West Midlands Regional Economic Assessment Birmingham

Version 3.0
7 October 2008

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1 Background

The Regional Integrated Economic Assessment (RIEA) was commissioned from the Observatory by the Regional Forum of Leaders (RFL) in partnership with Advantage West Midlands (AWM), as a joint response to the requirements of the Sub-national Review of Economic Development & Regeneration (SNR).

It was agreed by the RFL that the RIEA contain three distinct elements:

- An overarching regional summary;
- Thematic chapters (Economic Structure and Output, Communities and Connections, The People of the Region);
- Local authority area profiles (for each of the 14 strategic authorities).

The primary focus of the RIEA is the synthesis of existing data and evidence across the range of themes and local areas. It has been developed by identifying, collating, integrating, analysing and interpreting current information, rather than sourcing new information. The local area profiles incorporate each of the thematic areas, highlighting key characteristics of each area and identifying some of the current issues facing local economies.

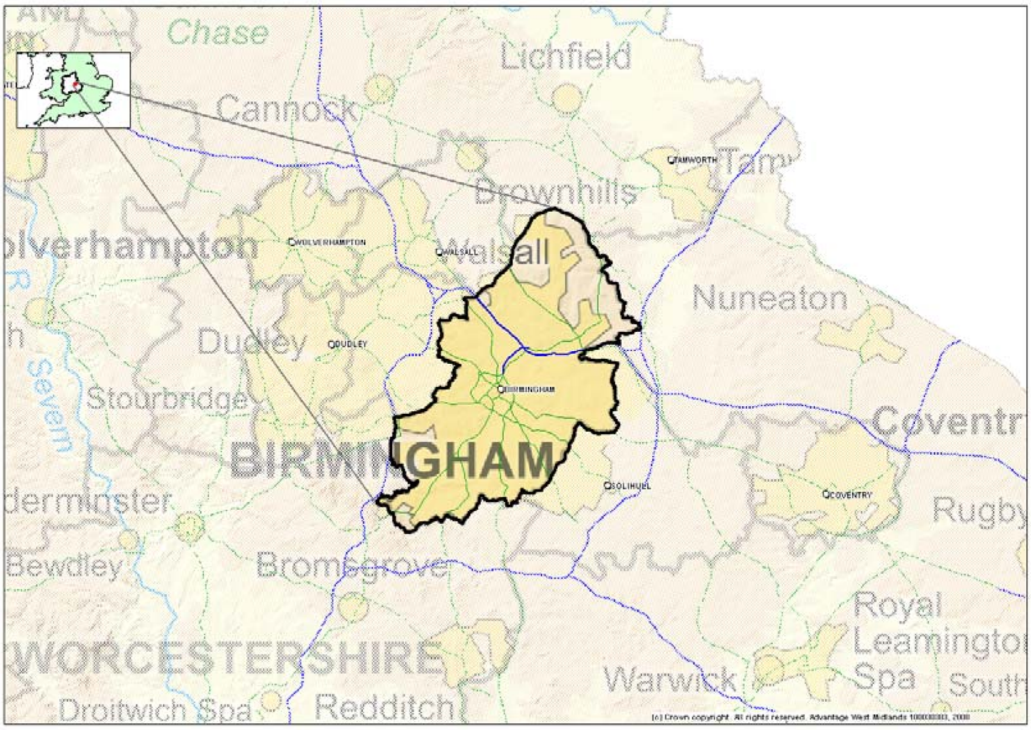
The RIEA has been prepared in collaboration with staff from the Region's 14 strategic local authorities. They have supplied much of the evidence which underpins the assessment and have been heavily involved in writing, editing and improving its constituent parts, particularly the local area profiles.

The RIEA constitutes an important **first step** in the longer term iterative development of the evidence base for the single integrated regional strategy. Partners should see the RIEA, and the local area profiles in particular, as a starting point, providing a good foundation for the much more detailed local work required in the preparation of individual Local Economic Assessments as proposed by the SNR.

2 Introduction and Summary

Birmingham sits at the centre of the West Midlands region and is the regional capital and widely acknowledged as a city of rising international importance. In addition Birmingham is the largest of the England's Core Cities and an important engine of economic growth for the region.

The City of Birmingham has a population of just over 1 million people, making it the largest local authority in the country. It makes up just under half of the population of the West Midlands conurbation. The boundaries are shown in the map below.



Birmingham has been identified by Government as a focus for future population growth through its designation as a national New Growth Point. It is the largest centre for employment in the region and attracts people from a wide area for leisure activities, including shopping where the City Centre is the second largest retail area in the UK, after London's West End. It is also the hub of the regional transport network. All of these factors, and more, mean that Birmingham plays an important role in the success and prosperity of the whole region. This importance has been recognised in the West Midlands Economic Strategy, which includes a strategic objective relating to enabling Birmingham to compete as a global city.

Birmingham's economy was historically based on a strong manufacturing base, particularly in the automotive, mechanical and electrical engineering sectors. As these sectors declined nationally and locally, the city suffered from high levels of worklessness, an issue which still survives today. The city has subsequently diversified its economy by pursuing a strategy to develop Birmingham as a destination for business tourism and a regional centre of commerce. As a result Birmingham has seen strong growth in service sector employment – with a thriving Business and Professional Services sector.

However, many local residents lack the skills to access these new jobs and instead they have been filled by increasing levels of in-commuting from neighbouring areas. The city now suffers from high levels of deprivation with levels of employment and income particularly low in some areas. Amongst those affected by deprivation are the city's black and minority ethnic communities. The city has the highest proportion of its population in these groups of anywhere outside London and the share is projected to rise. A major challenge for the city will be maintaining growth in an increasingly knowledge-based economy without leaving behind a significant proportion of local residents.

3 Economic Structure & Output

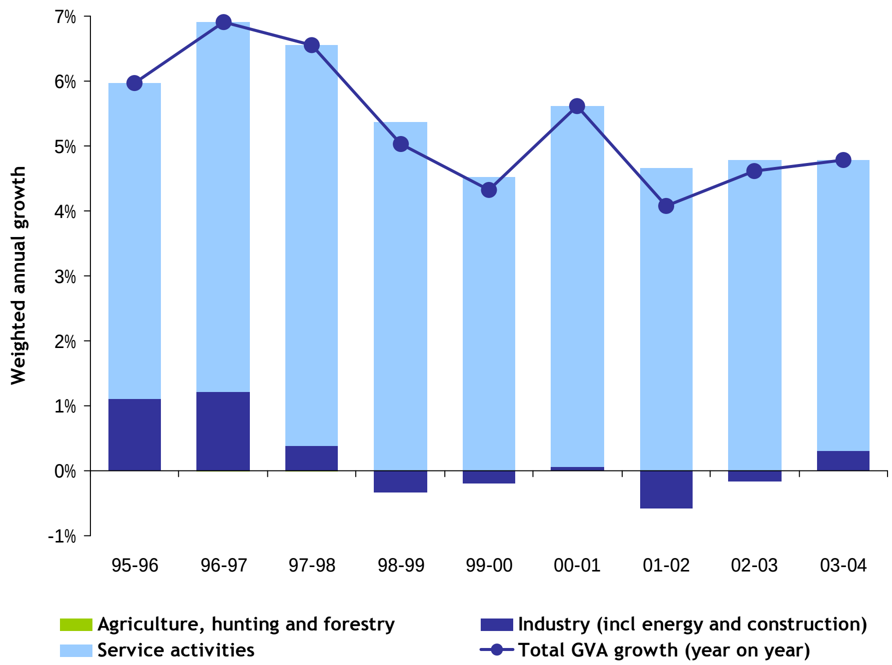
Output

The total Gross Value Added (GVA) for Birmingham was just over £18bn in 2005, up from £11.1bn in 1995. This amounted to a 62% increase, very similar to the 56% for the West Midlands region and 63% for England over the same period.[1]

Growth rates have slowed, however, in more recent years. Between 2004 and 2005, Birmingham's GVA grew by 3.3%, the slowest growth over the last decade. The trend growth, measured as the average annual growth since 1995 was 4.9% compared to the regional average of 4.7%. Birmingham has consistently accounted for around 21% of regional GVA.

This represented the fourth consecutive year of slowing growth in the city and the fourth year when the city's growth rate has been below the regional average. Over this period the loss of large contributors to economic activity, such as MG Rover have had an adverse effect on output growth that may be visible for a while.

Figure 1.1: GVA growth across major sectors in Birmingham



Source: ONS Regional Accounts, 2005

[1] ONS Regional Accounts

Figure 1.1 shows the contribution of the broad sectors to overall annual GVA growth. Data for sectors is only available to 2004. The contribution from manufacturing has declined over the period; in the 5 years to 2003 negative GVA growth in manufacturing dampened overall output growth, although it returned to positive growth between 2003 and 2004[2].

Whilst growth in GVA is a good measure of the overall strength of the local economy, it is not particularly useful for comparative purposes since it takes no account of the size of the population. For this reason, GVA per head is the preferred measure since it enables a more detailed analysis of comparative output performance.

A further point to remember when making comparisons is the unique role played by London in the national economy; between 1995 and 2005 London's economy, as measured by nominal GVA, grew by nearly £96bn (84%). This was equivalent to an additional £12,000 per person. GVA per head in London grew by an average 5.7% per year between 1995 and 2005, compared to 5.1% nationally.

GVA per head for Birmingham increased from £11,148 in 1995 to £17,984 in 2005. In 1995, GVA per head was above the UK average, £10,869 but, while still marginally above the national figure in 2005, it had fallen to just under 1% above the national figure of £17,827. Nevertheless, the city's GVA rose relative to the regional average, which stood at £15,841 in 2005. Given its particular role in the region, It is perhaps more appropriate to compare Birmingham against the other English Core Cities.

Comparing Birmingham with the other 7 English Core Cities listed in table 1.1, the level of GVA per head places the city 4th, with no movement in overall ranking since 1995[3]. The average annual growth in GVA per head, which grew at 4.9%, the same rate as the overall city economy, is however the second lowest in the group. Table 1.1 shows the GVA per head for the core cities in 1995 and 2005 as well as average annual growth rates between 1995 and 2005. The final columns show the relative position compared to the UK average.

