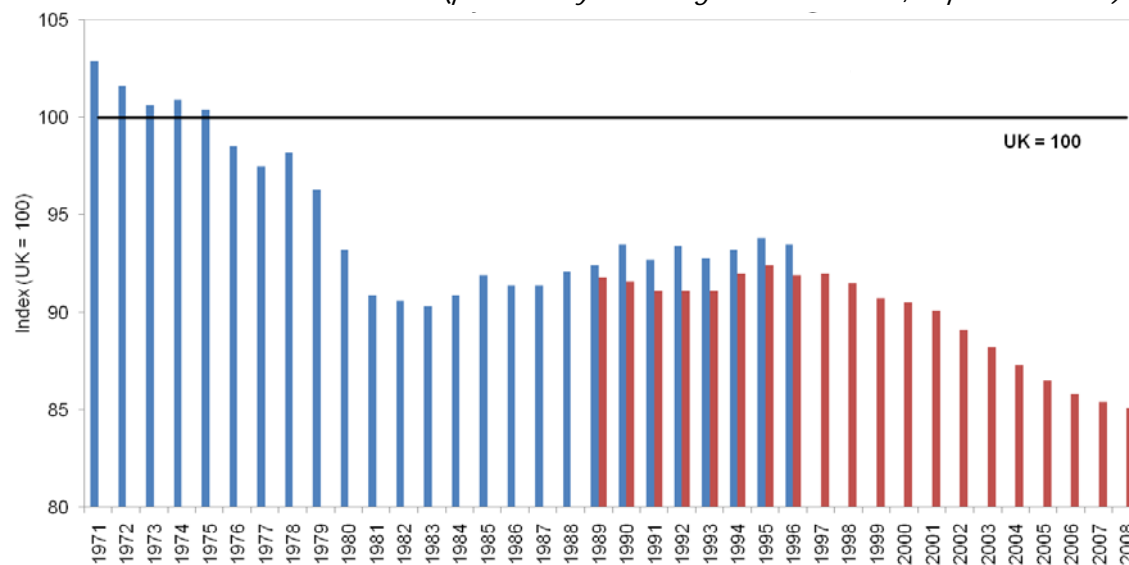
Note: These figures are based on the published ONS GVA estimates. Where these figures have not been available (Cannock Chase, East Staffs, Lichfield, Tamworth etc) estimates have been calculated using SOW estimates constrained/adjusted to match the ONS figures.

³ Excluding London



Figure B.3: Regional GDP/GVA per head relative to UK average

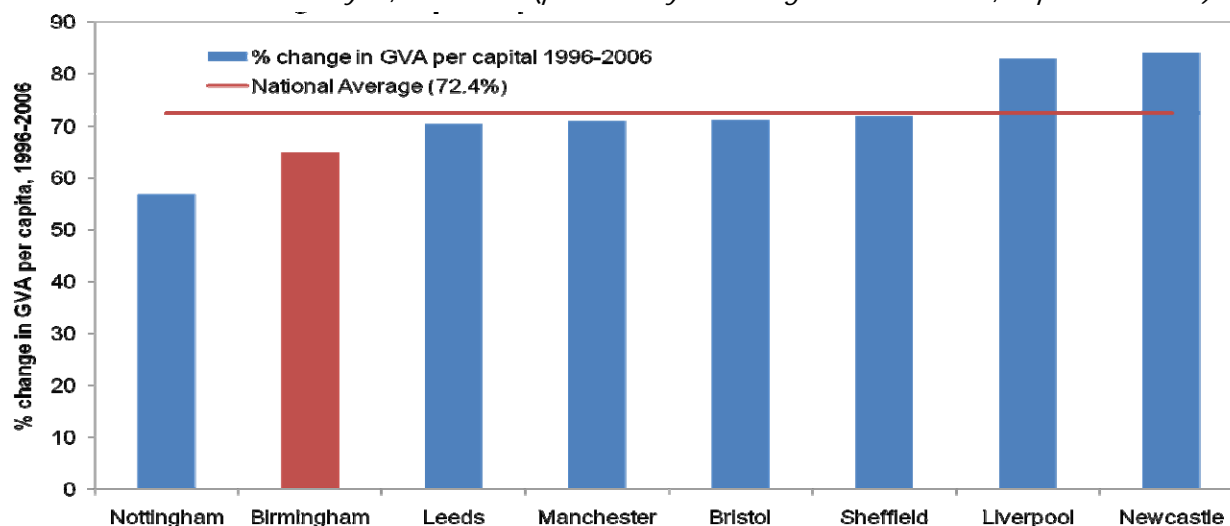
Source: Office for National Statistics (provided by Advantage West Midlands, September 2010)



GDP figures: 1971-1996; GVA figures 1989 – 2008

Figure B.4: Change in GVA per capita across the Core Cities 1996–2006

Source: Work Foundation Analysis, ONS 2009 (provided by Advantage West Midlands, September 2010)



Colour versions of these graphs are available on-line at www.birmingham.gov.uk/democracy or on request from the Scrutiny Office.



Appendices

Figure B.5: Sectoral Contribution to Regional GVA

Source: Advantage West Midlands September 2010

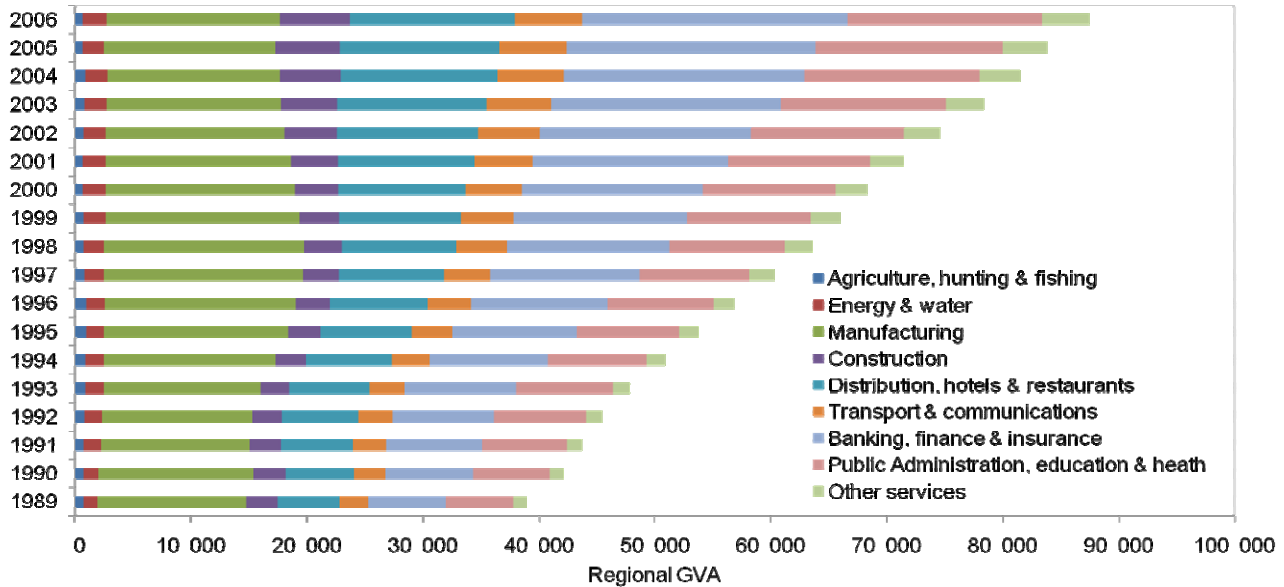
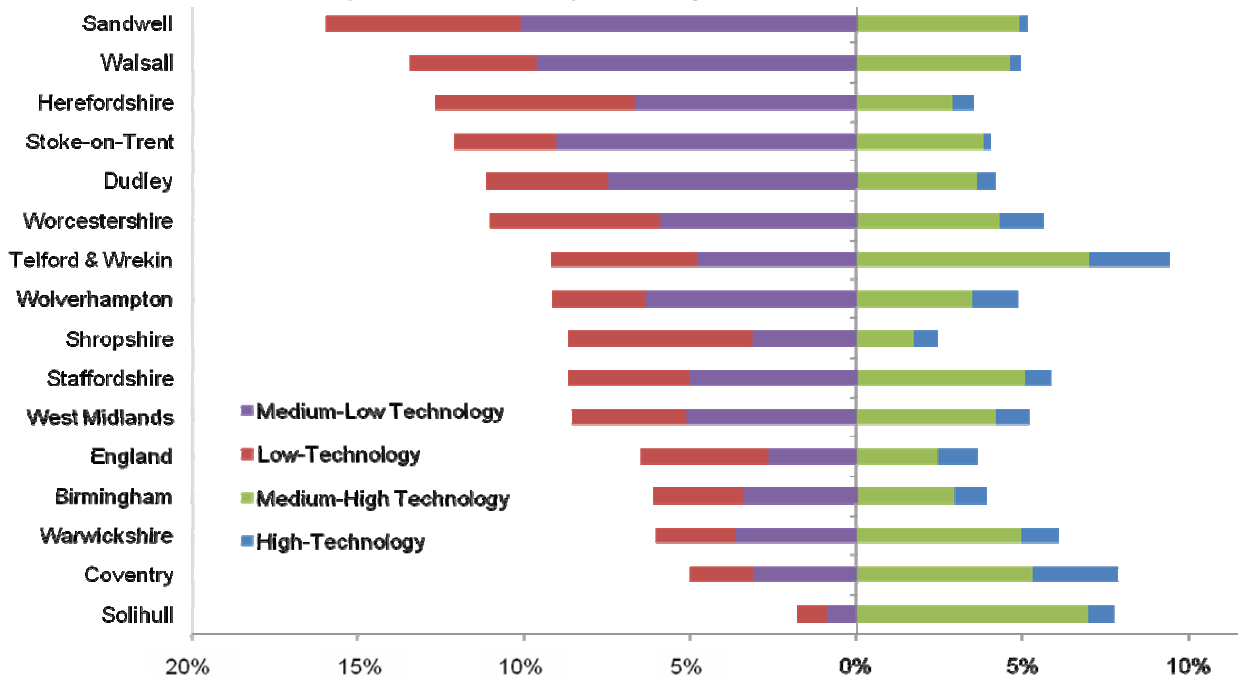


Figure B.6: Proportion of Manufacturing Employment to all Employment

Source: Annual Business Inquiry 2008 (provided by Advantage West Midlands)



Colour versions of these graphs are available on-line at www.birmingham.gov.uk/democracy or on request from the Scrutiny Office.

