



LRING

# W M E M

WEST MIDLANDS ECONOMIC MONITOR

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CITY  
REDI



Proposed redesign of Birmingham Moor Street station. Source: Grimshaw and Glenn Howells Architects

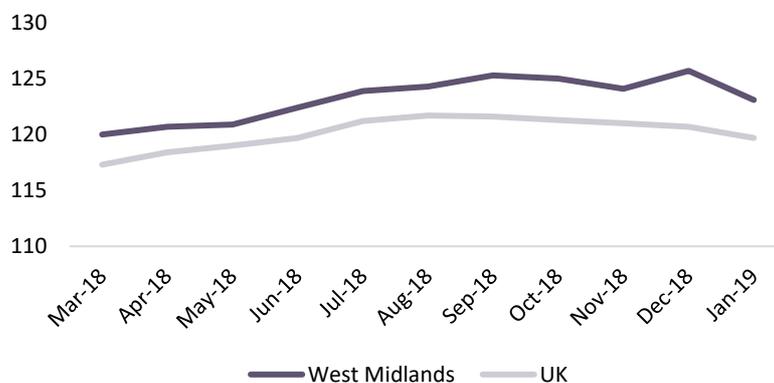
**A rail renaissance is taking place in Birmingham:** the first images have been released of the proposed redevelopment of Moor Street station, with a modern addition to the roof of the existing listed building. This is designed to increase capacity and provide a walking route from Moor Street to the new HS2 station at Curzon Street, and follows on from the redevelopment of New Street station that opened in 2015 to provide a more appealing gateway into the city.

However, whereas the New Street redevelopment has generally been popular, it is likely that the proposed addition to Moor Street will be controversial. The station was last restored in the early 2000s, winning awards for the sympathetic restoration of its original redbrick structure and historic fittings. It remains to be seen how locals and regular users of the station will respond to these images.

Alongside investment in transport infrastructure, there is significant activity in the housing market in Birmingham. The largest such development is at Smithfield, formerly the site of the Wholesale Markets in the city centre which will comprise more than 2,000 new homes.

The West Midlands has seen the highest annual increase in house price growth, with recent ONS figures showing that in the year to December 2018 **house prices in the region had increased by 5.2%**. This outstrips the national average and contrasts with a fall of 0.6% in London prices (ONS, 2019d). Rental prices in the West Midlands are also rapidly increasing, with a **rise in rent prices of 1.8%** over 2018 – almost double the national rate.

## House Prices Index



The latest House Prices Index shows the West Midlands continues to perform above the national average. Source: ONS, 2019d

## IDEAS



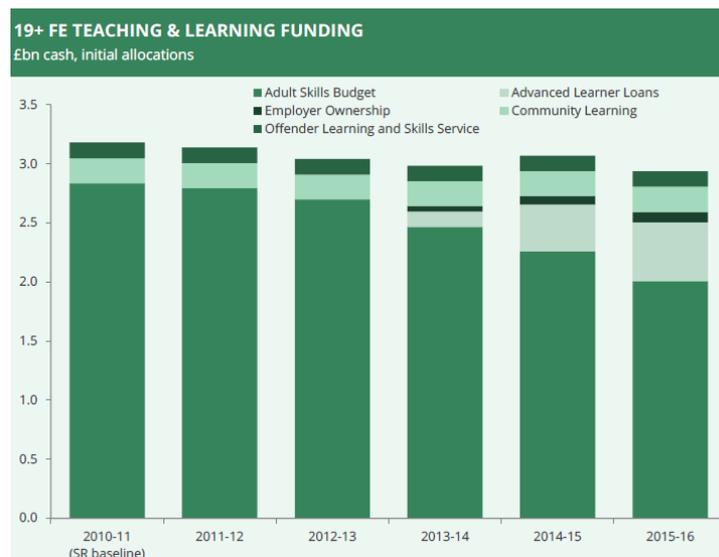
There are further innovations this month in the world of transport. The University of Birmingham's Centre for Railway Research and Education, one of the world's leading institutes of its kind, has merged with the Rail Alliance. This will create an organisation focused on addressing real-life railway challenges and delivering innovation driven by the needs of the industry (Rail Professional, 2019).

Andy Street, Mayor of the West Midlands, has been promoting £10 billion worth of opportunities in the region at MIPIM, a major conference of international property professionals held in France. The WMCA has produced a West Midlands Investment Prospectus, available for [download here](#). Alongside well-known projects, such as Paradise in Birmingham City Centre and the HS2 Interchange in Solihull, the guide also promotes opportunities elsewhere in the region, such as Dudley's DY5 Enterprise Zone and Walsall Town Centre.

