

# Ideopolis: Knowledge City Region

Birmingham Case Study



***“Birmingham has undergone an amazing urban renaissance which has transformed the city”***

Nick Raynsford, former Local Government Minister



# Ideopolis: Knowledge City Region

## Birmingham Case Study

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## Birmingham Case Study

### Executive Summary

Birmingham is increasingly a 'professional services' city, with high-skill jobs in financial and business services. However the city and the wider region are struggling to retain its high-value manufacturing base. Birmingham has seen massive investment in the city centre, changing the reputation of the city (particularly within the UK). The city – and the West Midlands region - suffers from social and economic inequalities and these threaten to constrain future growth.

### Ideopolis driver analysis: strengths, challenges and opportunities

- **Physical knowledge city:** In the past twenty years, £9 billion has been spent on regenerating the city, particularly the city centre which has been transformed.
- **Building on what's there:** The first four-wheeled petrol driven car was built in Birmingham. However, with the closure of Longbridge last year, Birmingham will no longer be able to rely on the motor manufacturing industry as it has done in the past.
- **Diverse specialisation:** Birmingham's dominant sectors are financial and business services, the public sector and manufacturing. There are specialisms within manufacturing, although this sector is in decline, and in creative and cultural industries.
- **High skill organisations:** Birmingham's working age population has lower skill levels than the UK average, but the city does have an average proportion of high-skill occupations. Wages are lower in Birmingham than the rest of the UK, however *"in Birmingham you can live on low wages"*.
- **Vibrant education sector:** Birmingham has a strong research-intensive university sector. Like other cities it suffers from stark polarisation in educational outcomes from different communities – and this is a major challenge.
- **Distinctive knowledge city offer:** Birmingham's distinctive economic offer (motor manufacturing) is threatened and the city *"hasn't got the cool factor that emerged in Manchester"*.
- **Leveraging strong connectivity:** Birmingham has strong national and international connections, however *"inadequate"* connectivity within the city is seen as exacerbating inequalities.
- **Leadership around a knowledge city vision:** Birmingham City Council is the largest (by population) in Europe. The city is a leader in the integration of decision-making at city-region level.
- **Investing in communities:** Like other cities, there is stark polarisation between different communities in Birmingham. As one interviewee put it, the number of people who aren't 'socially included' is *"shocking"*.

### Policy recommendations

- Need an **integrated vision** of what a good and distinctive city looks like in its region: how to ensure that growth in Birmingham won't mean decline in the Black Country.
- Invest in **diverse** economic base.

### Lessons for other cities

- **Growth is a social phenomenon.** a partnership of Jobcentre Plus, Birmingham and Solihull Learning and Skills Council, Birmingham City Council and Pertemps People Development Group worked directly with the developers of the Bullring to tailor the recruitment and training packages to the needs of jobseekers and employers.

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## Birmingham Case Study

### 1. Introduction

Once “the workshop of the world”, Birmingham is now a ‘professional services’ city, with high-skill jobs in financial and business services. However the city and the wider region are struggling to retain its high-value manufacturing base. Birmingham has seen massive investment in the city centre, changing the reputation of the city (particularly within the UK). The city – and the wider West Midlands region - suffers from

social and economic inequalities and these threaten to constrain future growth. The main driving forces influencing Birmingham and the wider region over the last fifty years include: the decline of traditional industries; the challenges of institutional co-ordination at a local and regional level; investment in urban redevelopment; immigration and a diverse population; and skills shortages. This case study will explore these and other issues.

#### **Birmingham in the West Midlands**

The West Midlands comprise a dynamic region of interconnected cities with Birmingham being the dominant city within the region. The West Midlands include the following local authority areas: Solihull, North Warwickshire, Tamworth, Lichfield, Cannock Chase, South Staffordshire, Wyre Forest, Redditch, Bromsgrove, Dudley, Wolverhampton, Walsall, and Sandwell.

#### **Defining Ideopolis**

The Ideopolis is the vision of a sustainable knowledge intensive city that drives growth in the wider city-region. It gives cities a framework for developing knowledge-intensive industries that will be economically successful and improve quality of life.

