Introduction

The Birmingham Economic Review 2017 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 is a high quality resource for organisations seeking to understand the city to inform research, policy or investment decisions.

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All Chapters of the Birmingham Economic Review 2017 can be found online on the Greater Birmingham Chambers of Commerce website: www.greaterbirminghamchambers.com or via the contact details at the end of this document.
Population & Employment

One of the key drivers of the economy is population growth, especially working-age population. The latest data available for 2016 showed that the total population for Birmingham was 1,124,569 million.

Birmingham’s working age population has relatively low rates of economic activity and employment, and high levels of unemployment. Low levels of economic activity and employment and high unemployment tend to be concentrated in the inner city and some deprived outer city estates.

- 736,650 aged 15-64
- 256,582 children under 16
- 145,721 65 and over

Chart 12: Population Change Over Time

From 2001 the figures in Chart 12 show a continual growth in the population of Birmingham. The population level aged 18-24 has increased over the past ten years, partly due to the growth of the city’s three universities, but there was a significant drop in those aged 25-44. Nevertheless, the city is the youngest major city in Europe, with under 25’s accounting for nearly 40% of its population. There is also a gap that exists in terms of the proportion of the population aged 30-44 living in the area. This is especially significant as people in this age group might be expected to play a big part in increasing entrepreneurship. The challenge is to encourage greater retention of university graduates as well as more inward migration.
A number of datasets provide information about Birmingham’s economic performance, including levels of employment, self-employment, unemployment, and overall economic activity. Much of this data comes from the Annual Population Survey.

The Annual Population Survey (Table 14) estimated that 69.7% of those aged 16-64 in Birmingham were economically active - this is below the figure for Great Britain and below many comparable areas, although this figure has been increasing in recent years. Likewise, self-employment is also behind national levels at 7.4% and 10.6% respectively.

Table 14: Employment and Unemployment (Jan 2016 - Dec 2016)

<table>
<thead>
<tr>
<th></th>
<th>Birmingham (numbers)</th>
<th>Birmingham (%)</th>
<th>Great Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economically Active</td>
<td>498,300</td>
<td>69.7</td>
<td>77.8</td>
</tr>
<tr>
<td>Employment Rate</td>
<td>453,200</td>
<td>63.4</td>
<td>74.0</td>
</tr>
<tr>
<td>Employees</td>
<td>399,200</td>
<td>55.8</td>
<td>63.0</td>
</tr>
<tr>
<td>Self-employed</td>
<td>53,200</td>
<td>7.4</td>
<td>10.6</td>
</tr>
<tr>
<td>Unemployed</td>
<td>45,000</td>
<td>9.0</td>
<td>4.9</td>
</tr>
<tr>
<td>JSA claimants Jan 2017</td>
<td>22,844</td>
<td>3.2</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Source: ONS, Annual Population Survey
Table 14 shows that Birmingham’s employment rate was 63.4% for 2016, well below the national rate of 74.0%. 7.4% of those aged 16-64 are self-employed; this has declined from 7.9% in 2015 and is also below the national rate of 10.6%. Since the decline of the city’s traditional manufacturing base began in the 1970s, Birmingham has suffered from stubbornly high unemployment rates that have stood at around twice the national average in the subsequent decades. Unemployment also increased rapidly in the city during the recession, resulting in the highest levels of unemployment for over a decade. The unemployment data for 2016 shows that the unemployment rate for Birmingham stood at 9.0%, significantly above the national rate at 4.9%. The city has the highest unemployment rate of all the core cities in England. At 3.2%, the JSA claimant count is also significantly higher than the national average of 1.2%.