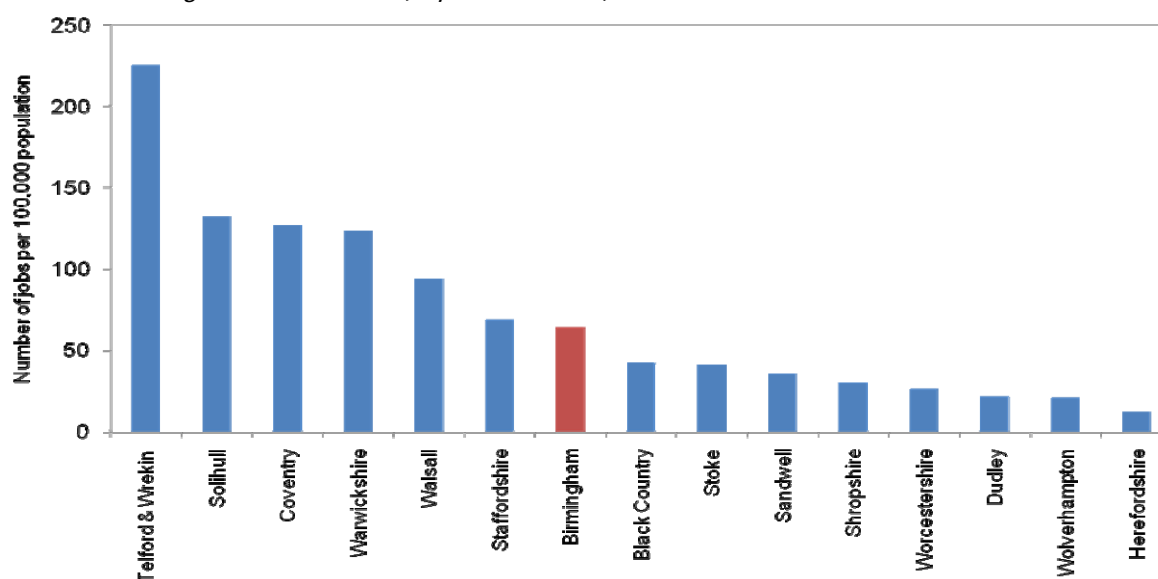


B.2 Foreign Direct Investment (FDI)

B.2.1 FDI is investment of foreign assets into domestic structures, equipment, and organisations. It does not include foreign investment into the stock markets.⁴ Figures from Advantage West Midlands shows Birmingham achieving relatively few jobs in comparison to other areas in the region.

Figure B.7: Average FDI Jobs per 100,000 population between 1999/2000 and 2008/09

Source: Advantage West Midlands (September 2010)



B.3 Employment

Employment Rate

B.3.1 Within the Greater Birmingham and Solihull LEP area there are an estimated 950,000 jobs. This includes considerable employment in knowledge intensive industries – 180,000 jobs.⁵

B.3.2 Table B.8 shows Birmingham to have the lowest employment rate of the local authority areas within the LEP.

Private sector employment

B.3.3 One of the Greater Birmingham and Solihull LEP's targets is to increase private sector employment by 100,000 jobs by 2020. Figure B.10 shows the current employment structure of the LEP and the prominent role played by public sector employment.

⁴ economics.about.com/cs/economicsglossary/g/fdi.htm

⁵ Evidence from Economic Strategy, Birmingham City Council, January 2011



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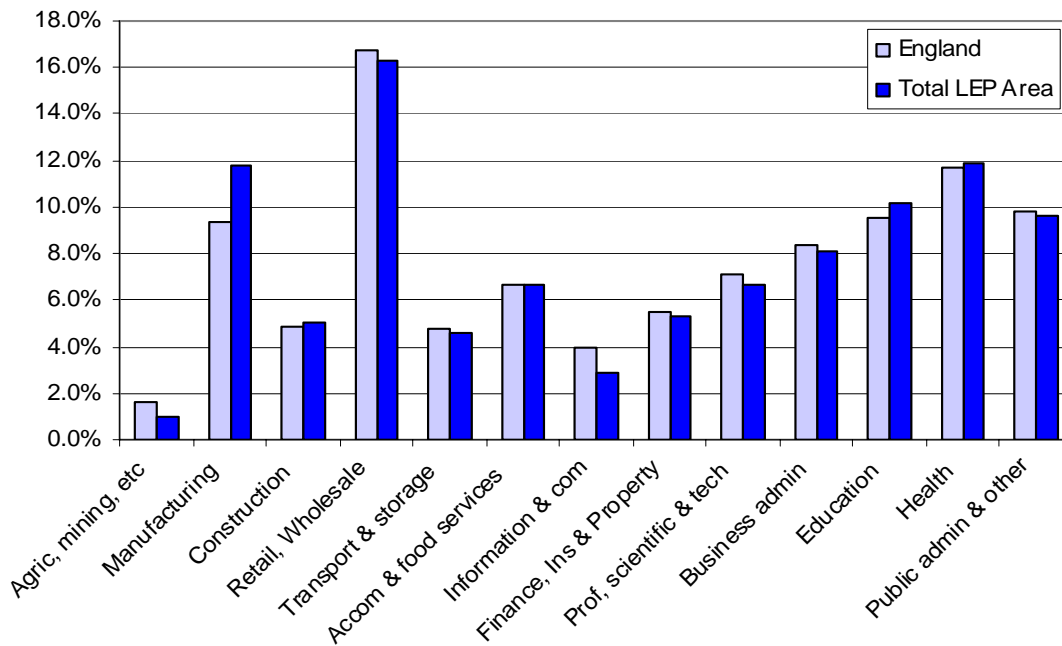
Table B.8: 16–64 year old employment rate in LEP area 2009–10

Source: ONS Annual Population Survey October 2009 - September 2010 (Economic Strategy, Birmingham City Council, March 2011)

Local Authority	16–64 yr old employment rate
Birmingham	60.7%
Bromsgrove	77.9%
Cannock Chase	76.5%
East Staffs	73.9%
Lichfield	76.1%
Redditch	72.2%
Solihull	66.3%
Tamworth	64.1%
Wyre Forest	73.5%

Figure B.9: Employment Structure in LEP Area

Source: ONS Annual Business Inquiry (Economic Strategy, Birmingham City Council, December 2010)





B.3.4 This is particularly important as evidence from a number of sources indicates that Birmingham's recovery thus far – particularly with regard to employment – has been driven by the public sector (Figure B.10). The evidence gathering session on the 28th September 2010 heard that 35.8% of jobs in Birmingham are located within the Public Administration, Education and Health sectors.⁶ This was above the national average (31.5%), but considerably below some of Birmingham's comparator core cities such as Newcastle upon Tyne (43.6%) and Liverpool (43.3%). In contrast, 27.1% of employment in London is based in these sectors (Figure B.11).

Figure B.10: Birmingham Employment Change 1998 – 2008

Source: ONS Annual Business Inquiry 2008 (Economic Strategy, Birmingham City Council, September 2010)

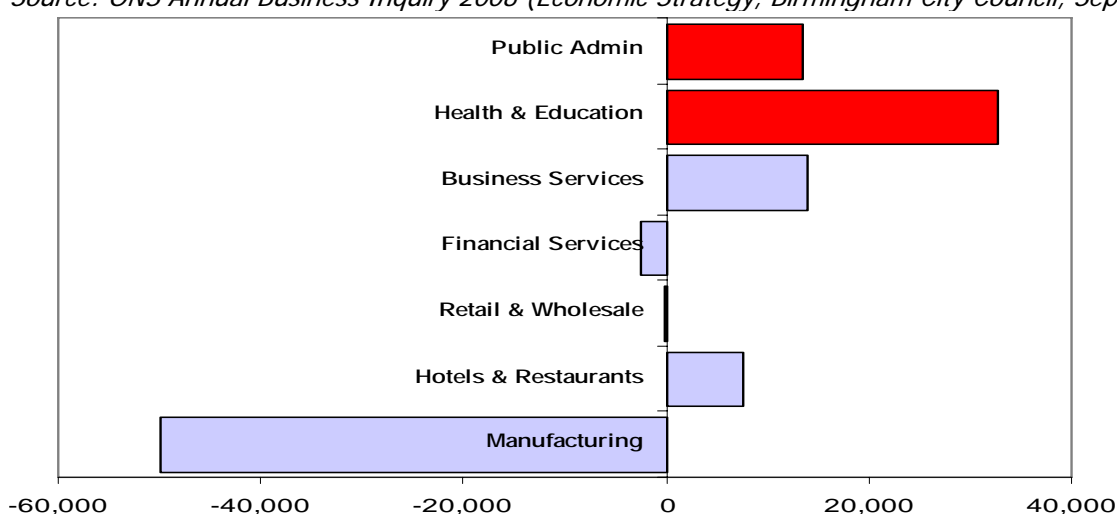
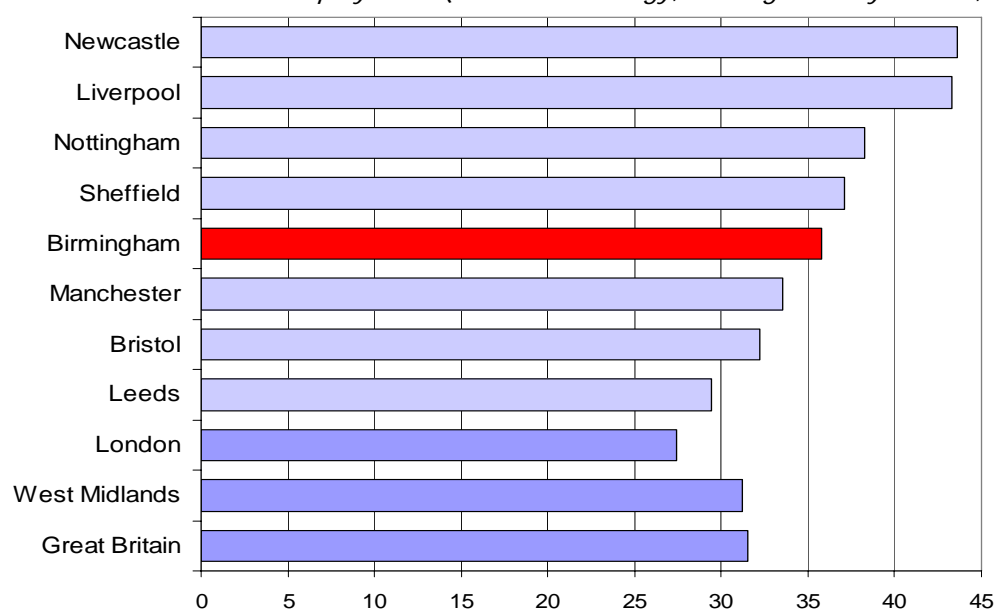


Figure B.11: Proportion of Employment in the Public Sector

Source: Annual Business Inquiry 2008 (Economic Strategy, Birmingham City Council, September 2010)