#### **About the Ideopolis project**

The Work Foundation conducted a year-long research project looking at the concept of the Ideopolis – a sustainable knowledge city that drives growth in the wider city-region. Based on literature reviews, data analysis and UK and international case studies, the research highlights nine drivers of an Ideopolis. This case study forms part of the evidence base for the project. It uses the Ideopolis framework and nine drivers to assess to what extent the city is an Ideopolis and what challenges the city faces in the future if it is to be economically successful and sustainable in a knowledge economy.

#### **About this case study**

Presenting findings from interviews with a range of stakeholders as well as literature review work, this case study analyses Birmingham using the Ideopolis framework to assess where the city is on the ‘Ideopolis trajectory’. It is organised into the following sections:

- Brief history of Birmingham
- Birmingham now
- Birmingham: knowledge city?
- Ideopolis driver analysis: strengths, challenges & opportunities
- Conclusions
- Policy recommendations
- Lessons learned from Birmingham

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### 2. Brief History of Birmingham

Birmingham's story is that of a city whose reputation was forged in the Industrial Revolution. The city became known as "the workshop of the world" because it was based on small workshops rather than the large factories or mills on which other cities' success was built. Birmingham is renowned for its *"rich history of entrepreneurialism and innovation...including big names like Cadbury and Rover"*<sup>1</sup>. Yet whilst post-industrial decline reached Birmingham later than its counterparts, decline did finally reach the city with devastating effects towards the end of the twentieth century:

"Unlike other great Victorian cities, such as Liverpool and Manchester, Birmingham did not suffer from early industrial decline. The 1930s were relatively kind to the city. Some old industries shut down, but new ones sprang up—in particular the motor industry, which remains essential to the city. It was not until the early 1980s that de-industrialisation really hit; but, when it did, the effects were devastating. Between 1980 and 1991 the city lost 40% of its manufacturing jobs, as years of low productivity and low investment, combined with a high pound, caught up with the West Midlands"<sup>2</sup>.

Despite this late but dramatic downturn, Birmingham has rallied back to a position of greater stability. Significant factors impacting on the way the city has developed in the last five decades include:

- Investment in developing the capacity of institutions such as regional and local government;

- Redevelopment of the city centre: the restoration of old streets, buildings and canals and the construction of new squares, which has transformed the confidence and feel of the city;
- Large scale immigration following World War II creating a highly diverse population;
- Continuing low levels of skills, despite several efforts and plans to try to ameliorate this.

These factors set the historical context for the strengths, weaknesses, and opportunities of Birmingham and the West Midlands region, which will be discussed in the next section.

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<sup>1</sup> Ideopolis interviewee

<sup>2</sup> The Economist, "From Workshop to Melting Pot" 6 August 1998

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### 3. Birmingham Now

Birmingham is a very large city – in fact the city council is the largest metropolitan authority in Europe in terms of population size. Birmingham and the West Midlands are home to a diverse population, largely driven by immigration from the Indian Subcontinent. Additionally, there are small but significant populations of Afro-Caribbean and Chinese residents. Table 1 (on the next page) includes some top line statistics about Birmingham’s labour market.

The table illustrates that one of the most striking differences between Birmingham and Britain, as a whole is skill levels. The skills of Birmingham’s working age population are lagging well behind the national average: there are more people with no qualifications than with a degree. In spite of this skills gap, Birmingham has only a little below average levels of senior managers, professionals and associate professionals in its workforce.

Birmingham’s industrial structure reflects the mix of skills and occupations in the table above – and demonstrates the need for the city to continue to build new specialisms and diversify:

- Manufacturing industries fell from 44% of activity in 1978 to 19% in 2000. However, manufacturing still accounts for nearly 26% of the city’s economic output.
- The business and finance sector in Birmingham employs over 100,000 people with an annual output of £2.5 billion.
- Birmingham is a retail centre of growing importance. It has one of Europe’s largest city centre retail regeneration projects, incorporating over 250,000sq m of modern retail floor space.