While Nottingham has a slower average annual rate of growth in GVA per head, it started from a base nearly 50% higher than Birmingham. Birmingham is losing ground on Bristol and Leeds, while the northern cities are catching up with Birmingham.

In 1995 three of the cities, Nottingham, Bristol and Leeds had a GVA per head higher than Birmingham. The cities of Bristol and Leeds grew faster than Birmingham over the period. In 1995 GVA per head in Birmingham was 20% and 10% below these cities respectively; the difference grew to 23% and 13% by 2005.

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[2] 2004 is the latest year for which a sectoral breakdown of GVA is available.
[3] It is worth noting, however, that due to data availability, the geographical coverage of the English core cities does vary somewhat, with some covering just part of the relevant urban area (as in the case of Birmingham) whilst others (e.g. Greater Manchester) cover the whole urban area.

In 1995 Manchester, Sheffield, Newcastle and Liverpool all had levels of GVA per head that were below that of Birmingham; in that last 10 years the gap has narrowed. In 1995 the difference between Birmingham and those cities ranked below was on average about 16%; however these cities have grown relatively faster and by 2005 the average difference had fallen to just under 10%.

Table 1.1: GVA per head in Birmingham and other English Core Cities

	1995	2005	Average Annual	1995	2005
	(£)	(£)	Growth 1995 - 2005	UK = 100	UK = 100
UK	10,869	17,827	5.1%		
Nottingham	15,604	24,563	4.6%	143.6	137.8
Bristol	13,919	23,434	5.3%	128.1	131.5
Leeds	12,340	20,613	5.3%	113.5	115.6
Birmingham	11,148	17,984	4.9%	102.6	100.9
Newcastle (Tyneside)	9,524	16,898	5.9%	87.6	94.8
Greater Manchester	10,155	16,546	5.0%	93.4	92.8
Liverpool	9,309	16,321	5.8%	85.6	91.6
Sheffield	9,545	15,823	5.2%	87.8	88.8

Productivity

Whilst GVA per head is a good measure of the output of a local area, it can be affected by issues such as commuting levels and worklessness as well as the performance of an area's businesses. That is better measured through a productivity measure. One of the best broad productivity measures is GVA per employee. For Birmingham this was £36,356 in 2005, slightly above the regional average but well below the national average. The gap between Birmingham and the regional average is much reduced, compared with the output gap.

Recent analysis by ONS[4] Regional economic indicators, May 2008, with a focus on differences in sub-regional economic performances (Wosnitza & Walker) Economic & Labour Market Review, Vol 2 No 5 (May 2008) uses an alternative measure of productivity, GVA per filled job, which makes use of estimates of workforce jobs (WFJ). WFJ is a measure of the total number of jobs in an area. This encompasses not only employee jobs (as estimated by ABI/1) but also self-employment jobs (from the Labour Force Survey (LFS) and Annual Population Survey (APS)), those serving in HM Forces and government-supported trainees. As one might expect, using a WFJ related estimate of productivity, GVA per filled job, produces somewhat different results for Birmingham as compared with GVA per employee. For 2005, GVA per filled job was around £32,600, approximately 3.5% above the regional average of £31,500. However, this represents a significant decline in relative performance since 2001, when GVA per filled job for Birmingham was approximately 11% above the regional average

Wosnitza & Walker demonstrate how GVA per head can be decomposed into four factors, namely: GVA per filled job; the commuting rate[5]; the employment rate[6]; and the activity rate[7]. This approach is discussed further in the thematic chapter dealing with Business in the regional economy.

In Birmingham's case, its relatively high productivity (per filled job) largely accounts for its relatively high GVA per head within the context of the regional economy. Moreover, Birmingham experiences a high level of net inward commuting, having by far the highest commuting rate within the region, which also makes a strong positive contribution to GVA per head. However, these factors are to a significant degree counteracted by its low activity rate and low employment rate, which are the poorest within the region.

The sectoral mix of Birmingham's economy does not differ markedly from the national picture, although it does have a slight over-representation of the public sector and an under-representation of business services and wholesale and retail trades.

These patterns aren't sufficient to explain the gap between the city's productivity and the national average. This means that within, at least some of, the sectors, productivity in the city is below average. In particular, it seems that the functions carried out in the business services sector in the city are not the more productive ones, with a heavier focus on "back-office" functions.

Recent years have seen relatively fast growth in employment in the public sector and in the retail and hospitality sectors. These are all relatively low productivity sectors, which has led to Birmingham's productivity growing less quickly than either the regional or national average in recent years.

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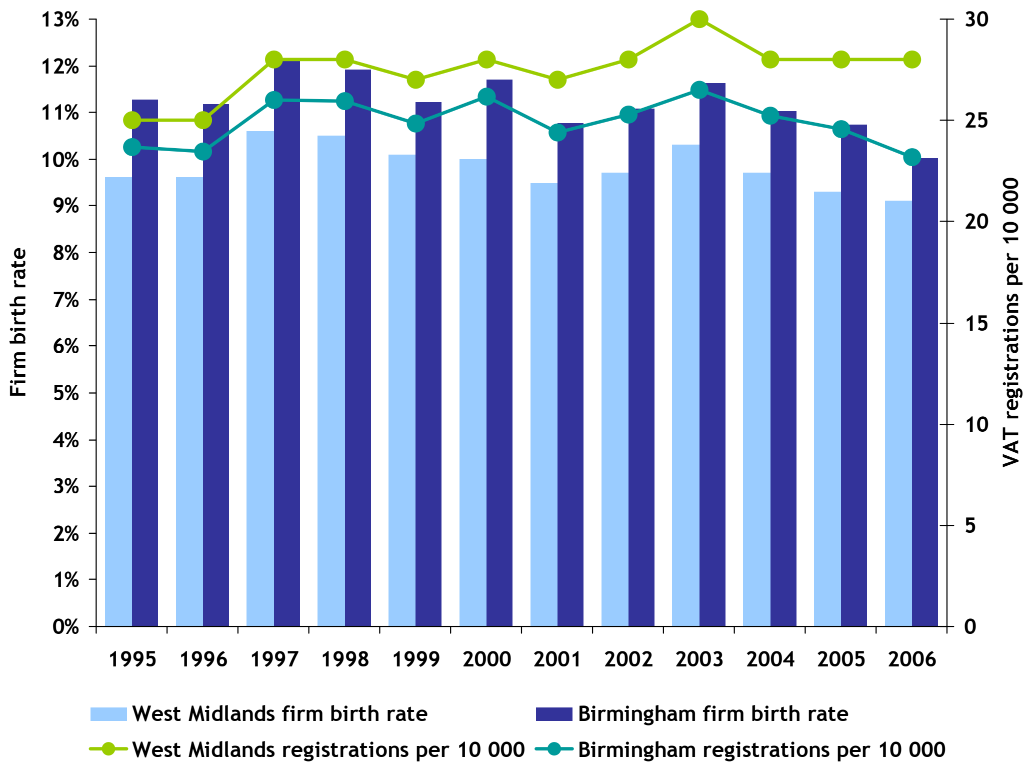
[4] Regional economic indicators, May 2008, with a focus on differences in sub-regional economic performances (Wosnitza & Walker) Economic & Labour Market Review, Vol 2 No 5 (May 2008)
[5] The number of filled jobs in an area divided by the number of residents of the area who are in work
[6] The number of residents who are in work divided by the number of residents who are economically active (in work or actively seeking work)
[7] The number of residents who are economically active as a proportion of the total population

Enterprise

Enterprise is a key driver of economic growth. Increases in the number of firms increase the output capacity of the economy. A widely used measure is the number of new VAT registrations as a ratio of the population. There is some debate as to the appropriate population measure to use. BERR publish VAT registration rates per 10,000 of the population over 16 years of age, while HM Treasury's preferred measure is VAT registration over the whole population. Using VAT registration as a measure, however excludes very small businesses with a turnover below the VAT registration rate.

The number of new enterprises registered for VAT in 2006 in Birmingham was 2,330, representing 30 per 10,000 of the adult population, while the figure is 23 per 10,000 of the total population. This is below the regional average of 34.3 per 10,000 of the adult population, while the figure is 28 per 10,000 of the total population. Although below the regional average, the figures for Birmingham are in line with figures for the other metropolitan boroughs. They represent the lowest figure for the city in over a decade. However, de-registrations were also at a low rate, which meant that the total number of VAT registered businesses in Birmingham rose to 23,490.[8]

Figure 1.2: Comparison of business formation in Birmingham and the West Midlands region, 1995 to 2006



Source: BERR Small Business Service Analytical Unit

The VAT registration rate per 10,000 does not reflect possible agglomeration effects from spatial concentrations of existing businesses. Urban areas tend to have above average firm 'birth rates', as measured by new registrations as a percentage of the stock at the start of the year, than less densely populated rural areas. Figure 1.2 shows the rate of new registrations as a percentage of the stock at the start of the year; this is a measure of the 'birth rate' of new firms.

While the City is lower when using the population based measure, the rate as measured as a percentage of existing business stock is historically above the regional average.

One way around the potential bias of comparing on the basis of just a population base or stock base measures independently is to compare the two together in an 'enterprise index'. The index measures the county against the regional averages for VAT registrations per 10,000 and firms' birth rates. Each is equally weighted 50:50 to give a composite index.

Table 1.2 shows the rate of enterprise in Birmingham against the region.

Area	1994	1998	2002	2006
West Midlands	100	100	100	100
Birmingham	107	105	104	99

Lower levels of new VAT registrations per 10,000 in Birmingham relative to the regional average have reduced the overall level of enterprise. Between 1994 and 2002 the overall index fell 3 basis points; however, after 2002 the index fell more sharply and latest data shows the level of enterprise in Birmingham is below the regional average.

The sectoral breakdown of new businesses in Birmingham is not markedly different to that for the region as a whole. Figure 1.3 shows the contribution of the main sectors to overall growth in business stock between 1996 and 2006. The number of manufacturing enterprises has fallen at an average annual rate of 3.8% between 1998 and 2006, reducing overall growth in business stock.