Table 15: Economic Inactivity (Jan 2016- Dec 2016)

<table>
<thead>
<tr>
<th></th>
<th>Birmingham (Number)</th>
<th>Birmingham (%)</th>
<th>Great Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>216,800</td>
<td>30.3</td>
<td>22.2</td>
</tr>
<tr>
<td>Student</td>
<td>75,600</td>
<td>34.9</td>
<td>26.3</td>
</tr>
<tr>
<td>Looking after family/home</td>
<td>65,100</td>
<td>30.0</td>
<td>24.7</td>
</tr>
<tr>
<td>Temporary Sick</td>
<td>4,000</td>
<td>1.8</td>
<td>2.0</td>
</tr>
<tr>
<td>Long Term Sick</td>
<td>42,300</td>
<td>19.5</td>
<td>22.3</td>
</tr>
<tr>
<td>Discouraged</td>
<td>1,300</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Retired</td>
<td>12,200</td>
<td>5.6</td>
<td>13.3</td>
</tr>
<tr>
<td>Other</td>
<td>16,200</td>
<td>7.5</td>
<td>10.9</td>
</tr>
<tr>
<td>Wants A Job</td>
<td>30,600</td>
<td>14.1</td>
<td>24.0</td>
</tr>
<tr>
<td>Does Not Want A Job</td>
<td>186,200</td>
<td>85.9</td>
<td>76.0</td>
</tr>
</tbody>
</table>

Source: ONS, Annual Population Survey

At 30.3%, Birmingham has the highest proportion of economically inactive residents of all the core cities (see Table 15), although this has reduced from 32.3% in 2015. However, of these over a third (34.9%) are students. The proportion of students is higher than the national figure (26.3%) and this should be viewed as a positive contribution to the city. Removing students from the data would also remove much of the disparity in economic inactivity. 30.0% of economically inactive residents in Birmingham are looking after home and family - a significant increase from 26.9% the previous year. 19.5% are long-term sick, which is below the national average of 22.3%.
Dr. Catherine Harris, City-REDI, University of Birmingham

Looking at Birmingham's demographics provides an example of how the city's challenges and opportunities are often interlinked. Birmingham is the youngest major city in Europe, with under 25’s accounting for nearly 40% of its population. Such a large population of under 25s in the city is incredibly exciting because these young people will become the workforce of tomorrow and represent a great amount of potential. However, we need to understand this aspect of the city with relation to the current issues it has with skills and unemployment. A young population is only an asset if they are equipped with the skills and opportunities they need to succeed as they enter the local workforce. In practice, this means closing the gap between business and education to help develop a sound skills base, becoming more attractive to graduates so that we retain talent in the city, and working together to address unemployment and skills gaps across Birmingham.

There is also a gap in terms of the proportion of 30 to 44-year olds living in the city. Going forward this needs to be addressed again through greater retention of university graduates and encouraging inward migration, but can only be tackled at the same time as understanding the issues with skills and unemployment in the city. The relocation of large firms to the city, such as HSBC, may go some way to addressing this.

The city's unemployment levels are still unacceptably high compared to national averages and the other core cities. The unemployment data for 2016 shows that the unemployment rate for Birmingham stood at 9.0%, significantly above the national rate at 4.9%. The city also has the highest unemployment rate of all the core cities in England. In 2016, Birmingham’s claimant rate was 3.2%, compared to the national average of just 1.2%. Understanding this in real terms is even more important considering how much larger Birmingham’s population is than other cities. For instance, Birmingham has 22,844 people claiming JSA compared to Manchester's 9,820.

Another area of concern is economic activity, with 69.7% of those aged 16-64 in Birmingham being economically active. Whilst this figure is increasing it remains below the figure for Great Britain and below many comparable areas. Self-employment is also behind national levels at 7.4% and 10.6% respectively. This may be a symptom of the low levels of 30 to 44-year olds living in the city, which is an age group often more likely to be entrepreneurial.

Whilst the figure is reducing, Birmingham has the highest proportion of economically inactive residents of all the core cities. However, over a third of these are students and make a significant positive contribution to the city.

Overall, despite the challenges outlined, the city has made good progress in many of these areas, including strong performance on youth unemployment. However, there is more that can be done, particularly in terms of graduate retention, encouraging inward migration and equipping the younger population with the skills they need to succeed.
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