- As a city of a million people, and as the regional capital, Birmingham has a concentration of Government and “Other Services” within its administrative boundary, including a significant amount of headquarters activity.<sup>3</sup>

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<sup>3</sup> Birmingham Economy, Birmingham Sectoral Review 2000, <http://www.birminghameconomy.org.uk/>

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**Table 1 – Birmingham’s labour market (all statistics from NOMIS)**

	Birmingham	West Midlands	GB
General (Source: Midyear Population Estimates, 2004 and Annual population survey, April 2004 - March 2005)			
Population	992,400	5,334,000	58,124,600
Working age population	608,100	3,253,700	36,037,300
Economically active	73.8%	77.95%	78.3%
Economically inactive (all)	26.2%	22.1%	21.7%
Economically inactive (wanting a job)	5.2%	4.6%	5.2%
Skills (Source: Local Area Labour Force Survey (March 2003 - February 2004)			
NVQ4 and above	20.7%	21.1%	25.2%
NVQ3 and above	37.6%	38.8%	43.1%
NVQ2 and above	53.5%	57.0%	61.5%
NVQ1 and above	68.8%	72.7%	76.0%
Other qualifications	9.2%	8.6%	8.8%
No qualifications	22.8%	18.7%	15.1%
Occupations (Annual population survey, April 2004 - March 2005)			
Manager and senior officials	12.5%	13.6%	14.9%
Professional	14.0%	11.5%	12.6%
Associate professional and technical	13.7%	12.2%	14.0%
Admin and secretarial	12.8%	12.4%	12.6%
Skilled trades	9.9%	12.5%	11.2%
Personal services	6.9%	7.2%	7.7%
Sales and customer service	7.8%	7.8%	7.8%
Process plant and machine	10.4%	9.6%	7.5%
Elementary	11.6%	12.8%	11.5%
Businesses (Source: VAT registrations / de-registrations by industry, 2004)			
VAT registrations	2,420 (10.8%)		181,410 (10.1%)
VAT de-registrations	2,610 (11.7%)		179,375 (9.9%)
Stock (at end of year)	22,305		1,819,855

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### 4. Birmingham: Knowledge City?

#### Measures of Knowledge Intensity

One of the key outputs of the Ideopolis project is the contribution to discussions around how to measure knowledge intensity. Knowledge intensity is too often restricted to the OECD definition of knowledge intensive businesses. The Ideopolis project argues that knowledge intensity should be assessed based on knowledge-intensive occupations and knowledge intensive industries (which should include education and health, as well as all creative and cultural industries). We have developed four measures of assessing knowledge intensity for cities; see Ideopolis report for detailed discussion (this can be downloaded from [www.theworkfoundation.com](http://www.theworkfoundation.com)))

Table 2 (below) shows that whilst 36% of Birmingham residents are employed in knowledge occupations, the city is

underperforming on other measures of knowledge intensity compared to other large cities in the UK

**Table 2 – Knowledge intensity in larger cities<sup>4</sup>**

City	A	B	C	D
	Employed in Knowledge Occupations (Residence Based, 2001)	Employed in Knowledge Occupations in Knowledge Industries (Residence Based, 2001)	Businesses that are Knowledge Based (Workplace Based, 2001)	Employment in Businesses that are Knowledge Based (Workplace Based, 2001)
	%	%	%	%
Edinburgh	49	36	38	53
Bristol	41	28	40	47
Leeds	38	24	31	41
Glasgow	38	25	31	48
Manchester	38	26	37	52
Sheffield	37	24	28	40
<b>Birmingham</b>	<b>36</b>	<b>23</b>	<b>30</b>	<b>42</b>
Newcastle*	35 (39)	23 (27)	31 (33)	45 (50)
Bradford	35	21	25	37
Liverpool	35	24	32	48

\*Figure given is Newcastle-Gateshead, Newcastle alone in brackets

Source: Annual Business Inquiry

Method: TWF Definition Knowledge Intensity, District/Unitary Local Authority units

<sup>4</sup> Local authorities with populations greater than 350,000.

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Birmingham also contrasts to comparator cities in terms of its role within the city-region. Whereas other cities are clearly the core drivers of knowledge intensity within the wider city region, the picture for Birmingham is somewhat

different (table 3, below). Birmingham is therefore not a core knowledge city within an Ideopolis city-region; instead it is part of an agglomeration of cities within the West Midlands.