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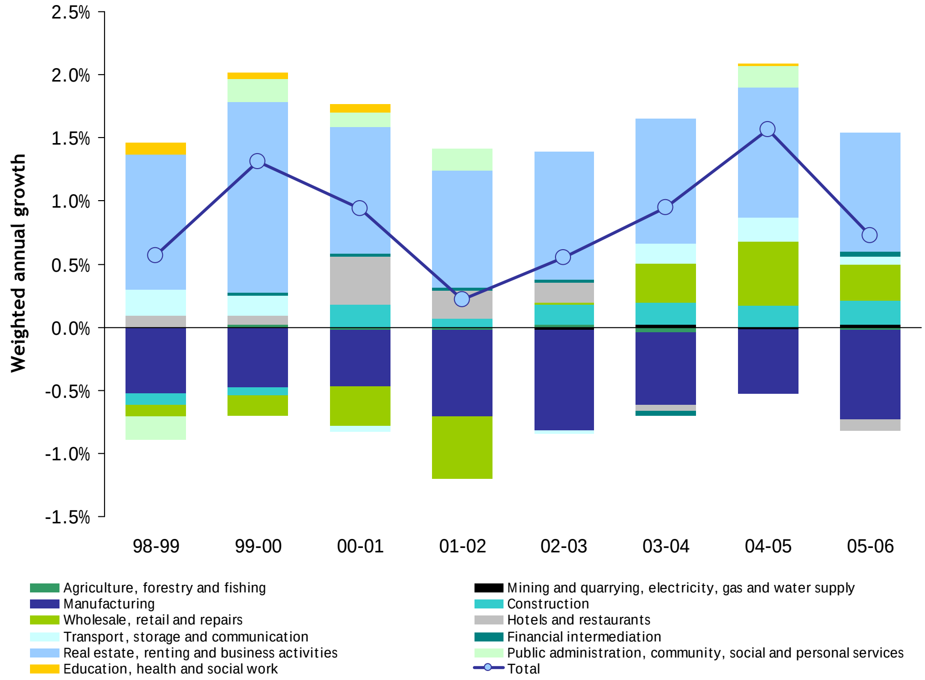
[8] BERR Small Business Service Analytical Unit

Figure 1.3: Sector contributions to year on year growth in Birmingham business stock 1998 - 2006



Source: BERR Small Business Service Analytical Unit

The largest contribution over the period has come from real estate and business services, which grew at an average annual rate of 3.9%. Business services make up around a third of new registrations, slightly above the regional average, making it the largest sector. The second largest was wholesale and retail, accounting for 22% of new registrations, three percentage points above the regional average.

The overall business density in Birmingham was 300 per 10,000 of the 16+ population at the start of 2007. This is well below the regional average of 382 per 10,000 of the 16+ population, but is similar to most other urban authorities. However, the figure has been broadly static over the last five years, whereas most other areas have seen their business stock grow.

Business survival rates in Birmingham are amongst the lowest in the region. Around two-thirds of new businesses registered in the city in 2002 survived for three years, the latest available figures. This is five percentage points below the regional average of 71%. Only Sandwell and Walsall had lower rates. Survival rates have improved over recent years but no faster than the regional average.

Knowledge economy

Nearly half of employment in Birmingham is estimated to be in knowledge intensive services[9]. Only Coventry and Solihull have a higher proportion of knowledge workers. The proportion has remained broadly stable over recent years, meaning that the gap between Birmingham's figure and the regional average has closed over time.[10]

However, between 2000 and 2006 average annual growth in knowledge intensive services has only been 1.2% compared to 1.9% for the West Midlands and 2.2% for England. This lower rate of growth compared to the national average is, based on our estimates equivalent to an under-performance of nearly 15,000 jobs.

There are a number of initiatives within Birmingham aimed at developing the city's knowledge economy. The Central Technology Belt is one of three "High Technology Corridors" in the region. These areas aim to consolidate and grow the existing base of technology-led enterprises, develop sites and infrastructure to benefit leading edge companies and attract new, high value added businesses through inward investment. The belt runs through Birmingham, including the city's three Universities, the Longbridge technology centre, and other key technology parks. It extends into Worcestershire as far as Qiniteq in Great Malvern.

Birmingham is a Science City, one of six English cities to enjoy this status, having been designated in 2005. Science Cities are defined by government as "those with strong science-based assets – such as a major university or centre of research excellence – which have particular potential …[to] attract a critical mass of innovative businesses and become drivers of regional growth". Their aim is to develop city-based strategies to exploit centres of world-class scientific research.

Eastside is one of Europe's largest regeneration projects. It covers an area of 170 hectares to the East of Birmingham City Centre. It is being developed as a learning, technology and heritage quarter, incorporating Aston University, Birmingham City University, Matthew Boulton College, South Birmingham College as well as The Custard Factory in Digbeth, a small hub of creative enterprises, all already located in the area. It's estimated that the multi-billion pound project will create 12,000 jobs.

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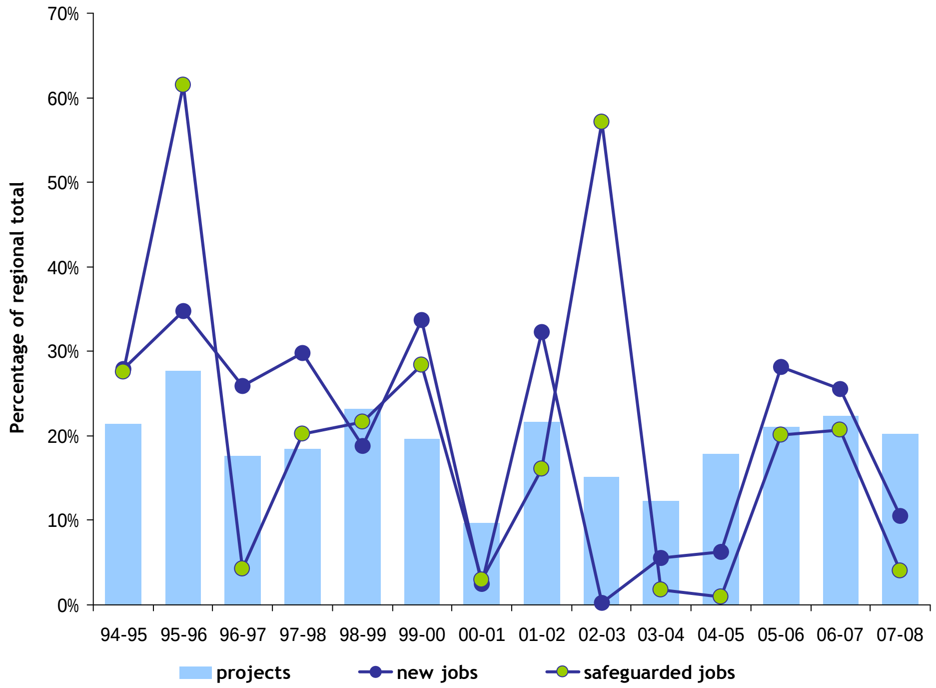
[9] Total knowledge-intensive services is defined by Eurostat The sectors included are NACE Rev. 1.1 codes 61, 62, 64 to 67, 70 to 74, 80, 85 and 92. These are consistent with SIC 2003 codes

[10] Analysis of data from ONS Annual Business Inquiry Employee Analysis

Investment

Figure 1.4: Inward Investment Projects and Jobs into Birmingham, 1994-2008



Source: Advantage West Midlands

Since 1994, Birmingham has attracted over 220 inward investment projects[11]. During this time these overseas owned companies created over 13,500 new jobs and safeguarded a further 22,500. This amounts to a fifth of all investments into the Region, just over a fifth of the new jobs and 15% of the safeguarded jobs. Birmingham receives the most inward investment of any sub-region in the Region and has created 50% more jobs than the next sub-region.[12]

The United States dominates with the largest number of investments into Birmingham with nearly 100, 40% off all investments into the city. Other countries to have made a significant number of investments are Germany (47), France (19), Japan (18) and Canada (11).

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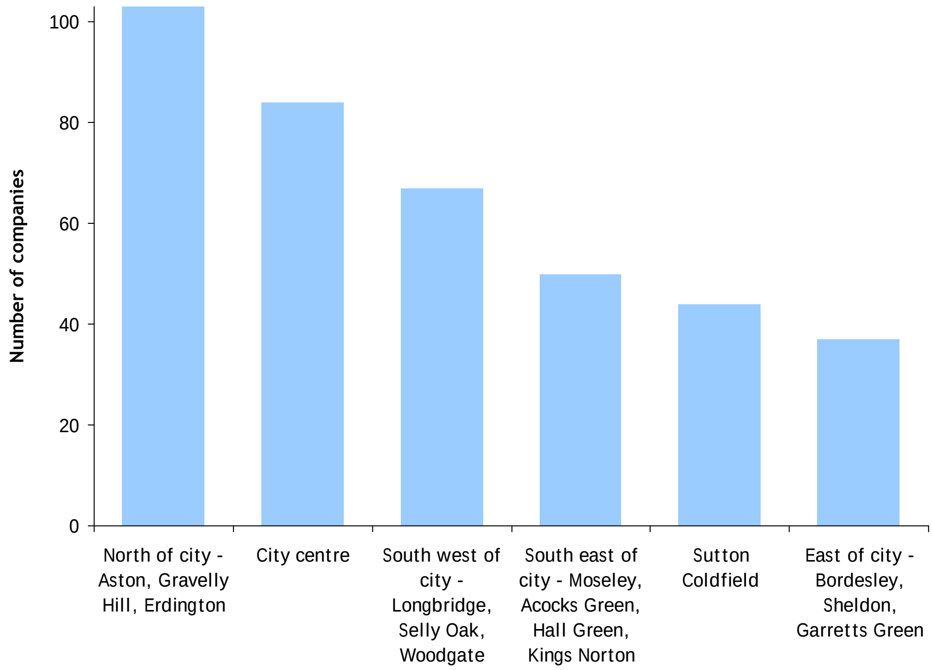
[11] A first time investment, expansion, merger or acquisition of an overseas owned company creating or safeguarding jobs

[12] Advantage West Midlands

Figure 1.5: Location of Overseas Owned Companies in Birmingham



The presence of foreign owned businesses can be measured by looking at the business registered in the city. Using the Experian Corporate Researcher database we identify that there are currently nearly 650 overseas owned companies in Birmingham, a quarter of the Regional total, however a large proportion of these, possibly as many as a half, are registered office addresses in central Birmingham.