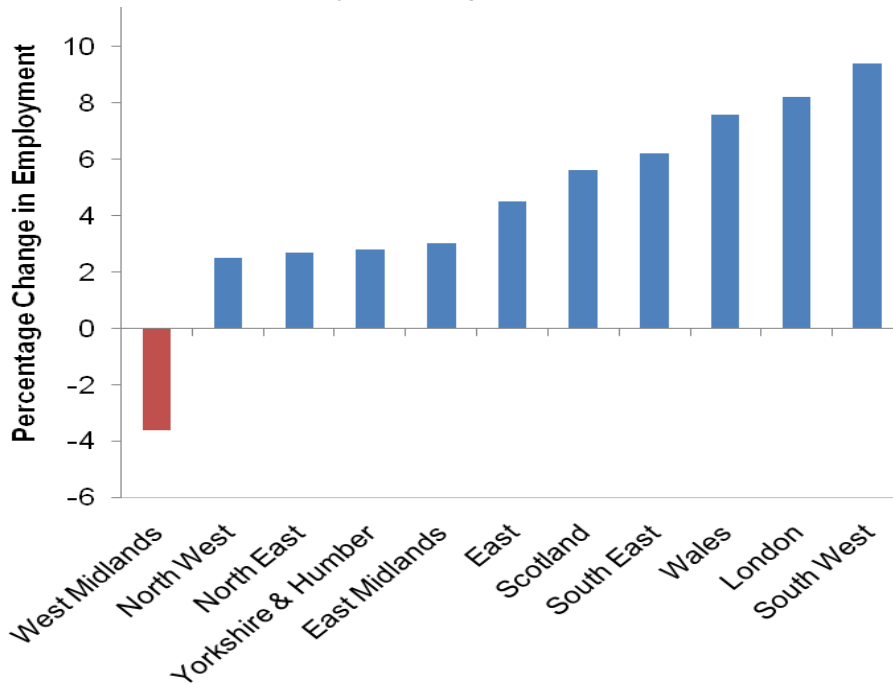
⁶ These groups are used as a proxy for the relative concentration of public sector employment. However it should be noted that a small portion of these jobs (particularly in Health and Education) will be based in the private sector.



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Figure B.12: Change in Private Sector Employment 1998–2008

Source: *Annual Business Inquiry (Advantage West Midlands (September 2010))*



- B.3.5 However, the public sector driven recovery is also due to the relatively poor performance of the private sector in the West Midlands and Birmingham.
- B.3.6 Evidence from AWM shows that there has been a decline in private sector employment in the West Midlands, in sharp contrast to all other UK regions (a fall of almost 4% between 1998 and 2008, in contrast to rises of between 2% (North West) and almost 10% (South West) for all other regions (Figure B.12).
- B.3.7 This reflects data set out in the Centre for Cities paper “Private Sector Cities: A new geography of opportunity. Their analysis of private sector employment across the country over the past 10 years showed that, in Birmingham as well as other places, “growth in the public sector also helped to compensate for a significant decline in private sector employment”. In general, this reflected the dominance of London and the South East in the UK economy: “for every extra private sector job generated in the North and Midlands between 1998 and 2008 ten were created in London and the South. As a result, the share of total private sector jobs found in London and the South East has been rising while the share found in the North and Midlands has been falling.” However, the North and the Midlands still account for 44.5% of England’s private sector jobs.⁷

⁷ Centre for Cities, June 2010



B.3.8 Birmingham is one of the weakest performers: net additional private sector jobs generated (1998-2008): minus 61,400 (down 7.7%). The jobs gap in Birmingham was calculated to be 4.09 average claimants per vacancy (May 2006 to May 2008).⁸

Figure B.13 Net private sector job creation and Percentage private sector jobs growth in England's cities (1998-2008) – Core Cities⁹

Source: Centre for Cities, February 2011

Primary Urban Area	Net additional private sector jobs generated	Private sector jobs growth
London	321,400	
Bristol*	37,200	15.4%
Newcastle*	24,200	10.2%
Leeds*	25,400	9.1%
Liverpool*	13,700	6.6%
Manchester*	33,700	5.5%
Sheffield*	11,200	4.8%
Nottingham*	-15,600	-7.3%
Birmingham*	-61,400	-7.7%

*Note: this table refers to Primary Urban Areas, not local authority boundaries. Birmingham's Primary Urban Area includes Birmingham, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.

Figure B.14 Net private sector job creation and Percentage private sector jobs growth in England's cities (1998-2008) – Greater Birmingham and Solihull LEP

Source: Centre for Cities, June 2010

City	Net additional private sector jobs generated	Private sector jobs growth
East Staffordshire	6,900	18.3%
Cannock Chase	2,600	10.6%
Lichfield	1,200	4.2%
Solihull	-1,400	-1.8%
Redditch	-2,600	-8.4%
Tamworth	-2,200	-8.7%
Wyre Forest	-3,200	-11.4%
Bromsgrove	-5,000	-19.7%

⁸ Centre for Cities, June 2010

⁹ Centre for Cities use Primary Urban Areas - an area defined by the Department for Communities and Local Government as a statistical tool for analysing the major cities of England. Includes some neighbouring authorities: Birmingham includes Birmingham, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.



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Figure B.15 Net private sector job creation and Percentage private sector jobs growth in England's cities (1998–2008) – West Midlands Region Authorities

Source: Centre for Cities, June 2010

City	Net additional private sector jobs generated	Private sector jobs growth
Malvern Hills	4,200	30.7%
North Warwickshire	4,600	17.9%
Shropshire	6,000	7.9%
Staffordshire Moorlands	1,300	6.5%
Warwick	3,400	6.0%
Herefordshire, County of	2,600	5.7%
Worcester	1,400	4.5%
Stratford-on-Avon	1,800	4.2%
Rugby	1,200	3.6%
Coventry	3,000	3.1%
South Staffordshire	0	0.0%
Telford and Wrekin	0	0.0%
Wychavon	-300	-1.0%
Nuneaton and Bedworth	-1,600	-5.4%
Newcastle-under-Lyme	-2,400	-6.8%
Dudley	-7,300	-7.6%
Sandwell	-10,800	-10.3%
Walsall	-9,100	-10.8%
Wolverhampton	-10,900	-13.7%
Stoke-on-Trent	-20,900	-16.4%
Stafford	-8,500	-19.8%

B.3.9 The Centre for Cities notes that some cities have clearly fared better than others, and proposes that “policy makers clearly need to be realistic about the overall growth potential of different cities” by supporting those cities that are better placed to generate private sector jobs.

B.3.10 With regards to Birmingham, the report notes:

Although [Birmingham primary urban area] lost about 60,000 jobs from its private sector between 1998 and 2008, it still had an economy that provided employment for about 750,000 private sector workers even after this decline. ... It would be counterproductive to stop supporting private sector growth in cities that are struggling with persistent private sector job losses. This would ignore existing activity that might otherwise be sustained and it might also hamper the development of industries that are growing even while private sector employment in the city as a whole might be declining.



B.3.11 In Birmingham, analysis from the Work Foundation in 2009, presented by AWM, found that the private sector has created 45,000 fewer jobs than would have been statistically expected. Partly this is because the city has performed relatively poorly in relation to converting foreign direct investment (FDI) into jobs (see Figure B.7 above).

B.3.12 Nationally and in Birmingham knowledge intensive industries are a key growth sector, hence the emphasis in the LEP.¹⁰ Figure B.17 shows the proportion of employment in knowledge intensive industries in neighbouring authorities, and Birmingham has the largest concentration. However, Figure B.16 tells us that the proportion of employment in knowledge intensive industries has declined in Birmingham, in contrast to other core cities and the national average.

Figure B.16: Change in knowledge intensive private sector employment across Core Cities 1998–2005

Source: *Work Foundation Analysis of Annual Business Inquiry (provided by Advantage West Midlands, Sept 2010)*

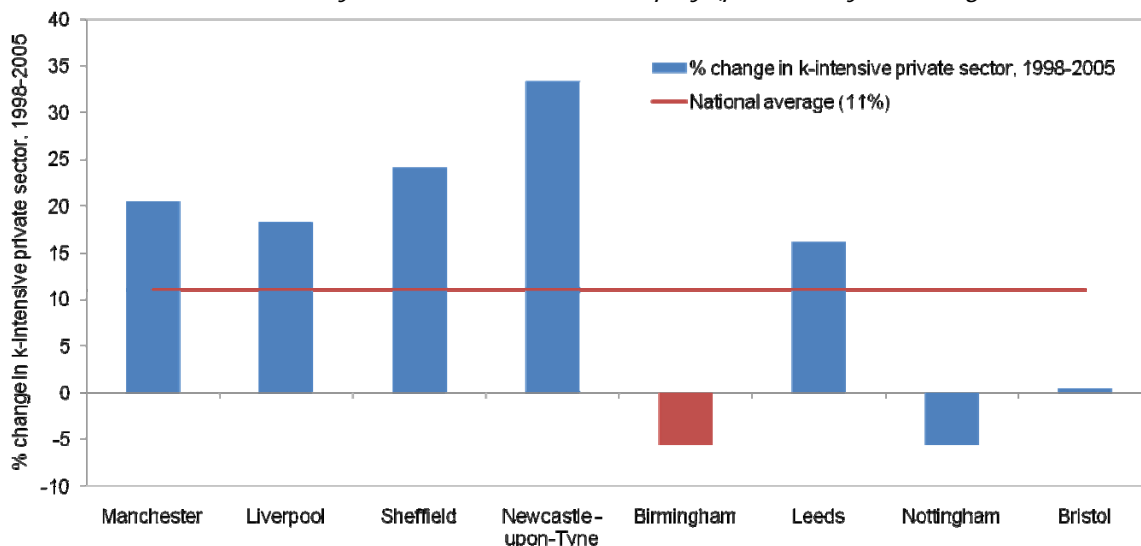
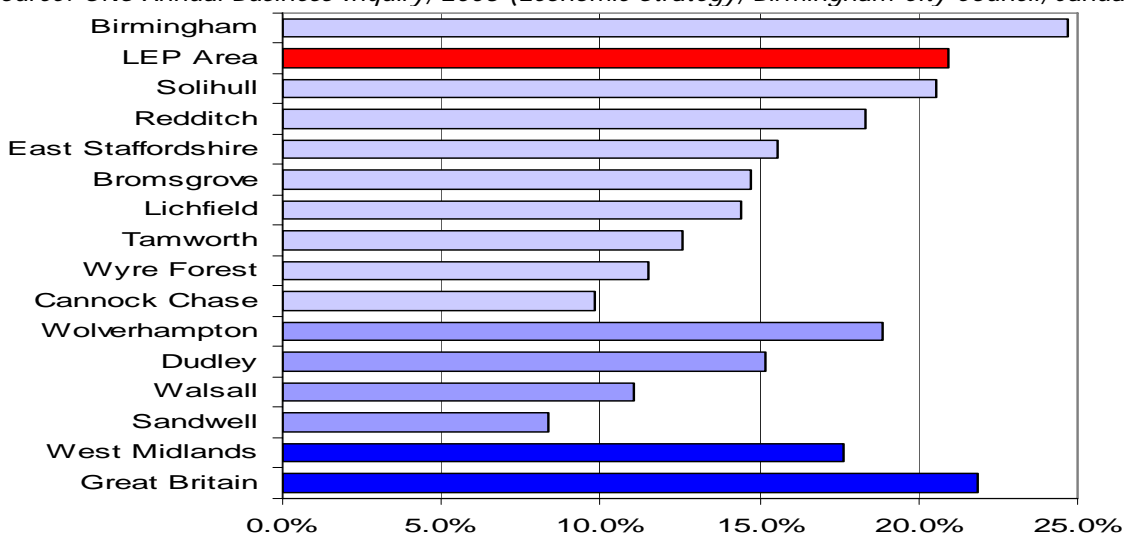