**Table 3 – Knowledge intensity in central cities and city regions**

Central City of City region	A		B		C		D	
	Employed in Knowledge Occupations (Residence Based, 2001)		Employed in Knowledge Occupations in Knowledge Industries (Residence Based, 2001)		Businesses that are Knowledge Based (Workplace Based, 2001)		Employment in Businesses that are Knowledge Based (Workplace Based, 2001)	
	%		%		%		%	
	City Region	City	City Region	City	City Region	City	City Region	City
Bristol	41	41	26	28	35	40	41	47
Edinburgh	39	49	26	36	30	38	42	53
Manchester	38	38	22	26	30	37	37	52
Leeds	37	38	22	24	28	31	37	41
Glasgow	37	38	24	25	28	31	40	48
Liverpool	36	35	22	24	33	32	39	48
<b>Birmingham</b>	<b>35</b>	<b>38</b>	<b>20</b>	<b>23</b>	<b>27</b>	<b>30</b>	<b>34</b>	<b>42</b>
Newcastle*	35	35 (39)	22	23 (27)	27	31 (33)	39	42 (50)
Sheffield	32	37	19	24	25	28	35	40

\*Figure given is Newcastle-Gateshead, Newcastle alone in brackets

Source: Annual Business Inquiry, 2001 Census

Method: The Work Foundation Definition Knowledge Intensity, District/Unitary Local Authority units

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Birmingham's economy is not as knowledge intensive as cities such as Edinburgh, Manchester and Bristol. However, as Table

4 (below) shows, Birmingham's knowledge economy is growing at a faster rate than the UK average.

**Table 4 – Growth in percentage of businesses that are knowledge based for the case study cities**

	1998 Businesses that are Knowledge Based (Workplace Based) %	2004 Businesses that are Knowledge Based (Workplace Based) %	Growth 1998 - 2004 %
<i>UK Average</i>	30	33	9
<b>Birmingham</b>	<b>28</b>	<b>32</b>	<b>13</b>
Brighton and Hove	36	42	15
Bristol	35	39	12
Cambridge	42	46	10
Edinburgh, City of	37	40	8
Glasgow City	31	34	10
Manchester	33	38	13
Newcastle-upon-Tyne	32	35	11
Sheffield	26	31	20
Watford	34	34	0

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### 5. Ideopolis driver analysis: strengths, challenges and opportunities

#### Ideopolis drivers

This next section of this case study will analyse Birmingham according to the nine drivers of the Ideopolis<sup>5</sup> which have been identified through our literature review, data modelling and case study research. It will consider the following questions: what are the factors that have supported Birmingham's success? And what are the remaining challenges that the city faces, as well as the opportunities that will support Birmingham in realising and sustaining the Ideopolis vision?

#### 5.1 Physical Knowledge City

In the past twenty years, £9 billion has been spent on regenerating the city, particularly the city centre which has been transformed. As one interviewee commented, *"the city council has started to beautify the streets"*<sup>6</sup>. This has had a dramatic effect on the image and confidence of the city, as well as helping to provide much-needed residential and office accommodation for knowledge businesses and workers in some of the areas worst hit by industrial restructuring.

For example, the Jewellery Quarter in the centre of Birmingham has seen its 70,000 jobs reduced to only 6000. However, developers have "gentrified the old canal-side warehouses and built plazas decorated with coffee shops." (The Economist). By combining investment in both residential and office accommodation, knowledge workers and knowledge businesses have been attracted to the area. Corporate headquarters have moved in and there is also a new law college. Other areas such as Brindleyplace have similarly flourished following what the Economist calls "the gentrification treatment".

Interestingly too the 3000 new housing units built in the centre of Birmingham have led to the phenomenon of "reverse commuting", with city centre residents travelling to jobs in new high-tech companies in business parks on the edge of the city.