Of those actively trading we can see the industrial split between service industries, especially financial services in the city centre with the manufacturing and distribution companies concentrated in the business and industrial parks in the suburbs such those in Aston and Gravelly Hill in the north and Woodgate Valley and Kings Norton in the south

Levels of inward investment in Birmingham have been close to the regional average. In 2005, the latest year for which data are available, 14% of the city's workforce were employed by foreign-owned companies compared to the regional average of 15%.

The City Council's inward investment arm, Locate in Birmingham, has identified four priority sectors for encouraging investment: life sciences, professional and financial services, transport technologies and the public sector.

One of Birmingham's key selling points for potential investors is its location at the centre of the nation's transport network. The planned redevelopment of New Street station, upgrading of the rail, bus and tram network and extension of the main runway at Birmingham International Airport will all play a key part in strengthening that case, enabling for the first time non-stop long-haul connections with destinations such the West Coast of the USA, China and India.

Future plans currently taking shape include the proposed HS2 high-speed rail link from London to Birmingham with direct links to the European High Speed network. This will further improve Birmingham's offer as place to invest and locate a business. HS2 will cut journey times from Birmingham to London to 45 minutes, greatly improving the city's and region's connectivity.

Equally important is the presence of major investment sites across the city. The regeneration of the Eastside, mentioned above, is one example. Other recent or future developments within the city, include the Mailbox, Brindleyplace, Longbridge Technology Park, Fort Dunlop, Arena Central, Paradise Circus, Snow Hill, The Hub and the University Science Park.

Further development and investment in Birmingham City Centre is being shaped by Birmingham's award winning Big City Plan - a masterplan to transform and revitalise the city centre over the next 20 years. It aims to provide a coherent approach to regeneration and development and to help make the city centre a much more attractive and liveable place.

Earnings and Income

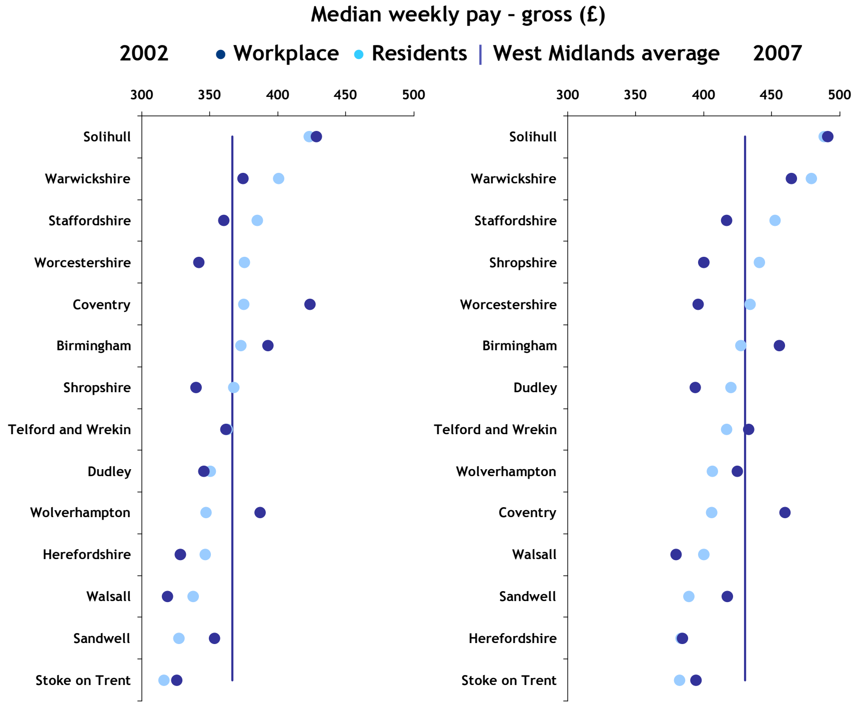
Median earnings of Birmingham employees in 2007 were the above the regional average at £455 per week, but slightly below the national average[13]. This equates to a median annual figure of £24,063, about £1,500 above the regional average. [14]

However, Birmingham residents are paid less well, slightly below the regional average. The median gross weekly pay for residents was £427, compared to the regional average of £430. The gap between workplace and residents pay is because of the large number of in-commuters into the city who tend to be in higher paid jobs than residents. Nevertheless, Birmingham residents still earn more than those in the region's other metropolitan boroughs, with the exception of Solihull.

Pay rates in Birmingham have grown faster than both the regional and national averages over the last three years. They have gone up by 13% in that time, compared to 10% growth across the region and 9% nationally.

[13] Although there are many different earnings and income measures presented in this section, this measure is the local priority, identified through Birmingham's Local Area Agreement.
[14] 2007 Annual Survey of Hours & Earnings, Office for National Statistics (ONS)

Figure 1.6: Median weekly earnings by local authority area



Source: Annual Survey of Hours and Earnings

Earnings from employment are, of course, not the only form of income which is available. Different sources can provide information about total incomes, both for individuals and households. One example is Her Majesty's Revenue & Customs survey of personal incomes. This shows that the median total income for Birmingham residents was £16,300 in 2005-06. This figure is much lower than the average earnings figure because it includes people who are not in employment. The figure is very close to the regional average, mirroring the pattern for earnings.

Gross Disposable Household Income (GDHI) per head is a measure of economic welfare. It takes into account not only wages and salaries but other forms of income such as property income, pension income and social benefits. Payments of tax, social contributions, and certain other outgoings are deducted to arrive at disposable income. ONS publishes estimates of GDHI per head down to NUTS3 level.

The provisional estimate for Birmingham's GDHI per head for 2006 was £11,244 which was over 11% below the regional average of £12,546 per head. The provisional data also suggests that the growth of Birmingham's GDHI per head between 2005 and 2006 was at around 2.9% marginally lower than the corresponding regional growth rate of 3.0%. In index terms (where UK average GDHI per capita = 100), the index value for Birmingham in 2006 at 82 has declined significantly from its index value of 86 in 1995. Over the same period the index value for the West Midlands region declined marginally from 92 to 91. Hence Birmingham's relative level of GDHI per head has declined against both the UK average and the West Midlands average.

Most of the sources of data about incomes used above don't provide evidence for different parts of the city. However, estimates of average household incomes are available for middle super output areas[15]. These show that in nearly a third of the city, mostly in and around the City Centre, total household incomes average below £400 per week, whilst in some of the most affluent areas, particularly in Sutton Coldfield they are double that.

[15] MSOAs are areas built from Lower SOAs. They have a minimum population of 5000 and a typical population would be around 7200. There are 7,193 MSOAs in England and Wales.

4 Communities & Connections

Transport

Road traffic levels in Birmingham are well below the average for the region. In 2006, around 6,000 vehicle kilometres were travelled on the city's roads for each person living there[16]. This figure was comparable with most other urban authorities in the Region, although substantially higher than in Wolverhampton, which has no motorways within its boundaries. The figure for Birmingham is influenced by having key motorway infrastructure through the area and also by high volumes of in-commuters coming into the city.

Furthermore, traffic levels have actually fallen slightly in Birmingham in recent years. It is one of only three areas in the Region to have seen such a fall, along with Solihull and Telford & Wrekin.

One of the reasons for the relatively low traffic levels in Birmingham is the availability of public transport in the city. One example of this is the high proportion of residents who use public transport to travel to work. In 2001, around 23% of Birmingham residents travelled to work by public transport, primarily buses. This was comfortably the highest proportion in the Region. In fact, virtually nowhere in the city fell below the regional average of 10% using public transport to get to work.

Only just over half drove to work, the lowest figure in the Region[17]. 8.8% of people walked to work and 1.4% cycled.

Of course, as discussed in more detail below, a significant proportion of Birmingham's workforce commute into the city from outside. The proportion of all Birmingham's workers who used public transport in 2001 was similar to the proportion amongst residents, around 23%. The proportion using the train was higher, at around 5%. Of those working in Ladywood ward, which includes most of the city centre, nearly half used public transport to get to work – 17% using the train and 29% the bus[18].

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[16] Department for Transport Road Traffic Statistics for Local Authorities, 2006
[17] Census 2001
[18] Census 2001

Journeys to work are a minority of all journeys which people make within the city. There is very limited information about other types of journey available in the published information. However, it is likely that public transport also plays a significant part for other journeys in Birmingham. One of the reasons for this is the relatively high proportion of households without access to a car. In 2001, over a quarter of Birmingham households had no car, the highest proportion in the Region. Only 29% of households had more than one car, the lowest proportion in the Region, alongside Sandwell.

Birmingham's transport links will play an important part in its development as an international city. An important part of this is Birmingham International Airport. Whilst it lies outside the city's boundaries in neighbouring Solihull, the airport provides a key link to international markets for the city's businesses, especially given the distance to any sea ports. The development of the airport will play an important role in the economic future of the city.

Housing

Housing affordability in Birmingham is comparable with that in most of the other metropolitan boroughs, and slightly better than the regional average. In 2007, the lower quartile house price was approximately 6.4 times the lower quartile average earnings[19] in the city. The regional average was 6.9. Nevertheless, the ratio in Birmingham has grown more than in most other parts of the region; only Herefordshire has seen a greater fall in affordability[20]. Since the ratio is based on workplace earnings, which are higher than residence-based earnings, housing may be even less affordable for residents than implied by the ratio.

Lower quartile house prices in Birmingham have more than trebled in the last decade. In 2007, only a quarter of houses sold for less than £113,000, in 1997 the equivalent figure was £37,000[21]. This rise is above the regional average and is higher than in the other metropolitan boroughs, with the exception of Coventry. Nevertheless, house prices are still lower than in most of the Region's shire districts, particularly those in the areas immediately surrounding the city.

