



Birmingham Economic Review 2019

Foreword

UNIVERSITY OF
BIRMINGHAM

BIRMINGHAM
BUSINESS
SCHOOL

CITY
REDI



West Midlands
Growth Company

Introduction

The annual Birmingham Economic Review is produced by the University of Birmingham's City-REDI and the Greater Birmingham Chambers of Commerce, with contributions from the West Midlands Growth Company. It is an in-depth exploration of the economy of England's second city and a high-quality resource for informing research, policy and investment decisions.

What follows is a summary version of the full Birmingham Economic Review 2019. The full-length publication can be found on the Greater Birmingham Chambers of Commerce website, or requested using the contact details at the end of this document. Data and commentary were correct at the time of publishing: October 2019.

Index

Foreword and Executive Summary: Scorecard for Birmingham

Chapter 1: Adapting, Innovating and Leading the Future

Chapter 2: Creating a Workforce Fit for Tomorrow

Chapter 3: Connecting Communities with Opportunities

Chapter 4: Making Inclusive Economic Growth Happen

Chapter 5: Changing Perceptions of Birmingham

Conclusion

Foreword



We have tried to capture the essence of excitement and ambition across Birmingham in this year's economic review, and I hope that, reading this, you recognise the potential we see in the city.

There are significant challenges facing Birmingham, which we do not shy away from. Mitigating and managing the impact of Brexit on the local economy, ensuring that economic growth harnesses the potential of communities across the region and adapting the way we live and work to ensure that our legacy is environmentally sustainable are priorities for business leaders and stakeholders across the city.

With that said, there is no doubt that Birmingham is on the precipice of a triumphant return to the world stage. Perceptions of the city are now changing in recognition of its young, diverse population, a strong services sector, and vibrant start-up and digital tech ecosystems. Not only is inward investment the highest outside of London, but Birmingham's visitor economy is breaking records year-on-year. We must make the most of the 2022 Commonwealth Games to showcase the attractiveness of our city to businesses and individuals across the world.

At the time of writing, we await the outcome of the Oakervee Review on HS2. Discussed throughout this report, HS2 is crucial lynchpin in the future of Birmingham. Arriving into the city via Grand Central, you can see the cranes in the sky; many representing the enabling works already in process. This major infrastructure project must be top of the agenda if the government is serious about rebalancing the UK economy away from a reliance on the South. As a Chamber representing over 3,200 businesses, we are working with local stakeholders to ensure that the full project is successfully delivered, connecting people across the nation to more opportunities than ever before.

Birmingham is unlike any other city in the world. Throughout this review, world class academics and business leaders have shared their perspectives on the city, the future they envisage for Birmingham, and how both firm-level action and further collaboration will get us there. The Chambers are proud to be a part of this collaboration, and committed to making Birmingham the best place to start, grow, move or invest in a business.

A handwritten signature in black ink, appearing to read 'Paul Faulkner'. The signature is fluid and cursive, with a long horizontal stroke at the end.

*Paul Faulkner
Chief Executive, Greater Birmingham Chambers of Commerce*

Welcome



I am very pleased to welcome you, on behalf of the University of Birmingham, to the 2019 Birmingham Economic Review, (BER). City-REDI has produced this report in collaboration with our partners, the Greater Birmingham Chambers of Commerce, to support the many and varied stakeholders of our city-region. We are united with a common goal to improve the regional economy. The data and analysis presented here aims to inform and spark debate, but also to prompt collective action. Intelligent policy interventions, driven by reliable analysis and a clear consensus across the region are needed now more than ever.

We provide an overview of key data outlining the state of the region, with data on the economy, employment, skills, infrastructure and industry, together with expert commentary on key trends, strengths and weaknesses.

This year's review shows that we are a young, diverse and attractive region to invest in (the biggest destination for inward migration outside of London) compared to other UK city-regions. We are also increasingly productive with the highest GVA/hour worked and filled job (again, outside of London). So, the growth momentum continues. However, persistent gaps between the skilled, employed earners and unskilled, unemployed and vulnerable also remain. In some areas, these gaps are worsening. Unemployment amongst the 16-19-year-olds is 9.4 percent, we have a very low (but growing) average level of household income, but over 107,000 households are workless, with dependent children.

This leaves us with a tough challenge in times of uncertainty; to maintain the growth momentum while rebalancing our regional economy, or risk leaving more households behind. For these reasons, we have a specific focus in this year's BER on inclusive growth, with data and discussion on skills, employment and communities throughout the report. I hope you find it informative, thought-provoking and perhaps even action-provoking.

A handwritten signature in black ink, appearing to read 'S. Collinson'.

*Professor Simon Collinson,
Deputy Pro-Vice-Chancellor for Regional Economic Engagement and Director of
the City-Region Economic Development Institute (City-REDI), Birmingham
Business School, University of Birmingham*

Executive Summary

Outside of London, Birmingham is the largest city economy in the UK. It is the West Midlands' regional centre of business, retail, leisure and culture. It is also the regional heart of employment with almost half a million people working in the city. Birmingham has a growing reputation as a location of international business and ranks highly for future investability. The city economy performs well on a number of measures. Economic output is growing, with GVA figures released in February 2019 showing that the WMCA has a higher output per hour worked and job filled than any other combined authority area outside of London.