Whilst Birmingham has been investing significant resource in improving the quality of the environment in the city centre, however, there remain some concerns about whether all communities are benefiting from these improvements: *"certain communities find it difficult to access the city due to physical barriers"*<sup>7</sup>. Furthermore, there are concerns that some of the areas outside the city centre are a long way – and not just geographically - from being a physical knowledge city. For example, *"housing stock and quality is poor... there are several affluent areas but several areas that are below average"*<sup>8</sup>. The centre of Birmingham is no longer a "concrete jungle" and this transformation needs to be spread further afield.

#### 5.2 Building on what's there

Birmingham has a history of entrepreneurship, innovation and manufacturing. The first

<sup>5</sup> For a full account of the Ideopolis drivers, please read the full report which can be downloaded from [www.theworkfoundation.com](http://www.theworkfoundation.com).

<sup>6</sup> Ideopolis interviewee

<sup>7</sup> Ideopolis interviewees

<sup>8</sup> Ideopolis interviewee

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four-wheeled petrol driven car was built in Birmingham and the city continues to have specialisms in manufacturing in particular.

Another growing specialist sector is the creative and cultural industries, building on the long-standing presence of the BBC and ITV in the area. Despite the downsizing of the BBC's presence, this sector has continued to grow because of local entrepreneurship: *"Pebble Mill was once a power house with skill base around it. Once this downsized to the Mailbox, those people displaced set up their own companies and worked independently"*<sup>9</sup>.

There are concerns, however, about the city's traditional reliance on manufacturing and particularly its reliance on the motor manufacturing industry, especially given the closure of Longbridge last year. Interviewees also said that there was a need to rediscover Birmingham's culture of innovation, arguing that whilst Birmingham was *"traditionally at the cutting edge of technology...innovation really made the city"*<sup>10</sup>, increasingly now *"entrepreneurialism and innovation is perceived as fairly average"*<sup>11</sup>.

Recent growth in financial and business services builds on Birmingham's historic strengths: two of England's "big four" banks were founded there – Lloyds (now Lloyds TSB) in 1765 and the Midland Bank (now HSBC) in 1836. Both banks now have their headquarters in London, although Birmingham has retained banking jobs.

### 5.3 Diverse specialisation

Like other industrial cities, Birmingham's economy was once very specialist and,

unusually, some of these industry-based specialisms (such as the motor industry) have only just begun to decline. There is growing consensus that if these specialisms are to continue to be sources of prosperity for the city, they need to 'move up the value chain'. In other words, the city and wider city-region's future economic growth will require manufacturing industries to diversify and create more high value jobs. Birmingham therefore needs to retain its reputation as "city of a thousand trades"

Birmingham's other dominant sectors are financial and business services and the public sector, and these are currently doing well. Birmingham has over 500 law firms, and is Europe's second largest insurance market. The city also attracts 40% of the UK's conference trade. The city is also successfully developing specialisms in the creative and cultural industries, including TV production, computer games and music, a burgeoning film industry, animation and writing for cartoons. Birmingham is a city which already has a critical mass of these industries and is close enough to London – the hub of creative and cultural industries – to share the capital's success.

Birmingham's immigrants are also a real source of economic strength for the city. "The Birmingham Asian Business Association reckons that almost a third of the businesses in the city are now Asian-owned. They range from three-person family grocer's shops to textile businesses with hundreds of employees and multi-million-pound turnovers"<sup>12</sup>.

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<sup>9</sup> Ideopolis interviewee

<sup>10</sup> Ideopolis Interviewee

<sup>11</sup> Ideopolis interviewee

<sup>12</sup> The Economist, "From Workshop To Melting Pot" 1 August 1998

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### 5.4 High skill organisations

Birmingham's working age population has lower skill levels than the UK average, but the city does have an average proportion of high-skill occupations. Wages are lower in Birmingham than the rest of the UK, however *"in Birmingham you can live on low wages...you can afford an alright life on low wages and access some of the benefits of the city"*<sup>13</sup>.

Irrespective of the low cost of living in Birmingham, the city does suffer from a lag in its skill levels compared to the rest of Britain. This is seen as inhibiting economic growth. Birmingham Economy confirms this trend, *"There is an increasing need for skills and qualifications within today's economy. In future years there will be fewer employment opportunities for those without basic skills, and growing demand for higher-level skills, including vocational skills"*<sup>14</sup>.