Whilst the housing affordability ratio means that many people, and not just the lowest earners, will struggle to enter the owner-occupied housing market, in Birmingham there are other options. In 2001, only 60% of the city's housing stock was owner occupied, a proportion which may have risen a little since the 2001 census. This figure is amongst the lowest in the region, matched only by the similar proportions in Sandwell and Wolverhampton. The remainder of the housing stock is made up of social housing (28% of the total) and the private rented sector (9% of the total). There is also a small number of households living rent free[22].

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[19] Residence based earnings
[20] DCLG Ratio of lower quartile house price to lower quartile earnings by district, 2007
[21] DCLG lower quartile house prices
[22] Census 2001

One feature of Birmingham's housing market is the high proportion of households living in flats. These made up 22% of households in 2001, the highest figure in the region[23]. Since then, a large proportion of new housing completed has been flats. In 2006/07 this proportion was 73%, again the highest figure in the region. This suggests that the overall proportion of households in flats will have risen higher still. It also indicates that the private rented sector is likely to have become even more significant. This has an implication for the type of people who may be attracted to live in the city in the future. In particular, it may prove difficult to encourage families and those in management and professional jobs to stay in, or return to, the city.

The preferred option of the Regional Spatial Strategy proposes a net increase of 50,600 new homes (minimum) in the city over the 20 years to 2026, around 2,500 each year. This rate of completion was only achieved in 2005/6 to date, and given the limited supply of land available in the city it will be a challenging target to hit. This offers a key challenge for Birmingham's Big City Plan, with its explicit focus on strengthening the "liveability" and hence sustainability of the city centre through the provision of housing and infrastructure to attract a broader mix of household types.

Birmingham has adopted a 'growth agenda', partially as a response to the significant rise in the number of households that are forecast (and which the Regional Spatial Strategy will expect to be accommodated). Full details of this were explored in Birmingham's Housing Development Plan[24]. Birmingham and Solihull have also been designated as a 'New Growth Point' under the government's new growth point programme. As part of this the two authorities are committed to building at least 40,000 new homes by 2016[25].

Land Use

Birmingham is the largest urban centre in the region so unsurprisingly it has less green space than the regional average which includes large amounts of rural land – only Wolverhampton and Sandwell were less green. Of the remainder, around 13% is taken up by domestic buildings, the highest proportion in the region[26]. It has a relatively low level of unused land, excluding greenspace. The level of future housing supply is relatively low, amounting to just 6 years worth at current rates of building. Only Solihull has a lower supply of housing commitments[27].

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[23] Census 2001
[24] Birmingham City Council 'Housing Development Plan', April 2008
[25] CLG 'New Growth Points: Partnerships for Growth within Government – Birmingham & Solihull', http://www.communities.gov.uk/documents/housing/pdf/154058.pdf
[26] Generalised Land Use Database, Defra, 2005
[27] Regional Spatial Strategy Annual Monitoring Report, 2006/07

In common with its neighbours in the Black Country, the vast majority of new housing in Birmingham is built on previously developed land. In 2006/07, the figure was 99%[28]. Only 40 houses, out of over 3000 completed in the year were on greenfield sites. Of future housing commitments at the end of that year, 96% were on previously developed land, still above the target set in the Regional Spatial Strategy. Reliance on previously developed land creates difficulties for the city in promoting development. This effect increases over time as more easily developed or remediated land is developed first.

At April 2007, there was full or outline planning permission for 500,000 m^2 of industrial floorspace. Nearly one quarter of this total was proposed for the former IMI works site in Perry Barr ('The Hub'). Other major proposals include the Alstom site (Hodge Hill) with outline permission for 92,000 m^2, and Midpoint Park Phase 2 with 17,000m^2 of floorspace. Plans for the redevelopment of parts of the former MG Rover site (Longbridge) include100,000 m^2 for hi-tech businesses, new technology and research, together with other community and leisure uses and improvements to the infrastructure. Parts of the old factory have now been demolished and sites cleared. Phase 1 of the Longbridge Technology Park is now completed and a planning application has been submitted for Phase 2.

During the year 2006-07, of the 93 hectares of land developed, 51 hectares were developed for non-residential uses (excluding public open space) and a further 3 hectares for a mixture of residential and commercial uses. The total included 19 hectares of industrial/warehousing, 3 of retail and 3 offices plus 5 hectares of mixed office/retail, 7 for transport and 6 for education uses. 90% of this development was on 'Brownfield' land.

At April 2007, 61 hectares of land were being developed for non-residential uses including 11 for industry, 4 for mixed commercial, retail or office uses, 16 for education and 5 for public assembly or community uses. 25 hectares was under construction for health related uses. A further 7 hectares was being developed for mixed use schemes with residential use and 7 for public open space.

A number of major new developments are in the pipeline or already underway in Birmingham, as the city's national and international standing continues to grow. These include: Attwood Green, Birmingham Eastside, Longbridge, developments in Selly Oak, Snow Hill and the Cube[29]

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[28] Birmingham Annual Monitoring Report 2006/7
[29] Birmingham City Council Major Developments listing http://www.birmingham.gov.uk/GenerateContent?CONTENT_ITEM_ID=3140&CONTENT_ITEM_TYPE=0&MENU_ID=1338

Connections

Birmingham is a major employment centre providing jobs for those living across a wide area. This is reflected in the level of commuting into the city, which is easily the highest in the Region. Data from ONS from 2005[30] shows that the workplace based workforce of Birmingham was 21% larger than the residence based workforce. This indicates a net in-commute of workers.

More detailed data on commuting patterns is only available from the 2001 Census, since when levels of commuting have grown. In 2001, whilst 64% of the city's workforce lived there, large numbers commuted in from outside. The most significant sources were the neighbouring metropolitan boroughs of Solihull (7.2%), Sandwell (5.2%) and Walsall (3.2%). However, over 15% of the workforce commuted from outside the metropolitan area, with the largest numbers coming from Bromsgrove, Lichfield, Tamworth, North Warwickshire and Redditch Districts, over 4000 people from each. In all of these eight boroughs, at least 10% of residents in employment were working in Birmingham.

Levels of commuting out of Birmingham are much smaller. Nevertheless, just over 20% of the city's resident workers have jobs elsewhere. Nearly a third of these people work in Solihull and a further 28% in the Black Country, the majority of these in Sandwell. Outside the metropolitan areas, the largest destinations are Bromsgrove and North Warwickshire. Those in professional and managerial occupations commute in and out of the city at disproportionately higher rates to those in other occupational groups.

Birmingham has been losing population through intra and inter-regional migration over many years. During the last five years to 2006, an average of around 10,000 more people have moved out of the city than have moved in[31], although that figure has fallen in the most recent years. This population loss has been consistent across all age groups with the exception of those aged 15-19, a group which includes students coming to study at the city's Universities. The majority of people leaving the city have moved to other parts of the City Region, notably Solihull and Sandwell, or to surrounding shire districts such as Bromsgrove and Lichfield. However, in 2006, the city lost nearly 1000 people to other regions.

A further discussion of the transport connections of Birmingham is found earlier in this chapter in the transport section and coverage of issues such as ICT are dealt with in the Communities & Connections thematic chapter of the Regional Integrated Economic Assessment.

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30 Regional economic indicators, May 2008, with a focus on differences in sub-regional economic performances http://www.statistics.gov.uk/elmr/05_08/

31 Source: Patient Register Data

Offsetting the loss of population through UK migration, Birmingham has traditionally been a major destination for international migrants and this continues to be the case. The numbers of migrants arriving in the city have increased in recent years with the accession of new member states to the EU. In 2006/07, there were 14,550 applications for National Insurance Numbers (NINo) from overseas nationals in Birmingham[32]. It should be noted that it is likely that numbers registering for National Insurance numbers represent an underestimate of the numbers of new migrants in the city, since only those seeking to work in the formal sector need to apply for a NINo[33]. Around 30% of these were from Poland, the largest single nationality. However, the next two nationalities were from Pakistan and India, more traditional sources of migrants, which between them accounted for over 20% of registrations.

Birmingham saw the second highest rate of registrations, relative to population, in the region after Coventry. However, the increase in registrations was lower in the city than in many other places. This is because the city has always attracted high levels of international migration and the significance of the new wave of migrants is, therefore, lower than in places where migration has traditionally been lower. This means that the pressures on infrastructure may not be as severe in Birmingham as elsewhere in the Region.

Environmental Resources

Carbon dioxide emissions from Birmingham are below average once population is taken into account. In 2005, only 6500kg of Carbon dioxide were emitted for each resident in the city, compared to the regional average of 7400kg[34]. Only Dudley had a lower figure. The main reason for this low figure is the low level of emissions from road transport. This reflects partly the comparatively widespread availability of, and use of, public transport within the city, coupled with low rates of car ownership. It also reflects the widespread availability of services and employment in the city, which reduces the need to travel long distances.

The city's performance on household and municipal waste is less impressive. In 2006/07, the proportion of household waste which was recycled or composted was amongst the lowest in the region at 22%. A similar proportion of waste was landfilled – below the regional average but higher than many of the other metropolitan boroughs. The remainder was incinerated, the commonest single disposal method in the city[35]. This offers a significant challenge to Birmingham's ambition, as a national New Growth Point, to support an increase in population of up to 100,000, or 10%, by 2026.

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[32] National Insurance Recording System (NIRS)

[33] It is worth noting that some foreign students will apply for a NINo to enable them to seek part-time work, for example in the hotels and restaurants sector.