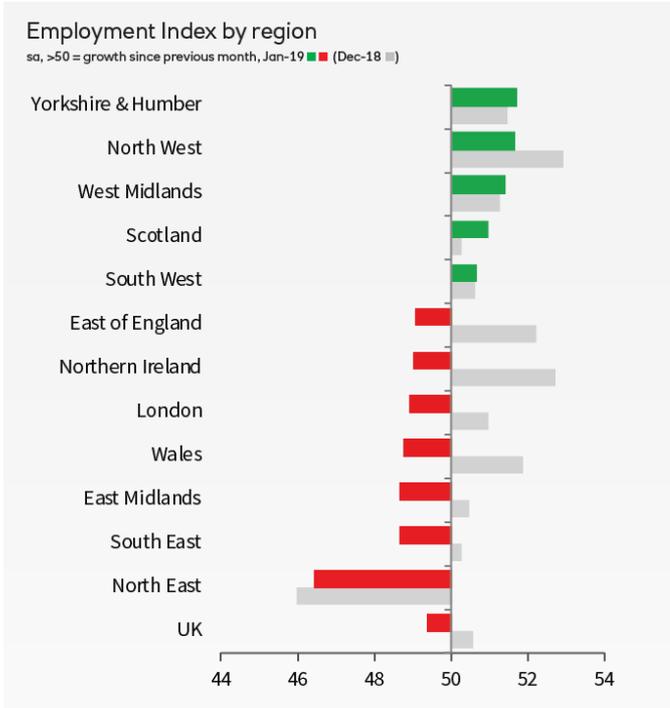
The Education and Skills Funding Agency has [recently released information](#) on the devolution of the Adult Education Budget to combined authorities later in 2019. **Adult education has been cut by more than 40% since 2010**, making it harder for people to access training and learning opportunities to up-skill or make a career change (Hughes, 2018). Additional spending in education over this period has gone primarily to universities, but there are long-standing issues with increasing access to higher education among people from underrepresented and disadvantaged groups. If the WMCA uses its control over the Adult Education Budget to meet the need for a more skilled workforce then this will help to unlock inclusive growth in the West Midlands.

The West Midlands has been selected as the UK's testbed for 5G internet. Dr Abigail Taylor has looked at the [benefits this will bring](#), including the testing of driverless cars and trials of video-link GP appointments.

Jaguar Land Rover is planning to make a significant investment in electric cars in the region, with a new battery plant planned near Birmingham and an upgrade of its Wolverhampton engine plant (Tovey, 2019).



Adult education funding has been cut, with a large growth in individuals taking out loans to pay for their own skills training. Source: House of Commons Library, 2019



Regional Employment Index figures. Source: IHS Markit

**Unemployment figures for the West Midlands have registered a slight improvement this month.** The latest Employment Index (IHS Markit, 2019) showed that there was a small growth in employment in the region since last month, suggesting that businesses are confident for their future prospects even in spite of Brexit. It should be remembered however that at 5.2%, the unemployment rate in the West Midlands is the second-highest in the UK (ONS, 2019e).

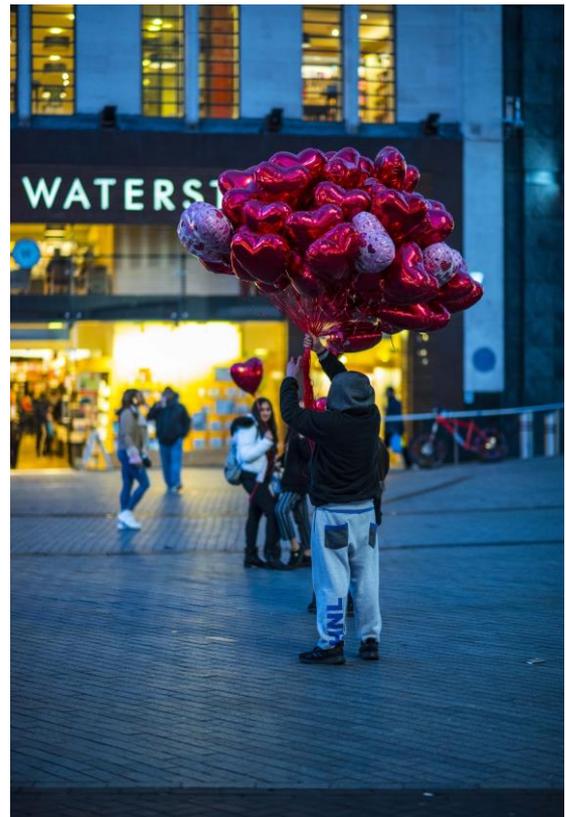
Recent ONS figures showed that in the final quarter of 2018 there was an increase in the number of young people aged 16-24 who are NEET, or not in education, employment or training. **13.1% of young people in the West Midlands are in the NEET category** during Q4 of 2018, which is the third highest rate in the UK (ONS, 2019g).