Figure B.17: Proportion of Employment in Knowledge Intensive Industries – 2008

Source: *ONS Annual Business Inquiry, 2008 (Economic Strategy, Birmingham City Council, January 2011)*



¹⁰ Evidence submitted to the Review Group by Economic Strategy, Birmingham City Council, September 2010



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Figure B.18: Increase in Financial, Professional & Business Services Jobs 1998–2007

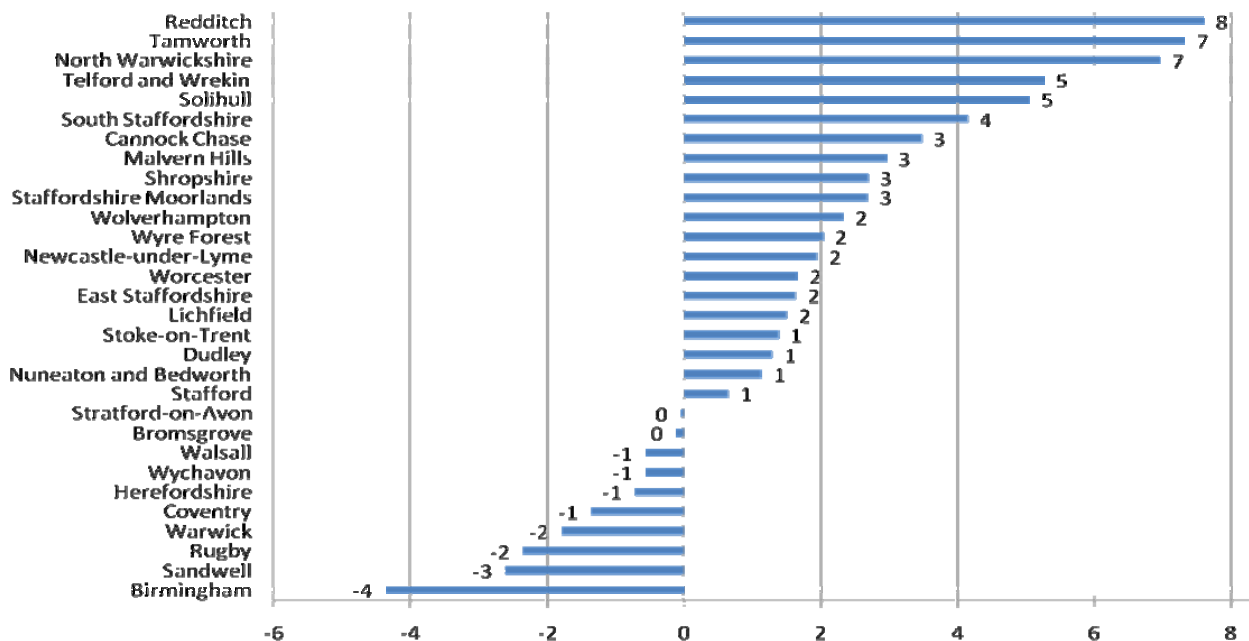
Source: Annual Business Inquiry 2008 (provided by Economic Strategy, Birmingham City Council, September 2010)

	Employment Growth (1998–2007)	% Job Growth (1998 – 2007)	Total Employed (2007)
Cardiff	17,559	61.1%	46,299
Nottingham	17,658	56.1%	49,162
Newcastle upon Tyne	14,256	52.8%	41,259
Liverpool	14,499	44.4%	47,125
Sheffield	14,778	43.9%	48,437
Manchester	24,408	36.8%	90,766
Leeds	26,928	32.5%	109,663
Glasgow	25,254	32.3%	103,345
Edinburgh	23,949	30.4%	102,837
Birmingham	8,181	8.3%	107,234
Bristol	4,158	6.3%	70,610

B.3.13 Another high value sector is business services, where again Birmingham compares well on the total employed, but the percentage growth is considerably below other core cities (Figure B.18).

Figure B.19: Forecast change in number of jobs per 100 working age, 2010–2020

Source: Advantage West Midlands, September 2010





B.4 Earnings

B.4.1 The tables below compare median weekly earnings for Birmingham with:

- Core Cities (Figure B.20);
- Greater Birmingham and Solihull LEP authorities (Figure B.21);
- West Midlands Region authorities (districts) (Figure B.22).

B.4.2 Two sets of data are shown for each group of authorities – one for those who live in the area (resident based) and another for those who work there (workplace based).

Figure B.20: Gross Median Weekly Earnings for Core Cities 2010

Source: ONS/Annual Survey of Hours and Earnings (provided by Economic Strategy, Birmingham City Council, February 2011)

Resident Based		Workplace Based	
Area	Weekly Earnings (£)	Area	Weekly Earnings (£)
Sheffield	476.0	Manchester	507.6
Liverpool	475.5	Birmingham	500.2
Leeds	471.5	Bristol	498.3
Bristol	470.8	Liverpool	490.6
Birmingham	465.8	Leeds	482.9
Manchester	438.6	Newcastle upon Tyne	477.2
Newcastle upon Tyne	425.0	Nottingham	466.4
Nottingham	421.6	Sheffield	464.5

Figure B.21: Gross Median Weekly Earnings for the Greater Birmingham and Solihull LEP 2010

Source: ONS/Annual Survey of Hours and Earnings (provided by Economic Strategy, Birmingham City Council, February 2011)

Resident Based		Workplace Based	
Area	Weekly Earnings (£)	Area	Weekly Earnings (£)
Bromsgrove	556.7	Solihull	521.9
Lichfield	549.5	Birmingham	500.2
Solihull	540.9	Redditch	491.2
Tamworth	486.5	Lichfield	486.9
Cannock Chase	479.2	East Staffordshire	479.1
Redditch	474.7	Cannock Chase	453.6
East Staffordshire	468.4	Tamworth	430.6
Birmingham	465.8	Bromsgrove	425.6
Wyre Forest	421.9	Wyre Forest	418.1



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Figure B.22: Gross Median Weekly Earnings for West Midlands Region Authorities 2010

Source: ONS/Annual Survey of Hours and Earnings (provided by Economic Strategy, Birmingham City Council, February 2011)

Resident Based		Workplace Based	
Area	Weekly Earnings (£)	Area	Weekly Earnings (£)
Bromsgrove	556.7	Rugby	526.4
Lichfield	549.5	Solihull	521.9
Solihull	540.9	North Warwickshire	506.9
Rugby	536.7	Coventry	503.5
South Staffordshire	535.3	Birmingham	500.2
Warwick	526.5	Stratford-on-Avon	497.9
Stafford	505.2	Redditch	491.2
Stratford-on-Avon	502.5	Stafford	490.7
North Warwickshire	502.3	Lichfield	486.9
Staffordshire Moorlands	492.5	Warwick	485.9
Shropshire	488.8	East Staffordshire	479.1
Malvern Hills	487.6	South Staffordshire	479.1
Tamworth	486.5	Wolverhampton	474.1
Nuneaton and Bedworth	486.1	Worcester	469.6
Worcester	482.6	Cannock Chase	453.6
Cannock Chase	479.2	Stoke-on-Trent	448.6
Redditch	474.7	Nuneaton and Bedworth	440.8
Wychavon	472.9	Wychavon	438.3
East Staffordshire	468.4	Shropshire	437.5
Birmingham	465.8	Telford and Wrekin	436.1
Dudley	453.2	Sandwell	435.0
Newcastle-under-Lyme	451.9	Walsall	431.0
Coventry	448.5	Tamworth	430.6
Telford and Wrekin	436.6	Bromsgrove	425.6
Walsall	425.9	Staffordshire Moorlands	424.2
Wolverhampton	423.3	Wyre Forest	418.1
Stoke-on-Trent	422.0	Malvern Hills	410.2
Wyre Forest	421.9	Dudley	408.9
Sandwell	417.8	Newcastle-under-Lyme	404.5
Herefordshire, County of	417.7	Herefordshire, County of	380.7



B.5 Unemployment and Worklessness

B.5.1 The major unemployment concentrations within the LEP area have been identified as:

- Central Birmingham;
- East Birmingham / North Solihull;
- South Birmingham.¹¹

B.5.2 Unemployment¹² in Birmingham stands at 11.7%, in comparison to 6.6% across the West Midlands and 5.3% in the UK. This represents a slight fall from the high of 12.9% in early 2010. Liverpool has the highest unemployment rate of all core cities.

Figure B.23: Unadjusted Claimant Unemployed – Core Cities April 2011

Source: www.birminghameconomy.org.uk,

	Number	Claimant Proportion	Claimant Rate
Liverpool	20,882	6.9%	12.0%
Birmingham	47,392	7.1%	11.7%
Nottingham	13,061	6.0%	11.6%
Manchester	18,032	5.2%	11.5%
Newcastle-upon-Tyne	9,106	4.6%	8.2%
Sheffield	16,063	4.4%	6.9%
Leeds	22,675	4.2%	6.7%
Bristol	11,485	3.7%	6.2%
Core Cities	158,696	5.5%	9.2%
Greater London	226,182	4.2%	6.4%
West Midlands	162,914	4.7%	6.6%
United Kingdom	1,520,806	3.8%	5.3%

Claimant Proportion: Claimants divided by population of working age.

Claimant Rate: Claimants divided by residents economically active.