[34] Per capita reduction in of Co2 emissions in the LA area, 2005 - www.defra.gov.uk/environment/statistics/globatmos/galocalghg.htm

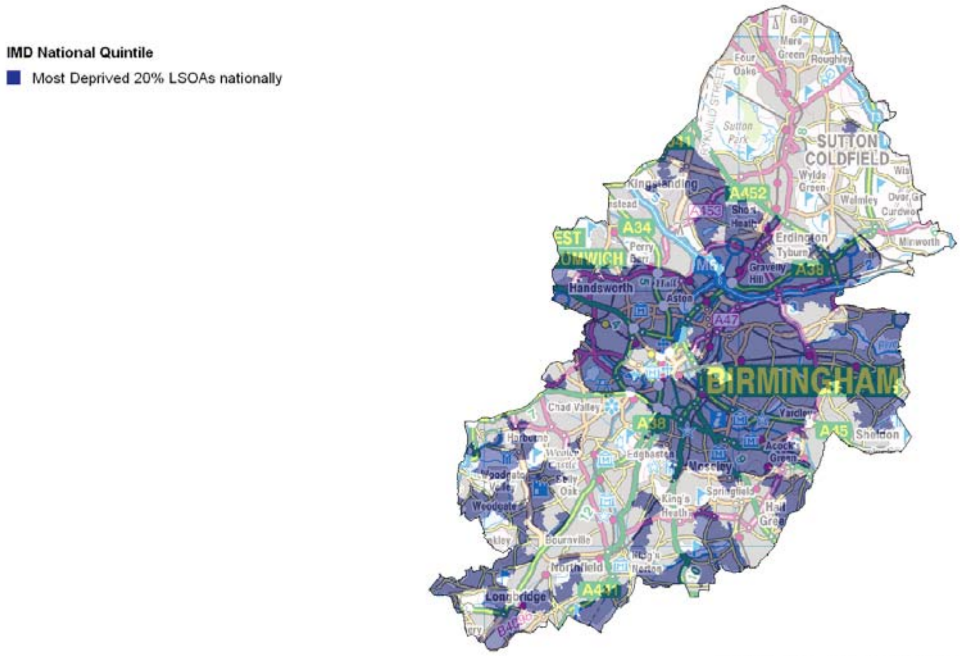
[35] Defra, Municipal Waste Statistics 2007 - http://www.defra.gov.uk/environment/statistics/wastats/archive/mwb200607a.xls

Deprivation

Much of Birmingham suffers from high levels of deprivation. Over half of the city is within the most deprived 20% of England and nearly 40% is in the most deprived 10%, according to the Index of Multiple Deprivation 2007. No other part of the region has such extensive areas of deprivation. The main concentrations of deprivation are in the inner city areas around the City Centre and to the North and East of it. However, there are pockets of deprivation in other parts of the city too, notably on the southern edge. Only 2% of the city is in the least deprived 20% of areas nationally, almost all of this population being in Sutton Coldfield.

Overall, Birmingham is rated as the 10th most deprived local authority in the country, based on the average IMD score, and the most deprived in the region. However, according to both the income and employment scales[36], the city is the most deprived in the country. The city's ranking in the 2007 IMD represents a worsening of its position in the 2004 version, where it was rated 15th overall, although again it was number one on both the income and employment scales.

Figure 1.7: Birmingham LSOAs in the most deprived IMS quintile



Source: IMD 2007

[36] These scales measure the proportion of the population experiencing income and employment deprivation respectively.

Looking at the individual domains of the Indices of Deprivation, the city shows high levels of deprivation on all domains, including the Barriers to Housing and Services domain, where high levels are usually found in more rural locations. Of all domains, the one where Birmingham performs best is the Crime domain, where only 30% of the city is in the most deprived 20% nationally. In contrast, over two-thirds of the city is in the most deprived 20% nationally for the Living Environment domain. Across most of the other domains the proportion is between 40% and 55%.

Environment and Culture

The cleanliness of Birmingham's streets is close to the regional average. In 2005/06, around 18% of sites surveyed fell below acceptable levels of litter and detritus, compared with 17% across the region. Both figures were below the previous year, although those for Birmingham fell less than in the Region as a whole.

The predominantly urban nature of the city means that greenspace and natural environment assets are limited. However, Birmingham has over 3,200 hectares of parks and open spaces, including five Green Flag Parks, as well as an extensive waterways network, and a new City Park is planned at Eastside. Sutton Park is the largest urban park in Europe and it gained National Nature Reserve status in 1997. It is also one of two Sites of Special Scientific Interest in the city – the other being Edgbaston Pool. In addition, Birmingham has 7 Local Nature Reserves[37].

As the main regional centre, it is not surprising that Birmingham contains some of the region's most significant cultural assets. Recent work undertaken for the revision of the Regional Spatial Strategy identified 15 international cultural assets in the region, of which 7 were based in Birmingham – Birmingham Royal Ballet, City of Birmingham Symphony Orchestra, Edgbaston Cricket Ground, Ikon Gallery, International Convention Centre, National Indoor Arena and Selfridges. Many other national and regional cultural assets are also located in the city, such as major theatres and the newly-restored Town Hall. Between them they offer a rich diversity of cultural opportunities to residents and visitors alike.

All of this makes Birmingham a significant visitor destination. It attracts the fourth largest number of overseas visitors of any UK city – behind London, Edinburgh and Manchester. Amongst business visitors, it is second only to London[38]. This strong performance on business tourism is also replicated amongst UK visitors. Following flagship retail developments such as the Bullring and the Mailbox, Birmingham City Centre is now the second largest retail centre in the UK, after London's West End, drawing in visitors from a wide area.

[37] Birmingham 2026 Sustainable Community Strategy Consultation Draft
[38] Marketing Birmingham

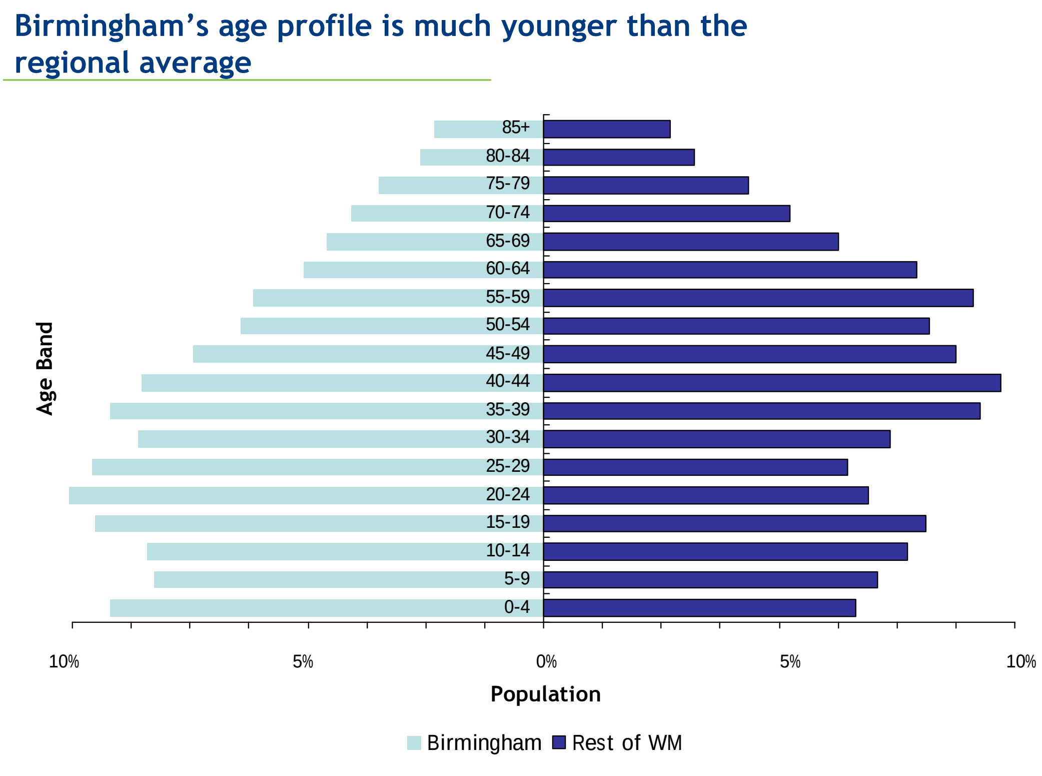
5 The people of Birmingham

Demographics

Birmingham's population now stands at just over 1,000,000[39], making it the largest of the region's local authorities. In fact, it is the largest local authority in the country and is exceeded by only six county council areas.

The population of Birmingham is much younger than the regional average. Whilst the working age population makes up 62% of the total population, only slightly above the regional average, the distribution within it is very different. Furthermore, 22% of the population is below working age, compared to 20% across the region – whilst 16% are older, compared to 19% regionally.

Figure 1.8: Age profile of Birmingham compared with the West Midlands region



Source: ONS 2006 mid year population estimates at LAD level West Midlands Regional Observatory 2007

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[39] Source: ONS 2006 mid-year population estimate

There is a combination of reasons why Birmingham has such a young age profile. Migration patterns provide a large part of the explanation. The city has a high population of students, many of whom choose to stay once they have completed their studies. The culture and leisure facilities available within the city are also attractive to the young population. Equally, older age groups, particularly those with families, tend to move away from the city into the surrounding areas, seeking a quieter environment.

Another reason for the relatively young population is the high population from black and minority ethnic groups, about which more below. These groups tend to have a younger age profile, partly due to newly arrived migrants, who tend to be young, and partly because of greater fertility rates, leading to more children and larger families.

The young adult population of Birmingham is concentrated around the city centre and, particularly, the universities, as might be expected. The population in the more peripheral parts of the city, including Sutton Coldfield, has a much older age profile.

Over the next 20 years, the population of Birmingham is projected to rise more rapidly than that of the region as a whole, adding around 80,000 to the city's population. In common with the rest of the region, the most rapid growth will be in the older age groups. However, growth rates in these groups will be well below the regional average. The city will also see strong population growth in younger age groups, with the exception of those aged 15-24 (and even in those groups, the fall will be less than the regional average). This means that the gap between the city's age profile and that of the region will continue to grow.

The other major feature of Birmingham's population is the high proportion from black and minority ethnic groups. Latest estimates show that around 63% of the city's population was from the White-British ethnic group, falling to 55% amongst under 16s. Of the remainder, 4.8% were from other white ethnic groups (the majority Irish), 20.5% from Asian or Asian-British groups (10.9% Pakistani, 6.0% Indian, 2.3% Bangladeshi and 1.3% from other groups), 6.7% from Black or Black-British groups (4.6% Caribbean, 1.5% African and 0.6% from other groups), 3.1% were from mixed ethnic groups and 2.2% from Chinese or other groups.