This is an issue that the city council and other agencies operating in Birmingham are addressing. For example, a partnership of Jobcentre Plus, Birmingham and Solihull Learning and Skills Council, Birmingham City Council and Pertemps People Development Group worked directly with the developers of the Bullring<sup>15</sup> to tailor the recruitment and training packages to the needs of jobseekers and employers. The project was a success: 2,604 people were placed in new jobs, of which 89% were local residents, 80% were previously unemployed, 51% were from minority groups and 32% came from Birmingham's most deprived wards. This approach is now being used on the £300 million Eastside development project.<sup>16</sup>

### 5.5 Vibrant Education Sector

*"The evidence tells us that great cities have great research intensive universities... that is the case for Birmingham"*<sup>17</sup>

Birmingham has a strong research-intensive university sector. The city has three universities – Birmingham University, Aston University and the University of Central England - with strong educational and research functions, including high quality scientific and medical research. Whilst this is a competitive offer, interviewees expressed concern that this was not being used to the city's advantage: *"If we can capitalise on these, this will be a major opportunity"*

Like other cities, Birmingham also suffers from stark polarisation in educational outcomes from different communities – and this is a major challenge. For example, the West Midlands as a whole has the highest proportion nationally of school leavers without qualifications.

State education is an issue for Birmingham. As the largest local authority in Europe, the city's one million inhabitants have a range of schools to send their children to. However, there is marked polarisation in the educational achievements of those from low income and those from higher income groups. Some of Birmingham's top schools are state-run, however these schools are in middle class neighbourhoods whilst those in poorer areas are underperforming. The education system in Birmingham thus reinforces inequalities and is creating skill shortages within the future Birmingham labour market.

<sup>13</sup> Ideopolis interviewees

<sup>14</sup> Birmingham Economy, <http://www.birminghameconomy.org.uk/>

<sup>15</sup> Retail development, opened in September 2003

<sup>16</sup> For further information please see <http://www.regenwm.org/excellence-study-details.asp?cid=42>

<sup>17</sup> Ideopolis interviewee

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### 5.6 Distinctive knowledge city offer

Birmingham's distinctive economic offer (motor manufacturing) is threatened and the city *"hasn't got the cool factor that emerged in Manchester"*. Indeed the image of the city is described as a *"constant problem"*. This includes 1960s architecture and post-war developments that have left the city with an image that is difficult to shake off. Furthermore, the recent retail and leisure growth in the city centre has not provided Birmingham with a distinctive offering. As one interviewee remarked, it is possible to make an *"easy buck from cheap booze and cheap sportswear"*. However, this offering does not distinguish Birmingham from other towns in the UK and also excludes some sections of the community from accessing the newly developed city centre.

### 5.7 Leveraging strong connectivity

Birmingham and the West Midlands are strategically placed for the purposes of Distribution, with virtually all markets in England accessible by road haulage within 4 hours. To the East of Birmingham is the 'Golden Triangle' of distribution, which is wedged between the M1, M6 and M42/A42. However, one interviewee commented that *"geography is against us"*, meaning that Birmingham is both too close to and too far from London: too close as it is not far enough away for a secondary headquarters (companies do not have to be based in Birmingham to attend meetings there) and secondly too far to have a similar role of other cities within the South-East and Eastern regions.

In spite of the ambiguities of Birmingham's proximity to London, the West Midlands are strategically placed for the purposes

of Distribution, with virtually all markets in England accessible by road haulage within 4 hours. To the East of Birmingham is the 'Golden Triangle' of distribution, which is wedged between the M1, M6 and M42/A42. Furthermore, Birmingham has strong international connections, however *"inadequate"* connectivity within the city is seen as exacerbating inequalities.

### 5.8 Leadership around a knowledge city vision

Birmingham City Council is the largest (by population) in Europe and the city is a leader in the integration of decision-making at city-region level. For example, Birmingham's transformation has largely been attributed to the efforts of institutional coordination throughout the West Midlands and the way that Birmingham City Council has effectively used Lottery Funds, European Regional Development funds and other public monies. Partnership is also a key element: Birmingham City Council has worked effectively with groups such as Birmingham Heartlands Development Corporation to construct a series of flagship projects.