¹¹ Economic Strategy, March 2011

¹² i.e. Unadjusted claimant rate for those claiming Job Seekers Allowance in April 2011



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Figure B.24: Worklessness (May 2007 / May 2008 / May 2009 and May 2010)*

Source: *Economic Strategy, Birmingham City Council, April 2011*

	May 2007		May 2008		May 2009		May 2010	
	No.	Rate	No.	Rate	No.	Rate	No.	Rate
Acocks Green	3,133	18.2%	3,138	17.9%	3,708	20.2%	3,537	19.2%
Aston	4,975	26.3%	4,830	24.9%	5,103	25.1%	4,902	24.1%
Bartley Green	3,308	21.4%	3,066	20.1%	3,454	21.6%	3,332	20.8%
Billesley	2,737	17.3%	2,684	16.9%	3,236	19.4%	3,161	18.9%
Bordesley Green	4,056	21.2%	3,929	20.2%	4,326	21.2%	4,193	20.5%
Bournville	2,076	13.0%	2,052	12.9%	2,413	14.6%	2,454	14.8%
Brandwood	2,695	18.7%	2,707	18.6%	3,123	20.2%	3,026	19.6%
Edgbaston	1,539	9.9%	1,557	9.9%	1,816	10.9%	1,924	11.5%
Erdington	2,523	17.8%	2,497	17.6%	2,844	19.4%	2,849	19.5%
Hall Green	1,566	10.3%	1,604	10.4%	1,933	12.0%	1,852	11.5%
Handsworth Wood	2,652	15.3%	2,615	14.9%	3,010	16.3%	2,969	16.1%
Harborne	1,596	10.8%	1,605	10.7%	1,846	11.7%	1,827	11.6%
Hodge Hill	2,954	20.1%	2,916	19.3%	3,457	21.6%	3,338	20.8%
King's Norton	3,003	21.8%	2,880	20.9%	3,353	23.1%	3,199	22.1%
Kingstanding	3,907	26.2%	3,767	25.3%	4,276	27.4%	4,202	26.9%
Ladywood	3,222	21.7%	3,148	19.6%	3,580	20.4%	3,463	19.7%
Longbridge	3,021	19.1%	2,976	18.8%	3,401	20.5%	3,341	20.1%
Lozells & East Handsworth	4,826	26.5%	4,613	25.0%	4,820	25.3%	4,815	25.3%
Moseley & Kings Heath	2,431	15.1%	2,359	14.8%	2,686	16.0%	2,657	15.9%
Nechells	5,441	27.1%	5,234	25.5%	5,638	25.7%	5,539	25.2%
Northfield	2,405	16.0%	2,432	16.1%	2,829	17.6%	2,834	17.7%
Oscott	1,749	12.1%	1,729	12.1%	2,130	14.1%	2,029	13.4%
Perry Barr	1,649	11.2%	1,626	11.0%	2,018	13.0%	1,971	12.7%
Quinton	2,506	17.6%	2,492	17.5%	2,837	18.9%	2,745	18.3%
Selly Oak	1,173	6.1%	1,160	6.2%	1,368	7.1%	1,404	7.3%
Shard End	3,845	25.4%	3,822	25.1%	4,413	27.3%	4,340	26.9%
Sheldon	1,854	15.2%	1,862	15.1%	2,304	17.7%	2,274	17.5%
Soho	4,091	24.0%	4,015	23.3%	4,382	24.4%	4,464	24.8%
South Yardley	3,316	18.8%	3,354	18.6%	3,919	20.9%	3,847	20.5%
Sparkbrook	5,084	26.7%	4,888	25.5%	5,162	26.0%	5,108	25.8%
Springfield	3,359	18.6%	3,218	17.7%	3,593	19.0%	3,447	18.2%
Stechford & Yardley North	3,003	20.0%	2,899	19.3%	3,350	21.5%	3,191	20.5%
Stockland Green	2,977	20.9%	2,913	20.1%	3,421	22.4%	3,351	21.9%
Sutton Four Oaks	790	6.1%	786	6.1%	965	7.1%	964	7.1%
Sutton New Hall	820	6.0%	825	6.0%	1,068	7.5%	948	6.6%
Sutton Trinity	1,367	9.5%	1,366	9.4%	1,684	11.0%	1,554	10.2%
Sutton Vesey	817	6.0%	798	5.9%	991	7.0%	982	7.0%
Tyburn	3,471	23.6%	3,273	22.0%	3,729	23.7%	3,606	23.0%
Washwood Heath	4,542	26.8%	4,455	26.0%	4,722	26.8%	4,715	26.7%
Weoley	3,181	20.8%	2,996	19.7%	3,424	21.6%	3,344	21.1%
Birmingham	113,700	17.4%	110,970	16.8%	126,210	18.9%	123,570	18.5%

* The data presented is consistent with the current worklessness definition. Over the past few years there have been a number of changes to the way worklessness data is defined and presented. This means that the data from worklessness reports produced historically will not be comparable with reports published more recently.



Skills

B.5.3 Birmingham has one of the highest proportions of its working age population with no qualifications amongst Core Cities, within the LEP area and in the West Midlands (Figures B.25, B.26 & B.27).

Figure B.25: Qualifications (Jan – Dec 2009)¹³ and Worklessness (Aug 2010) Statistics for Core Cities

Source: NOMIS (www.nomisweb.co.uk)

Core City	No Quali- fications (%) (Rankings)	NVQ4 and above (%) (Rankings)	NVQ3 and above (%) (Rankings)	NVQ2 and above (%) (Rankings)	NVQ1 and above (%) (Rankings)	Other Qualifi- cations (%) (Rankings)	Workless- ness Rate Nov 2010 (%)
Birmingham	20.6 (8 th)	24.6 (7 th)	41.7 (8 th)	56.4 (8 th)	69.3 (8 th)	10.1 (4 th)	18.2 (7 th)
Liverpool	20.1 (7 th)	26.7 (6 th)	41.9 (7 th)	61.2 (5 th)	74.2 (5 th)	5.8 (8 th)	21.8 (8 th)
Manchester	16.4 (6 th)	29.9 (4 th)	47.1 (6 th)	60.0 (7 th)	71.0 (7 th)	12.7 (1 st)	17.9 (6 th)
Nottingham	15.8 (5 th)	23.0 (8 th)	47.4 (5 th)	61.0 (6 th)	73.9 (6 th)	10.3 (3 rd)	16.1 (5 th)
Newcastle	14.3 (4 th)	29.2 (5 th)	50.6 (4 th)	62.4 (4 th)	75.2 (4 th)	10.5 (2 nd)	14.3 (4 th)
Leeds	11.4 (3 rd)	30.8 (3 rd)	52.2 (2 nd)	65.9 (3 rd)	80.7 (3 rd)	7.9 (5 th)	11.8 (1 st)
Sheffield	10.9 (2 nd)	31.2 (2 nd)	52.1 (3 rd)	68.5 (1 st)	81.4 (2 nd)	7.7 (7 th)	12.8 (3 rd)
Bristol	10.3 (1 st)	35.1 (1 st)	53.1 (1 st)	67.4 (2 nd)	82.0 (1 st)	7.8 (6 th)	12.6 (2 nd)

Figure B.26: Qualifications (Jan – Dec 2009) and Worklessness (Aug 2010) Statistics for the Greater Birmingham and Solihull LEP

Source: NOMIS (www.nomisweb.co.uk)

	No Quali- fications (%)	NVQ4 and above (%)	NVQ3 and above (%)	NVQ2 and above (%)	NVQ1 and above (%)	Other Qualifi- cations (%)	Workless- ness Nov 2010 (%)
Tamworth	21.0	13.5	34.1	52.7	72.3	#	11.5
Birmingham	20.6	24.6	41.7	56.4	69.3	10.1	18.2
Bromsgrove	16.7	30.4	48.7	65.2	79.6	#	7.1
Wyre Forest	16.8	22.2	46.2	63.6	74.4	8.9	12.0
Cannock Chase	15.2	12.8	33.8	52.3	73.0	11.8	12.9
Redditch	13.9	18.4	41.8	58.3	77.9	8.3	12.1
East Staffs	11.8	27.9	50.0	67.2	81.4	6.9	10.2
Solihull	11.2	31.5	49.8	67.1	83.0	5.8	10.4
Lichfield	6.6	26.2	45.8	66.1	84.0	9.4	8.5

#sample size too small for a reliable estimate

¹³ ONS annual population survey for those age 16 - 64



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Figure B.27: Qualifications (Jan - December 2009) and Worklessness (August 2010) Statistics for West Midlands Region Authorities *Source: NOMIS (www.nomisweb.co.uk)*

	No Qualifications (%)	NVQ4 and above (%)	NVQ3 and above (%)	NVQ2 and above (%)	NVQ1 and above (%)	Other Qualifications (%)	Worklessness Nov 2010 (%)
Wolverhampton	23.6	18.7	35.9	54.5	68.6	7.8	19.2
Birmingham	20.6	24.6	41.7	56.4	69.3	10.1	18.2
Walsall	19.9	17.6	36.8	55.0	71.0	9.1	17.5
Sandwell	19.4	15.4	31.8	49.7	67.9	12.7	18.8
Stoke on Trent	17.8	17.5	38.5	56.1	73.1	9.1	18.7
Dudley	17.0	21.8	41.4	60.5	77.4	5.7	13.7
Coventry	14.6	25.3	47.5	62.9	76.0	9.4	14.5
Warwickshire	14.6	32.0	49.8	66.0	78.4	7.0	8.7
Worcestershire	13.9	28.1	48.0	65.3	79.3	6.8	9.7
T'ford & Wrekin	13.7	20.5	38.7	60.2	77.7	8.6	13.5
Herefordshire	13.4	27.3	47.5	64.5	78.6	8.0	8.8
Staffordshire	12.5	25.5	45.9	64.8	80.4	7.1	10.0
Shropshire	12.3	28.6	48.7	65.0	80.4	7.3	9.0
West Midlands	16.2	24.7	43.7	60.9	75.5	8.2	13.5
Great Britain	12.3	29.9	49.3	65.4	78.9	8.8	12.2

B.5.4 This does link clearly to the city's ability to recover. Figure B.28 showed that urban areas authorities with the highest proportion of highly skilled residents had the smallest increase in unemployment during the recession.

B.5.5 There is also correlation between an individuals ability to gain employment (Figure B.29).