BME groups are concentrated in certain parts of the city, particularly those to the North and East of the City Centre. In some of these areas, as many as 90% of the population are from BME groups. In contrast, in some of the more peripheral areas of the city, less than 5% of the population is from BME groups.

Birmingham's Growth Agenda states ambitious population growth ambitions for the city, of up to 100,000 by 2026. Population projections suggest that, although the population overall will grow, the White-British population of Birmingham is likely to fall by over 100,000 during the next 20 years, mostly because of out-migration to other parts of the region. This will be offset by rapid growth in the population from other ethnic groups, particularly those of Pakistani and Black African origin. Those in the catch-all "Other" category will also grow rapidly. It is estimated that the white population might fall below half of the city's population by around 2024, although it will still be more than twice the size of the next largest ethnic group. The City already has a very diverse population and this is likely to be increasingly the case.

Worklessness

The proportion of the population who are working is lower in Birmingham than anywhere else in the region. 63% of working age people are in employment, leaving 37% of the working age population of the city not in employment. This is ten percentage points above the regional average and three percentage points worse than the next highest local authority, Walsall.

The proportion of the working age population who are claiming key benefits is also well above average at 18.6%, although the gap is smaller – about five percentage points. Only Stoke on Trent has a higher rate. The remainder are made up of people who are economically inactive, a category which also includes many benefit recipients. Others are considered economically inactive because they are studying, looking after their family/home or because they have retired early. The proportion of Birmingham's population in this category is the highest in the region.

Amongst those who are claiming benefits, Birmingham has a particularly high proportion who are claiming Jobseekers' Allowance. They make up over a quarter of all benefit claimants in Birmingham, compared to 19% across the region. Recipients of lone parent benefits are also high. In consequence of this, the proportion who are in receipt of incapacity and disability benefits are the lowest in the region – although the proportion of the working age population receiving these benefits is still above average. Clearly issues of worklessness in Birmingham relate more to those who can't find work or who choose not to work, rather than those who are unable to.

Worklessness is a particular issue amongst the city's black and minority ethnic communities. Whilst the employment rate amongst white residents, 70%, is still below the regional average, it is substantially higher than the 50% rate for non-white residents.

For some ethnic groups, notably those of Pakistani and Bangladeshi origin, the rate is lower still – only 39% of people from these ethnic groups are employed, including just 17% of women. Most women in these groups are economically inactive, although the level is slightly higher amongst young women, most of whom were born locally unlike their older counterparts. To a large extent, this reflects cultural attitudes to women and work but the employment rate for males is also below average and employment within these groups is also below the equivalent national rates. Given that these ethnic groups will form a growing proportion of the city's population in the future, addressing worklessness amongst them will be particularly important.

Worklessness in Birmingham is concentrated in certain areas. It is particularly high in many parts of East Birmingham and the areas around the city centre, ironically the area with the highest concentration of employment. In some of these areas, over 40% (and in a handful of cases over half) of the population are claiming workless benefits. The overall level of worklessness will be higher still, although local data on this are not available. In contrast, in some areas, mainly in Sutton Coldfield and around the University of Birmingham campus, fewer than one in twenty people are claiming benefits.

Skills

Skill levels, as measured by qualifications, are lower amongst Birmingham's population than they are in many other parts of the region. However, they are higher than the neighbouring Black Country authorities. Around 55% of the working age population are qualified to at least level 2[40], compared to 60.5% at regional level. The gap is smaller at the top end of the qualification scale, with 22% of Birmingham's population having a level 4[41] qualification or higher, compared to the regional figure of 24%.

Birmingham has a relatively high proportion of people with no qualifications, making up 20.1% of its working age population, compared to 17.5% regionally. Again, Birmingham does better than most of the Black Country in this respect. This amounts to around 120,000 people lacking qualifications in the city.

One particular issue for Birmingham is the low levels of qualifications held by people from certain ethnic groups, particularly as these groups will provide an increasing proportion of the city's population in future. Detailed data on this is not available more recently than the 2001 Census but it is unlikely that patterns have changed significantly since then. At that time, 17% of adult Birmingham residents were qualified to level 4 or above and 37% had no qualifications. However, amongst the Pakistani and Bangladeshi community in the city, only 11% had a level 4 qualification and over half had no qualifications. This is despite those communities having a younger age profile than average and qualification levels being higher amongst younger people.

The gap between ethnic groups was smaller amongst the younger age groups but was still present. In addition, young people from Black Caribbean ethnic groups tended to have lower levels of qualification than average, although they were no more likely to have no qualifications. These gaps are particularly significant given the close links between low skills and worklessness. The same ethnic groups which have low skill levels are also those which have the lowest proportions of their population in employment.

In contrast to these groups, some other ethnic groups had higher qualification levels than average, notably the Indian community. Overall, 23% of Birmingham residents from an Indian ethnic group had level 4 qualifications or higher, with 34% having no qualifications. This pattern was also evident amongst younger age groups, with more qualifications at higher levels and fewer with no or low qualifications.

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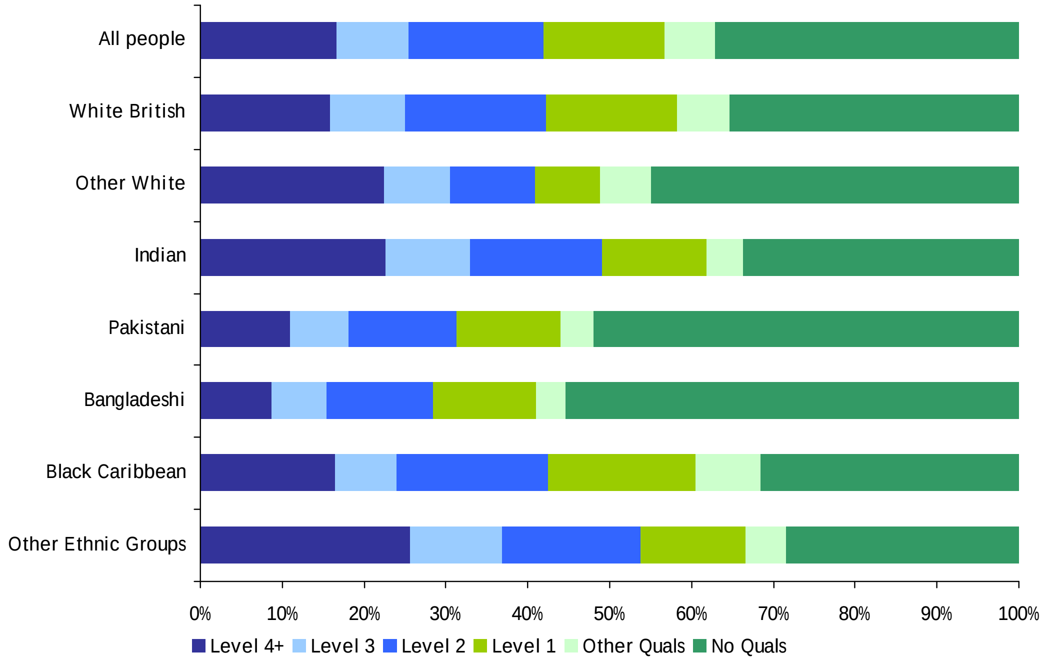
40 Level 2 is equivalent to 5 GCSEs at Grades A*-C.
41 Level 4 consists of higher level qualifications, including first degrees

Figure 1.9: Qualification levels of Birmingham residents by ethnic group



Source: ONS Census of Population, 2001

Birmingham has three universities and a number of other higher education institutions. These attract students from around the country to the city. However, the relatively low level of graduates in the city's population suggests that there is a problem retaining these graduates locally once they complete their studies. Improving this situation will be challenging but presents an opportunity to the city to raise its skills performance.

Health

The health of the people of Birmingham is generally not as good as in many other parts of the region. One of the key measures of health is the standardised mortality rate, which takes account of differences in age profiles between different places. This shows that there were around 8% more deaths in Birmingham than might be expected given its age profile. While this is a high figure, it is less than much of the neighbouring Black Country.

One of the results of its relatively poor health levels is that life expectancy in Birmingham is below the regional average. The gap is larger for men, 75.2 years compared to 76.6 years across the region, than for women, 80.5 years compared to 81.1 years. This is partly because of the particularly high level of mortality from heart disease and strokes, over 20% above the regional average, which is more prevalent amongst men. The city also has a high death rate from other major causes, such as cancer, but the gap is smaller.

There are a variety of reasons why health in Birmingham is relatively poor. Deprivation is a key factor, leading to a number of poor health behaviours. For example, levels of smoking and drug misuse are above average, whilst healthy eating and physical activity levels are below average. On a more positive note, obesity levels are better than in many other parts of the region, and binge drinking is well below the national average, due in part to the city's relatively large Muslim community.

Poor health is a problem which is widespread within Birmingham. Over half of the city is in the most deprived 20% of areas in terms of health, according to the Indices of Multiple Deprivation. In fact, only 5% of the city is in the top 40% nationally for health, with no areas in the top 20%. According to this measure, the worst health is encountered in the areas immediately surrounding the city centre. Areas of poor health coincide closely with those with high levels of worklessness, suggesting a close link between the two issues.

Crime and Community Safety

Overall crime rates in Birmingham are well above the regional average. During 2006/07, there were 11.9 notifiable offences recorded for every 100 people in the city. This is 25% higher than the regional average of 9.5 offences per 100 people. In the region, only Coventry and Stoke on Trent had higher crime rates relative to their population.

Given that Birmingham is a major urban centre, the relatively high crime rate is not surprising. However, it compares favourably with the other English Core Cities – all of the others had higher crime rates and Manchester and Nottingham both had over 20 offences per 1000 people.

All of the major categories of crime were more prevalent in Birmingham than elsewhere in the region, with the exception of common assault. Overall, violent crime was 31% higher than the regional average, burglary was 22% higher and vehicle crime 32% higher. However, criminal damage was only 7% higher than the regional average.