The impact of strong leadership is clear, as The Economist describes:

*'Britain's second city used to be a byword for urban blight. After the planners got to work on Birmingham in the 1960s, its centre was a grim confusion of concrete and flyovers. By the time the recession of the early 1980s had done its bit, there was not much life left in it at all. But in the late 1980s, an enterprising council started to reverse the trend with a mixture of public and private money. Since then, the city centre has been transformed. Money is still pouring in, with the glossy new Bull Ring shopping centre due to open next year.'*

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Like other post-industrial cities, such as Manchester, urban redevelopment in Birmingham has largely come through via large-scale visible projects at the city center. Birmingham has re-imagined itself through a 'comprehensive package of aesthetic improvements designed to create an environment that appeared safe, attractive, and, above all, profitable'<sup>18</sup>.

Large scale projects have not been limited to solely creating new areas, but also on tearing down old blighted sights as well. The Economist notes that 'there is still plenty of evidence of this American-style civic ambition in Birmingham'<sup>19</sup> The Bullring development is seen as a good example of of this ambition.

However in Birmingham, as in many similar cities, there have been costs to the transformation of the inner-city, resulting in 'the British doughnut, a lump of indifferent carbohydrate with jam in the middle, describes rich inner-city development surrounded by acres of gloom'<sup>20</sup>.

Nor should the success of Birmingham's work at a city-region level mean that other cities should underestimate the challenges of working in this way. Reviews of how Birmingham works suggests, "there are many powerful organisations which are willing to collaborate with each other but not ready to give up their role and position and act in a secondary role"<sup>21</sup>. Whilst some organisations – Birmingham City Council, Advantage West Midlands, Birmingham Chamber of Commerce and Industry, the Learning and Skills Council and local universities – have sufficient clarity about their institutional

roles and resources to ensure their position in conversations about the future of the city-region, there are concerns that other agencies may not have this 'muscle'. With this in mind, 'the institutional framework in Birmingham might be described as having a core of powerful independent organisations and a periphery of less powerful organisations'<sup>22</sup>.

### 5.9 Investing in the community

*"[The] Biggest single challenge is ensuring that the benefits of recent city centre focused growth are open to the mass of the population"<sup>23</sup>*

Investing in communities is one of Birmingham's biggest challenges, prompting one interviewee to remark that the number of people who aren't 'included' is "shocking". There are also concerns that city centre regeneration has reaped benefits for a small group rather than for the whole population. One interviewee commented: "*[The] Council is not very good at engaging with communities although it is trying*" and another added: "*[the] City centre is the discourse of 20% of the population...if it remains an elitist practice then there is no great future*".

Birmingham has one of the most ethnically diverse populations in the UK. 70% of the population are white, with 20% Asian or Asian British and 6% Black or Black British. Birmingham is truly a multicultural city, however like other similar cities, social exclusion is concentrated in particular communities and tends to reflect the inequalities between the different ethnic groups comprising the city's population. High unemployment is concentrated among ethnic minorities and the

<sup>18</sup> The Economist, "From Workshop to Melting Pot" 6 August 1998

<sup>19</sup> The Economist, "From Workshop to Melting Pot" 6 August 1998

<sup>20</sup> The Economist, "The Doughnut Effect" 17 January 2002

<sup>21</sup> Ferrario, C. and A. Coulson, 'Local Governance and Economic Development: A Study of Birmingham, England, Based on "Institutional Thickness', Milan, 8 April 2005tails.asp?cid=42

<sup>22</sup> Ibid

<sup>23</sup> Ideopolis interviewees

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manufacturing recessions hit precisely those industries which had drawn immigrants to Birmingham in the first place. The jobless rate in inner-city Birmingham is over 20%. For ethnic minorities without qualifications, the figure is 37%, double the rate for similarly unqualified whites.

With the riots in the Lozells areas of Birmingham last year (reflecting racial tensions between Black British and British Asian groups), there are concerns about future tensions becoming *“a threat if it is not addressed”*<sup>24</sup>.