Birmingham has an advantage compared to many other areas of the UK due to its geographical position. The city is within four hours travel time of 90% of the UK's population and businesses. It is located at the hub of the UK's motorway and rail network, and is home to Birmingham Airport, the third busiest UK airport outside London and the South East. The city's advantageous geographical connectivity brings significant growth opportunities for the local economy. This is highlighted and enhanced by recent investment in Birmingham Airport, the Midland Metro, and development around the area of the future Curzon Street HS2 terminus. This will further increase national and international connectivity.

As an employment centre within the West Midlands and a core city, Birmingham's economy and labour market sits at the heart of a set of complex interlinked relationships with its neighbouring areas, which together form the wider functional economic geography of the city-region.

Its labour market links are particularly strong in terms of providing employment for residents of neighbouring areas within the city and for Birmingham residents commuting to neighbouring areas for work. When positioned next to Birmingham's comparatively low employment rate, the high level of people who commute into the city suggests an imbalance in the local labour market between residents' skill levels and jobs.

Nevertheless, the city possesses strong innovation resources and networks. It offers five universities with internationally recognised research facilities in areas such as engineering, creative industries, energy, life sciences, low carbon fuel technology and medical sciences.

The population continues to be young relative to the UK, with 24% under-16 compared to 20% nationally. The city's working age population also continues to be higher than the national average which, together with a lower than average older population, creates the opportunity for a more vibrant labour supply environment.

Table 1 Scorecard for Birmingham

	Birmingham	WMCA	West Midlands	England
<i>POPULATION (ONS, 2017)</i>				
Total, 2017	1,137,123	5,860,706	2,897,303	55,619,430
Aged 0-15, %	24.0	22.6	20.7	20.2
Aged 16-64, %	63.1	61.9	60.9	61.8
Aged 65+, %	12.9	15.5	18.0	17.9
<i>GVA (ONS, 2017)</i>				
	Birmingham	WMCA	West Mids	England
GVA per Head (£)	24,761	22,967	22,815	27,949
GVA per Hour (£)	30.9	30.7	29.5	34.1
GVA per Filled Job (£)	50,524	49,988	48,015	55,176
<i>EMPLOYMENT (ONS, 2018)</i>				
Economic Activity Rate, aged 16-64	70.8	73.0	77.0	78.7
Economic Inactivity Rate, aged 16-64	29.2	27.0	23.0	21.3
Employment Rate, aged 16-64	65.3	68.2	73.3	75.4
Unemployment Rate, aged 16-64	7.8	6.5	4.8	4.2
<i>BUSINESS DEMOGRAPHY (ONS, 2017)</i>				
Births per 1000 population	5.9	5.0	5.2	6.1
Deaths per 1000 population	5.9	4.7	4.5	5.7
Enterprise survival rate at 12 months	90.3	91.3	92.1	91.2
<i>SKILLS (ONS, 2018)</i>				
NVQ4 and above, aged 16-64 (%)	33.2	30.5	33.1	39.0
NVQ3 and above, aged 16-64 (%)	51.6	47.6	50.7	56.2
NVQ3, aged 16-64 (%)	18.4	17.1	17.6	17.2
NVQ2 and above, aged 16-64 (%)	67.1	64.5	67.9	72.0
NVQ2, aged 16-64 (%)	15.5	16.9	17.2	15.8
NVQ1 and above, aged 16-64 (%)	78.2	76.2	78.9	82.6
NVQ1, aged 16-64 (%)	11.1	11.7	11.0	10.6
Trade apprenticeships, aged 16-64 (%)	1.1	1.8	2.4	2.8
No Qualifications, aged 16-64 (%)	12.0	12.9	10.3	7.6
<i>JOBS (ONS, 2018)</i>				
Jobs Density	0.80	0.76	0.79	0.85
Managers, Directors & Senior Officials, % (SOC1)	8.1	8.6	10.2	11.1
Professional Occupations, % (SOC2)	21.2	19.1	18.9	20.8
Associate Professional and Technical Occupations, % (SOC3)	13.6	13.0	13.1	14.9
Administrative and Secretarial Occupations, % (SOC4)	8.9	10.2	10.0	10.1
Skilled Trades Occupations, % (SOC5)	8.0	9.9	11.0	9.9
Caring, Leisure and Other Service Occupations, % (SOC6)	9.5	9.3	9.2	8.9

Sales and Customer Service Occupations, % (SOC7)	8.0	7.6	7.4	7.4
Process, Plant and Machine Operatives, % (SOC8)	9.8	9.4	8.0	6.3
Elementary Occupations, % (SOC9)	12.7	12.3	11.9	10.3
<i>WORKLESSNESS (ONS)</i>				
JSA claimants as a % of working age population, 16-64 (2019)	1.2	1.0	0.7	0.5
Workless Households % (2017)	17.8	18.4	15.5	14.0
<i>EARNINGS (ONS, 2018)</i>				
Median Gross Weekly Pay, full-time workers (£) - residents	532.5	526.5	536.6	574.9
Median Gross Weekly Pay, full-time workers (£) - workers	584.1	556.8	536.6	574.9

For queries related to the Birmingham Economic Review 2019 please contact:

Emily Stubbs

Policy and Patron Advisor
Greater Birmingham Chambers of Commerce
E.Stubbs@birmingham-chamber.com

Rebecca Riley

Business Development Director
City-REDI, University of Birmingham
R.L.Riley@bham.ac.uk

Greater Birmingham Chambers of Commerce

75 Harborne Road
Edgbaston
Birmingham
B15 3DH
t 0121 274 3262
e policy@birmingham-chamber.com
w greaterbirminghamchambers.com