In common with the rest of the region, recorded crime rates have fallen in Birmingham in recent years. Since 2001/02, overall crime rates have fallen by around 18%, more quickly than the regional average. Most crimes have fallen even quicker than this, with the exception of violent crime which has risen.

Many types of crime are concentrated around the city centre, a pattern which is typical elsewhere too. In 2005-06, there were nearly 4000 recorded offences (excluding violence against a person) in the area around the city centre, putting it in the 10 highest crime areas amongst those for which data are available[42].

[42] Data are only available for certain police force areas, so some high crime areas will be excluded from the figures. Data for small geographical areas do not include violence against the person.

6 Conclusion

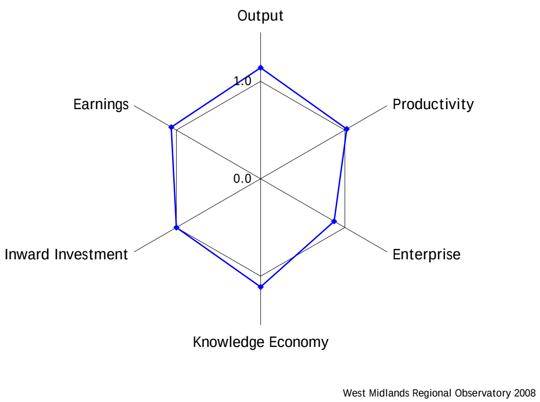
This local area profile forms part of the Regional Integrated Economic Assessment (RIEA). The primary focus of the RIEA is the synthesis of existing data and evidence across the range of themes and local areas. The RIEA constitutes an important **first step** in the longer term iterative development of the evidence base for the single integrated regional strategy.

More detail about the range of thematic areas covered in this profile can be found in the thematic chapters which form part of the RIEA. These cover the position at regional level and make comparisons between different parts of the region. The overarching regional summary section of the RIEA draws together the key messages relating to each of the themes to provide an overall assessment of the state of the regional economy and the issues which impact upon it.

A summary of some of the key findings from the local area profile can be found overleaf. This incorporates a series of radar charts which are explained on the following pages.

Economic Structure & Output

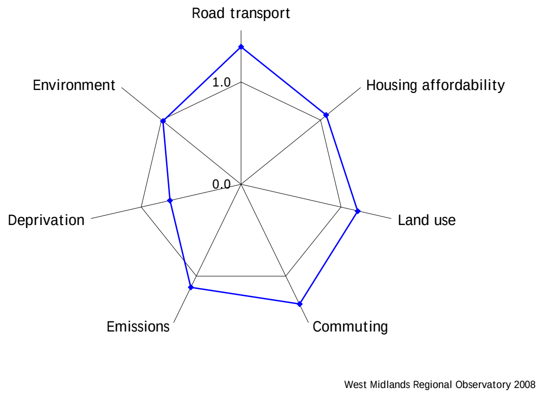
Key business indicators for Birmingham



- GVA per head for Birmingham increased from £11,148 in 1995 to £17,984 in 2005, an average annual increase of 4.9%, marginally above the regional growth of 4.5%.
- GVA per employee in Birmingham this was £36,356 in 2005, slightly above the regional average but well below the national average.
- VAT registrations were 30 per 10,000 of the adult population in 2006, below the regional average of 34.3 per 10,000 of the population, although it is in line with figures for the other metropolitan boroughs.
- Nearly half of employment in Birmingham is estimated to be in knowledge intensive services but growth has been 1.2% compared to 1.9% for the West Midlands and 2.2% for England.
- Since 1994, Birmingham has attracted over 220 inward investment projects, creating over 13,500 new jobs and safeguarded a further 22,500.
- Median earnings of Birmingham employees in 2007 were the above the regional average at £455 per week, but slightly below the national average

Communities & Connections

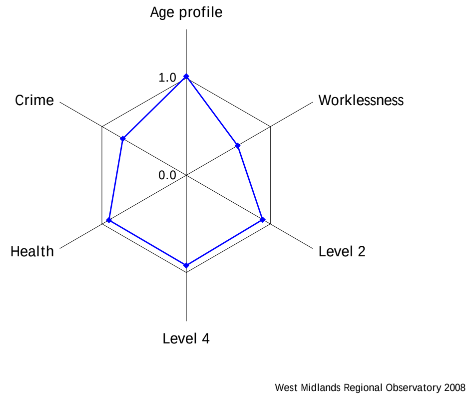
Key place indicators for Birmingham



- Birmingham is the most populous borough in the country and the City Council is the largest local authority;
- Over 100,000 more people enter the city to work than leave it;
- Road traffic levels in Birmingham are well below the average for the region. In 2006, around 6,000 vehicle kilometres were travelled on the city's roads for each person living there;
- In 2007, the lower quartile house price was approximately 6.4 times the lower quartile average earnings in the city. The regional average was 6.9;
- Just over one third of Birmingham's land area is currently greenspace, amongst the lowest figure in the region;
- In 2005, only 6500kg of Carbon dioxide were emitted for each resident in the city, compared to the regional average of 7400kg;
- Over half of the city is within the most deprived 20% of England and nearly 40% is in the most deprived 10%.

The People of Birmingham

Key people indicators for Birmingham



- Birmingham has a young and highly diverse population;
- Nearly 40% of the City's population is from black and minority ethnic groups – a proportion that is set to rise further and is projected to reach 50% by around 2024;
- Worklessness, low skill levels and deprivation are particularly concentrated amongst these communities, something that will need to be countered if the city is to thrive into the future;
- Even though the number of jobs in the city is much higher than the working age population, levels of worklessness are higher in Birmingham than anywhere else in the region;
- There is a significant mismatch between the skill levels amongst the population and the type of jobs available in the city;
- There are many parts of the city which are suffering from multiple deprivation – amongst the highest concentrations in the region.

Appendix A – Using Radar Charts

A radar chart, also known as a spider chart or star chart because of its appearance, plots the values of each indicator along a separate axis. Each axis starts from the same point in the centre of the chart and ends on the outer ring.

Radar charts are useful when you want to look at several different indicators all related to one item. In our analysis the factors are all related to the regional figure for the West Midlands Region for each indicator.

In our analysis we use a radar chart to present data about a particular broad theme for each local authority area. In the report charts, all the variables have been measured relative to the regional average. A rating of more than 1 indicates the local area is performing better than the region as a whole, while a rating of below 1 indicates the local area is performing worse than the regional as a whole[43]. This means that for some indicators (denoted by an asterisk in the list below), a high value of the indicator will lead to a rating below 1 and a low value will mean a rating above 1.

Reading along the axes, if the indicator for the local authority is below 1 the point on the chart will be inside the middle ring. If the indicator for the local authority is above 1 the point on the chart will be outside the middle ring.

The resulting radar chart will graphically show areas of relative strength and relative weakness, as well as depicting general overall performance. The charts use the following indicators:

Business

Output – Gross Value Added per Head (2005, ONS Regional Accounts)
Productivity – Gross Value Added per Employee (2005, ONS Regional Accounts and Annual Business Inquiry)
Enterprise – VAT registrations per 1000 population (2006, BERR Small Business Service Analytical Unit)
Knowledge Economy - Percentage of workforce employed in knowledge intensive services (2006, ONS Annual Business Inquiry)
Inward Investment – Proportion of employees working in foreign-owned businesses (2006, ONS Inter-Departmental Business Register)
Earnings – Median earnings of people working in the area (2007, ONS Annual Survey of Hours and Earnings)

[43] Except for indicators where there it is not clear whether a high or low value is better, in which case figures above 1 represent a higher value and below 1 a lower value. This relates to the indicators of Inward Investment, Commuting & Age Profile.

Place

Road Transport – Total road traffic flow per head of population* (2007, DfT Road Traffic Statistics)
Housing – Housing affordability index (ratio of lower quartile house price to lower quartile income)* (2007, DCLG)
Land use – Percentage of housing completions on previously developed land (2006/07, DCLG)
Commuting – Net commuting as percentage of the total workforce (2006/07, ONS Annual Population Survey)
Emissions – Carbon dioxide emissions per head of population* (2005, DEFRA Local and Regional Estimates of Carbon Emissions – End User Basis)
Deprivation – Percentage of LSOAs in the area which are **not** in the 10% most deprived nationally (2007, DCLG Index of Multiple Deprivation)
Environment – Percentage of surveyed areas with acceptable levels of litter and detritus (2005/06, DCLG BVPI Local Street and Environmental Cleanliness Indicator)

People

Age profile – Proportion of the population who are of working age (2006, ONS Mid-year Population Estimates)
Worklessness – Percentage of the working age population who are on out-of-work benefits* (2006-07, DWP Working Age Client Group)
Level 2 – Percentage of the working age population qualified to at least level 2 (2006, ONS Annual Population Survey)
Level 4 – Percentage of the working age population qualified to at least level 4 (2006, ONS Annual Population Survey)
Health – All age, all cause mortality rate* (2006, National Centre for Health Outcomes Development)
Crime – Notifiable offences recorded by the police per head of population* (2006/07, Home Office Notifiable Offences Statistics)

* Low values for this indicator are >1 and high values are <1

Full document information

Title	Regional Integrated Economic Assessment – Birmingham Local Area Profile
Date created	2008-07-01
Type	Report
Description	
Creator	
Publisher	West Midlands Regional Observatory Level L1, Millennium Point Curzon Street Birmingham B4 7XG Telephone: 0121 202 3250 Fax: 0121 202 3240 Email: enquiries@wmro.org Website: www.wmro.org
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Rights	West Midlands Regional Observatory 2008
Document contact	Stephen Howarth Deputy Chief Executive West Midlands Regional Observatory Tel: 0121 202 3254 Email: stephen.howarth@wmro.org
Location	West Midlands Regional Observatory
Coverage, Time period	2008
Coverage, Geographical	Birmingham
Format	Text/MS Word 2003
Subject category	
Subject keywords	
Date available	2008-07-01
Date valid	2008-07-01
Frequency of update	As required
Language	English
Status	Version 1.1 – for circulation to Birmingham City Council