

The State of Economic Justice in Birmingham and the Black Country



SUMMARY REPORT

This is a report about Birmingham and the Black Country – the local authority areas of Dudley, Sandwell, Walsall and Wolverhampton – and the economic outcomes for the people who live here. Economic justice is concerned with the extent to which the economy can and does generate and spread well-being and financial security. Evidence presented here compares areas and groups of people and includes work and employment, household resources, and housing. This summary highlights some of the deep inequalities that require discussion, attention and collaborative action by a range of stakeholders both within cities and at a regional level. It is intended that the full report should be a tool that can be used by individuals and institutions to design and plan services, to target resources and to understand what is going on in peoples' lives behind the data.



Key Findings

- ◆ Between 2002 to 2017 the population of Birmingham and the Black Country rose by 12%, representing an extra quarter of a million people.
- ◆ In 2016, economic prosperity per person in Birmingham and the Black Country was 36% below the England average.
- ◆ Birmingham and the Black Country are short of jobs. Birmingham's employment rate is eight percentage points below Greater Manchester (similar in population and varying socio-economic conditions) and in the bottom tenth of all local authority areas nationally.
- ◆ Labour productivity poses a significant challenge to the Black Country economy, which trails Birmingham by 9% and Coventry-Solihull (the other part of the West Midlands Combined Authority area) by 20%.
- ◆ Both Birmingham and Black Country residents are very dependent on their local economies for work. Seventy-nine per cent of Birmingham residents and 72% of Black Country residents work locally.
- ◆ Twenty-two per cent of professional and managerial jobs in Birmingham are done by people living outside of the West Midlands Combined Authority (WMCA). This compares with 15% for all jobs.
- ◆ There is wide variation in the employment rates for different ethnic groups.
- ◆ The 37% rate for disabled adults is below the England average of 50%.
- ◆ In 2017 50% of the working-age population of Birmingham aged 25 or above had no more than an NVQ2 (National Vocational Qualification) as their highest level of qualification. The figure for the Black Country was 58%. Thirty-seven per cent of Birmingham's workforce and 42% of the Black Country's lacked even the basic NVQ2. This compares with 29% for Greater Manchester (and 26% for England).
- ◆ As a whole, 9% of working-age workers in Birmingham and the Black Country are on a temporary or zero-hours contract and/or carrying out agency work. Such potentially insecure types of work are particularly prevalent among younger workers. Fourteen per cent of those aged 16-34 are on such a contract in the West Midlands region
- ◆ Generally, the level of savings in the West Midlands is lower than England as a whole: 50% of people in the West Midlands have less than £1,500 in savings across their family, compared to 44% in England as a whole. In contrast, 35% of people are in families with more than £8,000 in savings in England, while this figure is 30% for the West Midlands. There is a strong relationship between income levels and savings.
- ◆ Birmingham faces multiple housing problems notably high fuel poverty and overcrowding, sharply-rising private sector rents and a three-year doubling in the proportion of households in temporary accommodation.
- ◆ In 2017/18, 59% of households accepted as homeless in Birmingham were BME, far higher than the 41% of the population who are BME. In the Black Country, 42% of households accepted as homeless were BME, compared with 20% of the population.
- ◆ In Birmingham 20,000 families are waiting for a social rented home while each year only around 6,000 council and housing association properties become available.
- ◆ Almost half of Birmingham and the Black Country's small local areas are in the most deprived fifth nationally. For an area of its size, only Liverpool City region comes close.

The size and recent growth of the population

2.32 million people were living in Birmingham and the Black Country – Dudley, Sandwell, Walsall and Wolverhampton – in 2017.

49% 

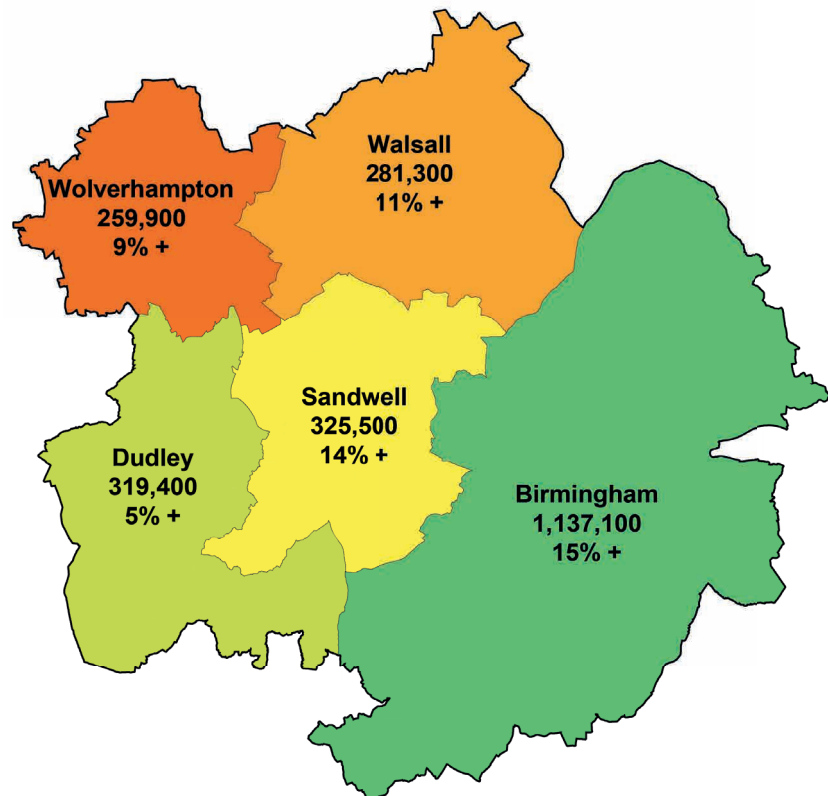
(1.14m) live in Birmingham

51% 

(1.19m) in the Black Country

↑ 12% (250,000)
between 2002 and 2017

The overall population grew by 12% (250,000) between 2002 and 2017, in line with England as a whole. Over the previous 20 years from 1982, it shrank (by 4%) while that of England grew (6%).