Figure B.28: Change in Unemployment over the Recession and NVQ4+ Qualifications (change in unemployment proportions between December 2007 and August 2009) – Urban Areas

Source: (provided by Economic Strategy, Birmingham City Council, September 2010)

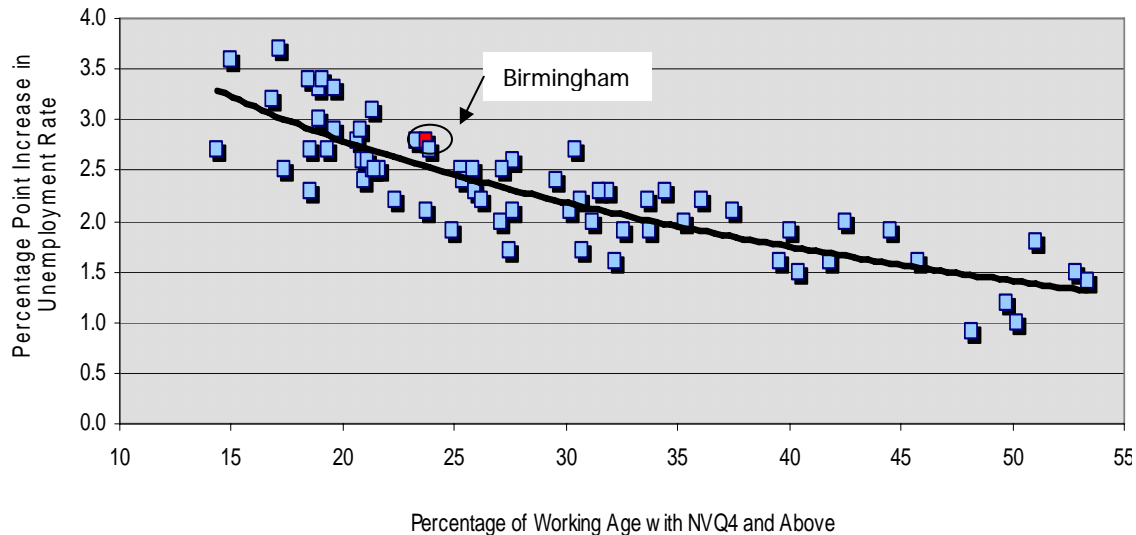
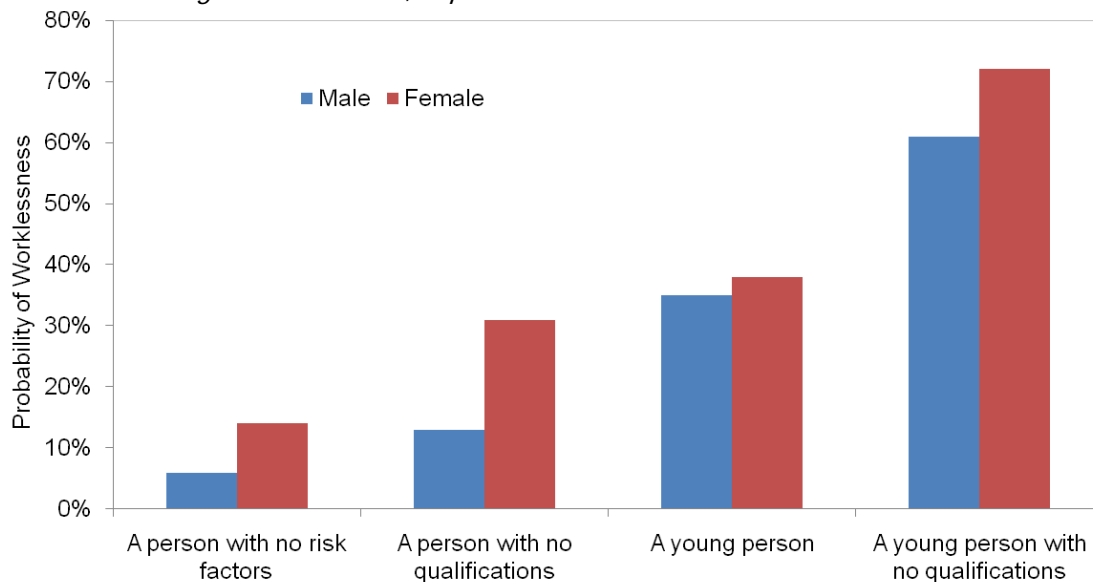


Figure B.29: Probabilities of worklessness in the West Midlands

Source: Advantage West Midlands, September 2010



NOTE: 'risk factors' include: Young person – aged 16-24; Older person – aged 55 to retirement; being from a black, Indian or Pakistani/Bangladeshi ethnic group; having a long-term health problem/disability; being a lone parent; having no qualifications.

B.5.6 Figure B.30a gives the proportion of the working age population, those in work and those without work with no, low level and high level qualifications in Birmingham in 2001.



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Figure B.30a: Skills base of the workforce and those without work in Birmingham in 2001

Source: 2001 Census (provided by Economic Strategy, Birmingham City Council, February 2011)

	Working Age Population aged 16-64	Those in employment aged 16-64	Those without work aged 16-54 (excluding students)
No qualifications	39%	30%	63%
Lower level Qualifications	44%	47%	28%
Higher level Qualifications	18%	24%	8%

Note: The term 'no qualifications' describes people without any academic, vocational or professional qualifications. The term 'lower level' qualifications is used to describe qualifications equivalent to levels 1 to 3 of the National Key Learning targets (i.e. GCSE's, 'O' levels, 'A' levels NVQ levels 1 - 3).

The term 'higher level' refers to qualifications of levels 4 and above (i.e. first degrees, higher degrees, NVQ levels 4 and 5, HND, HNC and certain professional qualifications)

Figure B.30b: Skill Base of the working age population (16-64) and working age population in employment in Birmingham in 2009

Source: ONS Annual population Survey (provided by Economic Strategy, Birmingham City Council, February 2011)

	Working Age Population aged 16-64	Those in Employment aged 16-64
No qualifications	21%	11%
Level 4+ qualifications	25%	33%



Appendix C: Land & Housing

Figure C.1: Supply of Employment Land 2010

Source: Planning Strategy, Birmingham City Council, January 2011

	UDP Readily Available Target (ha)	Core Strategy Readily Available Target (ha)	Readily Available April 2010 (ha)	Not Readily Available April 2010 (ha)	Total April 2010 (ha)
Regional Investment Site	N/A	N/A	19.93	26.26	46.19
Best Urban	64	80	66.61	58.57	125.18
Good Urban	30	35	23.35	33.05	56.4
Other	20	15	9.28	5.5	14.78
Total	114	130	119.17	123.38	242.55

Figure C.2: Land Developed with Employment Uses in Birmingham by Use Class (area in hectares)

Source: BLADES (Birmingham Land Availability and Development Enquiry Service), Birmingham City Council (from Birmingham Local Development Framework Annual Monitoring Report 2010 pg. 28)

Year	Office	Industrial		Total
	(B1 (a) only)	Manufacturing (B1 (b)/(c), B2, B8)	Warehousing (B8 only)	
1991-92/1995-96	16.50	65.03	28.29	109.82
1996-97/2000-01	13.46	95.35	37.31	146.12
2001-02	3.81	8.94	6.98	19.73
2002-03	8.06	23.05	14.35	45.46
2003-04	1.91	21.28	7.13	30.32
2004-05	7.02	17.46	2.51	26.99
2005-06	1.07	15.20	2.38	18.65
2006-07	8.37	16.79	2.70	27.86
2007-08	4.43	12.66	6.42	23.51
2008-09	3.95	17.89	3.11	24.95
2009-10	1.97	6.40	1.21	9.58
TOTALS	70.55	300.05	112.39	482.99



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Figure C.3: Density of New Housing Completions 2001 – 2010

Source: BLADES (from Annual Monitoring Review 2010, Birmingham City Council, pg. 46)

Year	Total	Area	Average Density Dwellings per hectare
2001–2002	2,750	65.20	42.2
2002–2003	2,742	60.45	45.4
2003–2004	3,343	50.57	66.1
2004–2005	3,181	60.48	52.6
2005–2006	4,000	59.83	66.8
2006–2007	3,216	46.46	69.2
2007–2008	4,084	51.91	78.6
2008–2009	3,404	42.30	80.4
2009–2010	1,878	25.17	74.6
Total	28,598	462.37	61.8

Figure C.4: The Distribution of New Housing Provision 2006 – 2026

Source: Draft Core Strategy 2026 pg. 65

	Provision 2006 – 2026	Balance 2010 – 2026
City Centre	20,000	13,100
North	11,000	9,500
East	7,600	6,700
South	12,000	9,600
City Total	50,600	38,900

Figure C.5: Strategic Housing Market Assessment: Type of Housing Required (%)

Source: Development Strategy, Birmingham City Council, February 2011

	Market	Intermediate	Social	Total
One Bedroom	16%	3%	4%	23%
Two Bedroom	33%	9%	4%	46%
Three Bedroom		5%	2%	7%
Four Bedroom +	11%	8%	5%	24%
Total	60%	25%	15%	100%



Appendix D: Business Support in Birmingham

D.1 Introduction

D.1.1 This appendix provides a user friendly summary of the business support available in the city in light of government reforms. It does this by:

- Outlining the types of support businesses and entrepreneurs requested as part of the Scrutiny Review;
- Providing details of the business support available from three national organisations (Business Link, Federation of Small Businesses (FSB) and the Institute of Directors (IoD));
- Providing details of business support available from organisations within Birmingham (Birmingham City Council, Marketing Birmingham, Aston Reinvestment Trust (ART), Central Technology Belt, Science Parks, Universities, Birmingham Chamber Group, Birmingham Forward and Birmingham Future)
- Concludes by providing details of other developments that the Government have / will be implementing - Local Enterprise Partnerships (LEPs) and Growth hubs etc.

D.2 Types of Business Support

D.2.1 The sort of support discussed by businesses during the Review Group's evidence gathering sessions was not just advice on legal, communications or funding issues, but wider business mentoring or 'handholding'.

D.2.2 To assist with understanding the types of business support entrepreneurs felt they needed the Birmingham Chamber Group kindly agreed to circulate a survey as part of their free Business Awareness Session for Entrepreneurs.¹⁴ There were 51 responses in total and the headlines are¹⁵:

- 45 respondents were looking to set-up their business in the next 12 months;
- The types of businesses to be set-up were diverse however catering; ICT; advocacy, consultancy and training; and beauty and / or personal trainer featured strongly;
- Business planning and financial assistance were the most requested types of support;
- The most requested support / services respondents felt Birmingham City Council should be providing were financial support / grants and low cost business premises;

¹⁴ open to members and non-members of the Birmingham Chamber Group

¹⁵ Further details of the findings from the survey are available on request from the Scrutiny Office



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- 39 of the respondents felt that Birmingham was a good place to start-up a business – the main reason for this was the large customer base and opportunities available;
- 27 respondents gave their views on what the City Council could do to encourage more business start-ups and the following figured strongly: help with advice and signposting; funding and grants; and advertising and publicity.