[Research by Professor Raquel Ortega-Argilés at City-REDI](#) has estimated that up to **12.2% of West Midlands GDP is at risk in the event of a no-deal Brexit**, summarising that the region as a whole is more exposed than the UK average to negative trade-related disruptions.

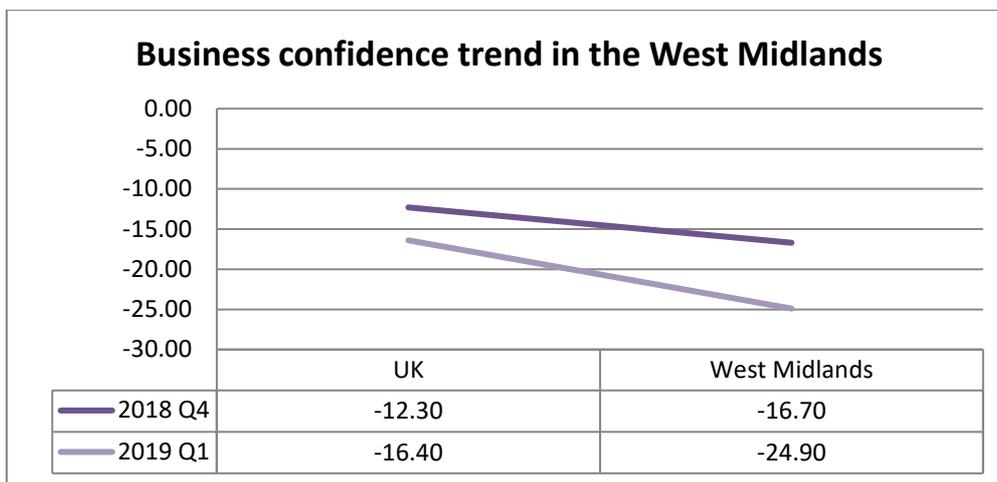
Jaguar Land Rover has announced up to 5,000 job losses as part of a £2.5 billion business restructuring plan amid weakening demand for its products (Osborne, 2019). Alongside the job losses of those directly employed by the company, there will be a major negative knock-on effect in its supply chains across the West Midlands.

Job losses were also announced by Birmingham City Council, which is planning to cut over 1,000 employees after further reductions in Government funding (Whitehead, 2019).

Another area in which there is a growing problem is homelessness rates. A [recent City-REDI research blog](#) considered the figures that **320,000 people in the UK have no fixed address**, a number which has more than doubled since 2010 (Shelter, 2018). There has been a sharp increase in mortality among rough sleepers, with 597 deaths on the street in 2018. The most common form of death is drug poisoning, particularly as a result of heroin overdose. These deaths are avoidable, but to address the problem there needs to be more investment in drug addiction treatment services and accommodation for rough sleepers.



A balloon seller outside the Bullring shopping centre. Source: [Roman Zwicky](#)



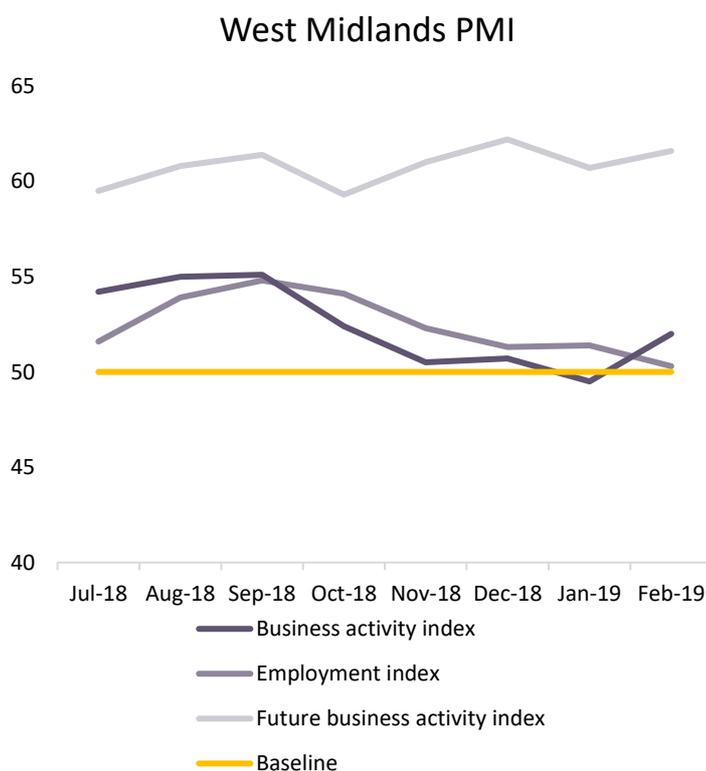
Business confidence trend in the West Midlands compared to the UK. Source: ICAEW