### 6. Conclusions

Birmingham is not an Ideopolis city-region. The city lags behind others in terms of knowledge intensity, and is not a central knowledge city within a wider city region. As the case study has demonstrated, Birmingham has lots of potential and is currently using some of the Ideopolis drivers to lever this potential.

Birmingham is, however, changing and city centre redevelopment has been at the heart of this change. The city does face real challenges: a skill lag, manufacturing in decline, questions about the city’s distinctiveness and perhaps most worrying, stark polarisation between rich and poor. However, unlike other cities, Birmingham has the leadership in place across the city region to start to address these challenges. Interviewees predict:

*“Birmingham will be a thriving and dynamic creative city with even more presence in terms of architectural excellence...will have completed transformation of grubby inner city areas to creative and cultural uses”*<sup>25</sup>.

*“Birmingham is now the youngest city in Europe, with the youngest workforce... we must capture this and keep those people which will bring in those who want to work with young dynamic people”*<sup>26</sup>.

### Managing the consequences of manufacturing decline

The Work Foundation recently completed a project with BBC Radio 4 looking at the impact of the MG Rover closure of the workers, their families and the community<sup>27</sup>. The results of this study suggest that many of the ex-MG Rover workers have not and will not be able to find ‘good jobs’ and will be forced to accept ‘bad jobs’. A small minority of workers may join the ranks of the long-term unemployed or withdraw from the labour force permanently. This continuing underemployment and worklessness is likely to have long-lasting negative effects on the health and well-being of these workers. The positive effects of becoming reemployed are likely to be limited to those who regain satisfactory new jobs. As one interviewee commented, *“Longbridge is in its death throws: it would be good to work through that”*<sup>28</sup>. Future prosperity in the West Midlands region does depend on working through these issues.

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<sup>24</sup> Ideopolis interviewees

<sup>25</sup> Ideopolis interviewees

<sup>26</sup> Ideopolis interviewees

<sup>27</sup> This report can be downloaded from [www.theworkfoundation.com](http://www.theworkfoundation.com)

<sup>28</sup> Ideopolis interviewees

# Ideopolis: Knowledge City Region

## Birmingham Case Study

### 7. Policy Recommendations for Birmingham

Birmingham needs an integrated vision of what a good and distinctive city looks like in its region: ensuring that growth in Birmingham won't mean decline in the Black Country. Part of this vision will include policy recommendations along the following lines:

- Invest in diverse economic base
- Address the unequal access to high quality schools
- Invest in communities: as one interviewee commented, "*polarisation will kill the Western city*"<sup>29</sup>. They were concerned that this was already starting to happen in Birmingham and thus there is an urgent need to better coordinate work on investment in communities. This is likely to involve working towards a better understanding of why some groups continue to face severe economic and social exclusion, often despite interventions. Policy recommendations relate to building on established good practice to identify new and innovative means to engaging with so-called 'hard to reach' groups.
- Labour shortage issues can in part be addressed by a focus on ending age, gender, race and disability discrimination.
- RDAs and national policymakers need to better reflect the strong role of creative and cultural industries in the knowledge economy.

The city-region agenda is also incredibly important for Birmingham.

### 8. Lessons Learned from Birmingham

In spite of the challenges that Birmingham is facing, there are lessons that other cities can learn from Birmingham. The two key areas are around leadership and using redevelopment to upskill the labour market:

- Using development to upskill: a partnership of Jobcentre Plus, Birmingham and Solihull Learning and Skills Council, Birmingham City Council and Pertemps People Development Group worked directly with the developers of the Bullring to tailor the recruitment and training packages to the needs of jobseekers and employers.
- Leadership: Birmingham's transformation has largely been attributed to the efforts of institutional coordination throughout the West Midlands and the way that Birmingham City Council has effectively used Lottery Funds, European Regional Development funds and other public monies.

### Appendix A: Interviewees

This case study presents findings from a literature review and consultation with the following people:

- Professor Michael Clarke, Vice Principal, Birmingham University
- James Cooper, Birmingham Chamber of Commerce and Industry
- Mary Matthews, Advantage West Midlands
- Adrian Passmore, RegenWM

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<sup>29</sup> Ideopolis interviewees