D.3 Business Support: National

Business Link

- D.3.1 Business Link has now become a national service providing all small and medium-sized enterprises (SMEs) with two primary routes to access Government-funded business advice: through a national website – www.businesslink.gov.uk and a national call centre – 0845 600 9006.
- D.3.2 Solutions for Business (SfB) is the government's streamlined portfolio of business support products accessible via Business Link. The new portfolio contains 13 products which will focus on helping business meet their aspirations and improve. However, product availability varies due to delivery of existing products ending and the new products becoming available¹⁶.
- D.3.3 The publication *Solutions for Business Government Funded Business Support: A Guide for Business* provides an overview of the new products in the portfolio and these are summarised below:
- **Collaborative Research and Development:** Projects range in value from £10k to over £100m and typically the Grant provides 50% of the project costs;
 - **Designing Demand:** SMEs with the potential for high growth can get up to 10 days of design and innovation focussed mentoring over 6-18 months;
 - **Finance for Business:** Loans up to £250,000, equity investment up to £2 million (two-thirds public supplemented by a minimum one third private investment) and mezzanine arrangements across the spectrum;
 - **Grant for Research and Development:** The scheme provides small grants from £10K up to the value of £500K to assist pre-start and start-up SMEs, used for incentives and funding at a critical stage of development;
 - **Helping your Business Grow Internationally:** Structured help to prepare companies to start exporting;
 - **High Growth Coaching:** The Scheme provides SMEs with the potential for high growth up to 10 days of business coaching over 6-18 months;
 - **Improving Your Resource Efficiency:** This product is delivered via WRAP, the Carbon Trust and the RDAs who may deliver until 31st March 2012;

¹⁶ <http://www.bis.gov.uk/policies/enterprise-and-business-support/solutions-for-business-simplified-business-support>



- **Knowledge Transfer Partnerships (KTP):** Businesses will be able to access knowledge and skills from the UK Knowledge Base (Further and Higher Education Institutions or research organisations) for use in the strategic development of their business;
- **Manufacturing Advisory Service (MAS):** Manufacturing companies can get specialist support with manufacturing related issues such as: lean processes, supply chain performance, shop floor control and innovation in manufacturing;
- **Networking for Innovation:** Businesses can access single over-arching national networks in specific fields of technology or business application;
- **Rural Development Programme for England Business Support:** Aims to realise a profitable, innovative and competitive farming and forestry sector and rural businesses;
- **Understanding Finance for Business (UfB):** Free advice and support from specialist advisors to ensure that businesses understand their options for getting the money needed to start and grow a business;
- **Work Place Training, Including Apprenticeships:** A range of support is available through the skills system to help improve the performance and increase the productivity of businesses. The product is made up of three parts; Apprenticeships; other Work-based training and SME Management and Leadership.

D.4 Federation of Small Businesses (FSB)

D.4.1 The Federation of Small Businesses is the UK's largest campaigning pressure group promoting and protecting the interests of the self-employed and owners of small firms. Formed in 1974, it now has 210,000 members across 33 regions and 194 branches.

D.4.2 The FSB's members have access to:

- Legal advice from qualified lawyers;
- Tax advice;
- Information on employment law, health & safety, tax and commercial law.¹⁷

D.4.3 Further information can be found at www.fsb.org.uk or the FSB Staffordshire and West Midlands Office can be contacted on 01332 517176.

Institute of Directors (IoD)

D.4.4 The IoD is the longest standing organisation to serve and support business leaders, with over 100 years of service in raising professional standards worldwide. The IoD members have access to:

- Business information, support and advice;

¹⁷ <http://www.fsb.org.uk/info>



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- Business resources: including access to meeting rooms;
- Business news feeds;
- Access to senior level networks;
- Regional and national events;
- Professional training and director development.¹⁸

D.4.5 Further information can be found at www.iod.com or the IoD Birmingham Office can be contacted on 0121 643 1868.

D.5 Business Support: Birmingham

D.5.1 There are a number of organisations offering business support in Birmingham including:

- Birmingham City Council:
 - Business Development and Innovation Team;
 - Finance Birmingham;
 - Creative Advantage Fund (CAF);
 - Digital Birmingham;
 - Business Insight;
 - Birmingham Property Services (BPS).
- Business Birmingham: the city's inward investment programme, operated by Marketing Birmingham (Marketing Birmingham is also a membership organisation);
- Aston Reinvestment Trust (ART);
- Central Technology Belt (CTB);
- Science Parks;
- Universities;
- Business Membership Organisations:
 - Birmingham Chamber Group;
 - Birmingham Forward;
 - Birmingham Future.

¹⁸ <http://www.iod.com/Home/Membership/Membership-benefits/>



Birmingham City Council: Business Development and Innovation Team (BD&I)

D.5.2 The Business Development and Innovation Team (BD&IT) within Birmingham City Council commissions and delivers a range of business development and innovation support. This includes:

- Designing and implementing policies and programmes to promote, stimulate and deliver business and innovation support across the City during economic recession and recovery;
- Developing a business support strategy in the area of innovation, science and technology to ensure growth in Birmingham's economy, particularly in the knowledge sector, as well as improving the quality of life for people living and working in Birmingham;
- Developing new policies and programmes in new emerging areas such as the green economy to help businesses access new business opportunities;
- Building and developing relationships with larger local businesses through a new Birmingham Company Engagement Programme;
- Working with strategic partners and Partnerships e.g. Local Enterprise Partnership (LEP), Business Enterprise, Innovation, Investment sub group (BEII), Birmingham Science City, Universities Co-ordination Group involving universities, Chamber of Commerce and other key stakeholders, including other City Council departments;
- Building capacity and establishing organisational structures to develop our strategic assets e.g. Birmingham Science Parks, Central Technology Park, Birmingham Venture Capital.
- Developing funding proposals for business and innovation including European Regional Development Fund (ERDF), Regional Growth Fund (RGF) and transnational funding programmes;
- Acting as a gateway for business support and innovation enquiries and signposting to the relevant organisations / departments within the City Council i.e. Finance Birmingham, Property Services, Business Insight, as well as to other agencies.

D.5.3 The Team also manage Birmingham's Business Support and Innovation Package that is largely delivered through partners to stimulate business and enterprise activity across the City. Details of the projects that are current / ongoing are:

- **Entrepreneurs of the Future Centre** (funded through ERDF), a high growth business incubator based at Birmingham Science Park Aston. The centre provides mentoring, support services and infrastructure to promote new high-tech ventures with growth potential. Further information is available from Gary Gould on 0121 250 3513 or e-mail garyg@bsp-a.com;
- **Design Space** (funded through ERDF) provides access to a "shared incubator" (space where designers can work and share ideas) and business development support. Further information is available from Carol Alderson on 0121 303 4366 or e-mail carol.alderson@birmingham.gov.uk;
- **Enterprise City High Growth Programme** (funded through ERDF) in partnership with Deloitte it offers in-depth one-to-one coaching, mentoring, peer group learning and network to



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90 businesses demonstrating high growth potential. Further information is available from Ian Lupton on 0121 303 3731 or e-mail ian.lupton@birmingham.gov.uk;

- The City Council's **finditinbirmingham** website has been set-up to improve access and take up of public sector procurement opportunities. All City Council supply needs which cannot be met from existing contracts are advertised on www.finditinbirmingham.com. Further information is available from Stuart Horton, Project Manager on 0121 303 0005 or e-mail stuart.horton@birmingham.gov.uk.

D.5.4 The City Council has also been working as a partner, and has led, on several multi-partner Pan-European projects. The BD&I Team is currently delivering and bidding for a number of pan-European programmes such as:

Delivering

- 'Making Knowledge Work' is currently delivered by the Team with support from Birmingham Science Park-Aston and Birmingham Research Park Ltd;

Bidding (decisions are expected by December 2011)

- 'Science Parks without Walls' will create a network of regions that are focussed on developing and participating in a global virtual business support system. This will enable faster access to new international finance, reduced time to market, retention and development of entrepreneurs and graduates, creation of new business opportunities and development of working relationships between European Business Parks. An application for DISTRICT+ funding has been submitted;
- 'Next Generation Science Parks' aims to develop and implement incubator space support attracting national and direct foreign investment in the region. An application for DISTRICT+ funding has been submitted;
- 'Complex Cities, Innovative Challenges' application for INTERREG IVC funding;¹⁹
- 'Corporate Social Responsibility' application for INTERREG IVC funding has been submitted;
- 'EDEN4YOU' application for INTERREG IVC funding has been submitted;
- 'Smart-Labs' application for INTERREG IVC funding has been submitted;

D.5.5 Further information on the Pan-European projects can be obtained from Suresh Patel, suresh.patel@birmingham.gov.uk on 0121 303 3091.

Birmingham City Council: Creative Advantage Fund (CAF)

D.5.6 CAF is a wholly-owned company of the City Council and provides equity capital between £75,000 and £150,000 for growth companies in the creative industries sector.

¹⁹ INTERREG IVC is financed through the European Regional Development Fund (ERDF) with the overall objective to improve the effectiveness of regional policies and instruments



D.5.7 Further information can be obtained from the Business Development and Innovation Team on 0121 303 3091 / 0121 303 3150 or suresh.patel@birmingham.gov.uk.

Birmingham City Council: Finance Birmingham

D.5.8 Finance Birmingham is a wholly owned subsidiary of the City Council.

D.5.9 Businesses can apply for loans between £50,000 and £1,000,000 if they pay their business rates to Birmingham City Council; can demonstrate a two-year trading track record; and produce a three year business plan including financial forecasts illustrating the serviceability of the loan. Approval has just been given for the establishment of an Equity Fund and further details will be released shortly on the Finance Birmingham website.

D.5.10 Loans are normally repayable over a five year period with up to 12 months capital repayment holiday. The interest rate is between 8.5% and 12.5% (typically 11%) with an arrangement fee equalling 2% of loan amount plus a monitoring fee 1.75% pa of the initial loan.

D.5.11 The purpose of loan can be working capital or capital expenditure but excludes research and development. It should be complementary to existing clearing bank debt rather than in competition or replacement and focus on job preservation and job creation.

D.5.12 Further information can be found at www.financebirmingham.com or Finance Birmingham can be contacted on 0121 233 4903.

Birmingham City Council: Digital Birmingham

D.5.13 Digital Birmingham directly works with SMEs to improve their ability to use social media for marketing and networking purposes; encourage SMEs to increase uptake of broadband connectivity, providing training in online publishing for example. The current development of the Digital District and Ultra-fast 4G wireless connections will deliver direct benefits to SMEs operating in the creative and media sectors.

D.5.14 Further information can be found at www.digitalbirmingham.co.uk or contact raj.mack@birmingham.gov.uk.

Birmingham City Council: Business Insight

D.5.15 Business Insight is part of the City Council's library service providing a comprehensive public business information service for starting, growing and developing business, learning new skills and safeguarding intellectual property.

D.5.16 The emphasis is at ground level, providing a free walk-in service at the Central Library. However it also undertakes projects in the community.

D.5.17 Business Insight has more than 40 services to help with business information needs including a company formation service. Other popular services include:

- Business start-up information & support;
- Intellectual Property;



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- Business Advice sessions;
- Business Planning service;
- Management skills training;
- Mailing Lists;
- Market Research.
- Credit Checks;
- Patents;
- Marketing Resources;
- Business Research;

D.5.18 Further information can be found at www.birmingham.gov.uk/businessinsight or Business Insight can be contacted on 0121 303 4531.