There has been a strong growth in the GVA figures for the West Midlands, but weakening business confidence. Figures for the last quarter of 2018 revealed that balanced regional Gross Value Added figures increased by 18%, equating to a 5% increase in real labour productivity (ONS, 2019c).

With a figure of -24.9, compared to a UK average of -16.4, business confidence about the future in the West Midlands is in negative territory in the first quarter of 2019 (ICAEW, 2019). That can be partially explained by Brexit-related concerns as uncertainty about the outcome of UK’s withdrawal from the EU continues to weigh on businesses. Brexit negotiations are far from reaching a consensus. This is particularly disruptive to the region’s large manufacturing sector that is deeply rooted in pan-European supply chains. However, the ICAEW’s figures also showed that businesses in the West Midlands reported that overseas sales rose by 1.7% during the first quarter of 2019. Although this is a slower pace than expansion in previous years, it still indicates a certain amount of business confidence that a resolution will be found to issues around future trading arrangements.

The mixed messages on the indicators continue with the latest Purchasing Manager’s Index, in which a reading of 52.0 was recorded for the West Midlands – a slight growth in output and new orders (IHS Markit, 2019). This came after a small contraction in January 2019. The monthly Output Index also showed only slight optimism among firms that output will rise in the next 12 months. Other Purchasing Managers Index figures recorded a slight growth this month too. Collectively, these figures indicate that business optimism about the future is relatively muted. Brexit uncertainty is having a drag on these figures, which are rather low in a historical context.

Businesses in the West Midlands have also reported an increase in their input prices. Although the rate of inflation remained steady at 2.4% since the last quarter of 2018, businesses are struggling to raise selling prices, with an increase in prices of just 1.4% over the last year. In terms of costs, 35% of businesses reported that the cost of their goods and services would increase during the first quarter (GBCC, 2018). Tied to this, wage growth increased by 2.1% across the nation during the first quarter of 2019.



West Midlands PMI figures. Source: IHS Markit

The fifth pillar of the government's plan for Local Industrial Strategies is "places". Much of the research at City-REDI is concerned with policy development to improve the quality of life available to local people in the places they live. This month, our "Democratic Foundations of the Just City" project is in the spotlight.

# The Democratic Foundations of the "Just City"

Liam O'Farrell



**Birmingham**

**Zurich**

**Lyon**

### What is the Just City project about?

The aim of this project is to investigate the role of local democratic institutions and processes in pursuing urban planning policies that contribute more or less to the ideal of the Just City, defined as a city that:

- Avoids ghettoization, the spatial concentration of population groups such as non-white or low-income people
- Counteracts gentrification, the transformation of working-class or vacant areas of a city into middle-class ones
- Maintains the affordability of decent housing that is accessible to economically and socially deprived groups

The project is a comparative between three second cities in countries with distinct institutional forms, looking at Birmingham, Zurich and Lyon. It is funded by the Swiss National Science Foundation and is run as a collaboration between City-REDI at the University of Birmingham and researchers at the Aarau Centre for Democracy Studies, affiliated with the University of Zurich.

### Impact of this research

The Just City project will make a series of recommendations around institutional reform and political leadership. How cities should be planned is a vital debate which is key in preventing social exclusion. This is especially important in the context of terrorist events in cities, which are connected to the high concentration of marginalised groups. Avoiding ghettoization will allow all parts of the population of cities to have a good standard of urban living. We will launch a series of workshops to disseminate our findings among decision-makers.

### What has been achieved so far?

We have gathered data on ghettoization, gentrification and housing affordability in the three cities to show change over time and mapped these to policy developments to determine whether policies had their stated intentions or not. We have also conducted interviews with urban planners and policy makers to add qualitative insight to our quantitative material and understand the drivers of policy formulation in their local contexts.

Find out more about the Just City project by [clicking here](#).



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