Birmingham City Council: Birmingham Property Services (BPS)

D.5.19 Birmingham Property Services is the City Council's in-house property service and part of the Resource Directorate. The services remit includes Commercial Portfolio Management, serving the needs of upwards of 6000 business tenants with a high concentration of small and start up businesses. The portfolio includes over 3000 small workshops and offices and retail shops let on easy-in–easy-out terms to suit the needs of the tenants. Geographically, the portfolio is spread across the City but many of the properties are in inner city locations. The City Council are also a major property owner in the Jewellery Quarter providing workshops for jewellery businesses.

D.5.20 Further information can be found at www.birminghampropertyservices.co.uk or Birmingham Property Services can be contacted on 0121 303 3946.

Marketing Birmingham

D.5.21 Marketing Birmingham is the city's public / private strategic marketing partnership tasked with significantly raising the City's profile, reputation and success as a place to visit and invest and promote Birmingham as a place to do business.

D.5.22 Marketing Birmingham operates the city's inward investment programme, Business Birmingham, with the remit to attract and support inward investors and companies already based here that have expansion plans.

D.5.23 Business Birmingham provide independent and free of charge information / services to assist businesses in accessing a range of business support - investment, recruitment and skills development.²⁰

D.5.24 These include:

- **Networking:** Getting connected with local and national organisations in Birmingham with the combined efforts of 'Team Birmingham';²¹

²⁰ <http://businessbirmingham.com/services/business-birmingham>

²¹ Team Birmingham sees Marketing Birmingham, Birmingham City Council, business networks and public and private companies working in partnership to secure inward investment.



- **Intelligence:** Up-to-date information and data on the specific sector in which the company is active.
- **Relocation Advice:** includes moving to a new or existing premises;
- **Labour Market Advice:** Help in attracting the right staff, with the right skills;
- **Personal support service:** Providing information on housing, schooling and healthcare etc to inward investors employees;
- **Familiarisation tours:** Helping companies make the most of Birmingham's offer.
- **Legislation and tax advice:** Referring to indications on legal and fiscal possibilities, given the specific situation of the company.
- **Funding:** Signposting to the right sources of funding.

D.5.25 Further information can be found at www.businessbirmingham.com or Business Birmingham can be contacted on 0121 202 5022.

Aston Reinvestment Trust (ART)

D.5.26 ART is an independent loan provider (not profit distributing) established in 1997, and developed with initial support from the City Council and the wider public and private sector. ART is a Community Development Finance Institution – a new financial tool for social, economic and physical renewal in under-invested communities. They lend and invest in deprived areas and underserved markets that cannot access mainstream finance. They are a sustainable, independent organisation that provides financial services to generate social and financial returns. ART provide loans of between £10k to £50k to enterprises throughout Birmingham and Solihull who are unable to obtain their full funding needs from the banks or other sources of finance.

Central Technology Belt (CTB)

D.5.27 The Central Technology Belt provides access to technology-led support across the 'corridor' and piloting such projects as Plugged-in Places with local businesses.²²

D.5.28 CTB's new role is to deliver across the region:

- Direct support interventions to foster the growth of technology-based businesses linking companies together;
- Undertaking infrastructure planning in the areas that are likely to be innovation 'hotspots'.
- Bidding for, and where appropriate, leading, or co-ordinating EU and regional projects for the benefit of technology-based businesses.

²² one of eight Department for Transport sponsored Plugged-In Places projects. It will see more than 500 electric vehicle charging posts deployed across the East and West Midlands between 2011 and 2013, as part of a regional network with national connectivity.



Appendices

D.5.29 Further information can be found at www.centraltechnologybelt.com or the contact person is Suresh Patel, suresh.patel@birmingham.gov.uk or 0121 303 3091.

Universities

D.5.30 The universities are involved in supporting SMEs through Knowledge Transfer Partnerships and Knowledge Transfer Networks to encourage innovation (programme for helping businesses to improve their competitiveness and productivity through better use of knowledge, technology and skills that reside within the City's knowledge base). Further information can be found at www.ktponline.org.uk or by contacting: Aston University – h.e.higson@aston.ac.uk, Birmingham University - e.g.jones@bham.ac.uk or Birmingham City University- sarah.middleton@bcu.ac.uk.

Science Parks

D.5.31 **Birmingham Science Park-Aston** (BSP-A) and **Birmingham Research Park** provides incubator space and business development support for new and existing high-growth, technology and science-related businesses. BSPA is currently developing a 'Science Park Without Walls' initiative which will create a virtual business support system for SMEs using CISCO infrastructure. Both, science parks have aspiration to further develop opportunities for spin-off and spin-in businesses.

D.5.32 Further information can be found at www.bsp-a.com/www.businessbirmingham.com or by contacting Gary Gould on 0121 250 3513 or e-mail garyg@bsp-a.com.

Birmingham Chamber Group

D.5.33 The Birmingham Chamber of Commerce has been established for nearly 200 years. The group now comprises:

- Birmingham Chamber of Commerce;
- Solihull Chamber of Commerce;
- Burton & District Chamber of Commerce;
- British American Business Council;
- Chase Chamber of Commerce;
- Chamber Executive Club;
- Lichfield & Tamworth Chamber of Commerce.
- Institute of Asian Businesses;

D.5.34 The Chamber is a membership-based business support organisation. Membership benefits include:

- Free legal advice helpline – 24/7 support on all matters and available for all colleagues;
- Member to member offers – opportunity to promote products and services to other members via the website;
- Free listing on Birmingham Chamber Group website – over 1 million visits per year;
- Free access to online business support package – including HR, book-keeping, business planning and health and safety templates;
- Lobbying support – give business a voice from red tape to skills, transport and regulation;



- Access to international trade advice, trade missions and exhibitions;
- Discounted rates for essential business support including marketing, translations, recruitment;
- Discounted rates on a comprehensive range of training courses;
- Events programme.

D.5.35 Further information can be found at www.birmingham-chamber.com or the Birmingham Chamber Group can be contacted on 0121 454 6171.

Birmingham Forward

D.5.36 Birmingham Forward is an independent, inclusive, not-for-profit, membership organisation that was established in 1990. Their role is to promote the strength, range and depth of services that its members offer to the widest possible audience. At the same time they promote Birmingham, and the region, as an ideal place to do business.

D.5.37 Members come from 21 different sectors of business and professional services and represent a broad cross-section of the Birmingham business community.

D.5.38 Forward members have access to a wide range of events that provide networking opportunities.

D.5.39 On behalf of its members Birmingham Forward lobbies on key issues that are important to its members or our city - often the two are closely linked.

D.5.40 Further information can be found at www.birminghamforward.co.uk or Birmingham Forward can be contacted on 0121 632 2200.

Birmingham Future

D.5.41 Birmingham Future is Birmingham's leading membership organisation for young professionals working in the professional, financial and creative services sectors. It was established in 1993 and has 500 individual members. The profile of their members is diverse, from associates and trainees to directors and partners.

D.5.42 Birmingham Future provides a range of networking opportunities for its members and is / was engaged in a number of initiatives in the city, including the Colmore Row Business Improvement District (BID), the Big City Plan, Graduate Apprentice and the Birmingham Young Professional of the Year Awards.

D.5.43 Further information can be found at www.birminghamfuture.co.uk or Birmingham Future can be contacted on 0121 632 2200.

D.6 Other Developments

D.6.1 The Government's white paper 'Local Growth: Realising Every Place's Potential' published on the 28th October 2010 included support for enterprise and businesses. Some of the initiatives outlined in the white paper are discussed below.



Appendices

- D.6.2 Local Enterprise Partnerships (LEPs) were set up to replace Regional Development Agencies (RDAs), with the Government expecting LEPs to play a very important role in supporting enterprise and businesses in their areas. The **Greater Birmingham and Solihull LEP**²³ Board will need to set the strategic direction for this agenda - part of this will be lobbying government and making use of the existing Business Clusters to build on business support infrastructure.
- D.6.3 As part of the March 2011 budget the Greater Birmingham and Solihull LEP were named as one of the 21 Enterprise Zones across England. **Enterprise Zones** will have potential to create new businesses and jobs with wider economic benefits. Each zone will benefit from:
- Tax breaks for businesses – including a business rate discount worth up to £275,000 per eligible business over a five year period;
 - Simplified planning rules;
 - The roll out of super-fast broadband.
- D.6.4 At the time of writing this report the Greater Birmingham and Solihull LEP Board were drawing up a business case to provide evidence of the benefits to the city centre as the Enterprise Zone. The LEP also wish to create an "enterprise belt" which would cover a large part of the LEP's remaining territory.
- D.6.5 **The Regional Growth Fund (RGF)**: the objectives of the £1.4 billion RGF are to stimulate enterprise and innovation by providing support for projects and programmes with significant potential for economic growth and create additional sustainable private sector employment; and support in particular those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector-led growth and prosperity. The Business development and Innovation team submitted four bids to RGF with a total value of £56m. The bids included proposals for access to finance, working with young people, graduate entrepreneurship and a business development fund to encourage growth.
- D.6.6 Bids were invited from the private sector (including social enterprises) and also from public private partnerships. The Fund will run over three years, have no internal ring-fences, provide for programme as well as project funding and the minimum threshold for bids were set at £1 million.
- D.6.7 The first round of bidding for the Regional Growth Fund closed in January 2011 and the successful bids to Round 1 were announced on the 12th April 2011. The RGF second round of bidding was opened on the 12th April 2011 and will close on the 1st July 2011.
- D.6.8 The **New Enterprise Allowance scheme** for unemployed people entering self-employment (includes Job Seekers Allowance equivalent for up to six months, mentoring and access to loan finance of up to £1,000);

²³ Made up of Birmingham, Bromsgrove, Cannock Chase, East Staffordshire, Lichfield, Redditch, Solihull, Tamworth and Wyre Forest



- D.6.9 Government developing and implementing a national business **mentoring strategy** to increase awareness and access to business-to-business mentoring.
- D.6.10 The establishment of “**growth hubs**” which will provide access to specialist strategic advice, coaching and mentoring to firms with high growth potential. Growth hubs will need to be delivered by specialist business support providers operating a highly distributed model that reaches across the areas covered by local enterprise partnerships.
- D.6.11 The establishment of an elite **network of Technology and Innovation Centres (TICs)** based on international models such as the Fraunhofer Institutes in Germany. The Government subsequently announced on the 22nd March 2011²⁴ the country's first Technology and Innovation Centre (TIC), with the High Value Manufacturing TIC being formed from a group of research and technology facilities from across the country: the Advanced Manufacturing Research Centre (Rotherham), Nuclear Advanced Manufacturing Research Centre (Rotherham), Manufacturing Technology Centre (Coventry), Advanced Forming Research Centre (University of Strathclyde), National Composite Centre (University of Bristol), Centre for Process Innovation (Wilton & Sedgefield) and the WMG (University of Warwick).

²⁴ <http://www.mas.bis.gov.uk/west-midlands/news/new-high-value-manufacturing-tic-announced/>