There is a lot of difference between local authority areas. As the map shows since 2002 Sandwell (14%) and Birmingham (15%) have grown the most while Dudley has grown the least (5%). Over the 20 years to 2002, Sandwell (8%) and Wolverhampton (7%) shrank the most.

Economic output is measured by Gross Value Added

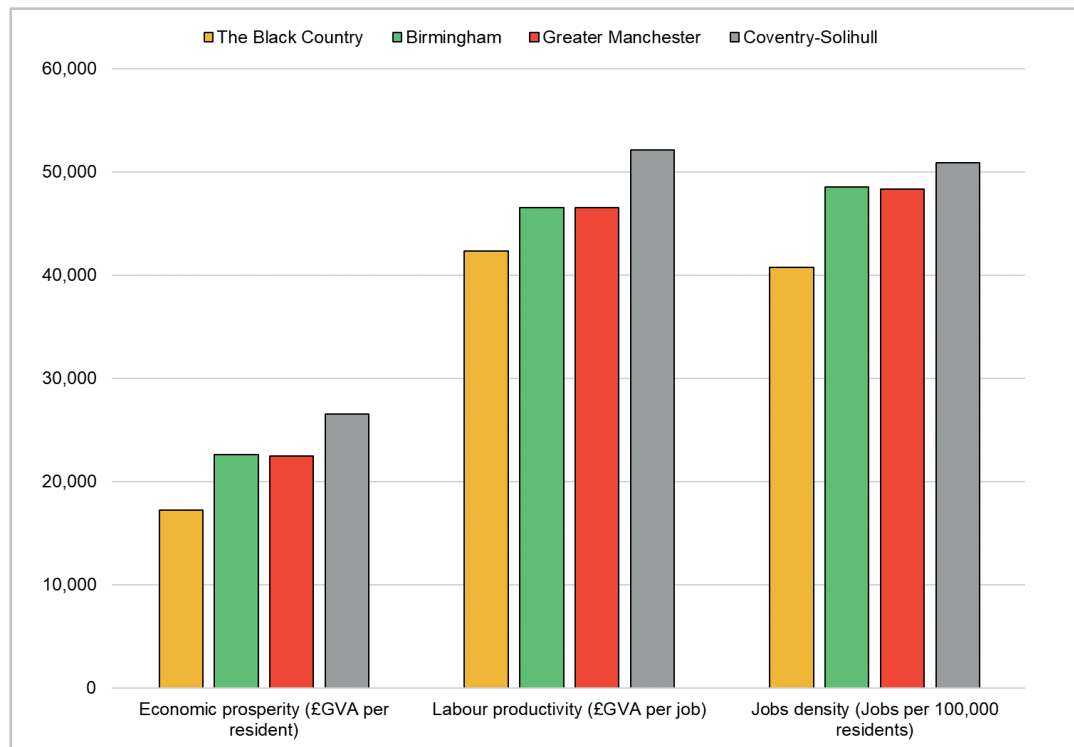
Prosperity, productivity, jobs and employment

“Gross Value Added” – GVA – is how economic output is measured at the regional or local level. GVA per resident is how an area’s economic prosperity is measured.

In 2016, GVA per resident in Birmingham and the Black Country (£19,930) was 13% lower than Greater Manchester (£22,890) and 36% lower than the England average (£27,110). After allowing for inflation, it was still 3% below its recent peak just before the recession, in 2007, and only 1% up on 2002. This means there has been almost no improvement in economic prosperity per head for nearly two decades.

Figure 1 shows economic prosperity (GVA per resident) and the two factors driving it, namely labour productivity (GVA per job done) and job density (jobs done per 100,000 residents), for 2014-2016 for Birmingham, the Black Country, Greater Manchester and Coventry-Solihull. Three things stand out.

Figure 1
Economic prosperity, labour productivity and jobs density (2014-2016)



Source: Subregional Productivity: Labour Productivity indices Regional gross value added (balanced) by local authority in the UK, ONS and Jobs density, ONS via Nomis.

1. Birmingham and Greater Manchester are at the same level on all three measures.
2. The Black Country has lower productivity than Birmingham (by 9%), lower jobs density (by 17%) and lower economic prosperity (by 24%).
3. The Black Country is behind Coventry-Solihull on these three measures by 18%, 20% and 35% respectively.

Greater prosperity requires both higher labour productivity and more jobs. This is true for both Birmingham and the Black Country.

The overall employment rate in Birmingham (64% in 2017/18) is lower than Greater Manchester (73% – just below the England average) and is in the bottom tenth of all local authority areas. The Black Country's employment rate (68%) still leaves all four of its local authority areas in the bottom fifth nationally.

A fairer spread of employment is needed too. For example, there are big differences in the employment rates for different ethnic groups in Birmingham and the Black Country: above average for the White group (69% in 2017/18), below average for the Black/Black British group (60%) and far below for the Asian/Asian British group (53%). The employment rate for disabled people (37%) is well below the rate for disabled people across England as a whole (50%).

No skills or low skills an issue across Birmingham and the Black Country

Workforce qualifications

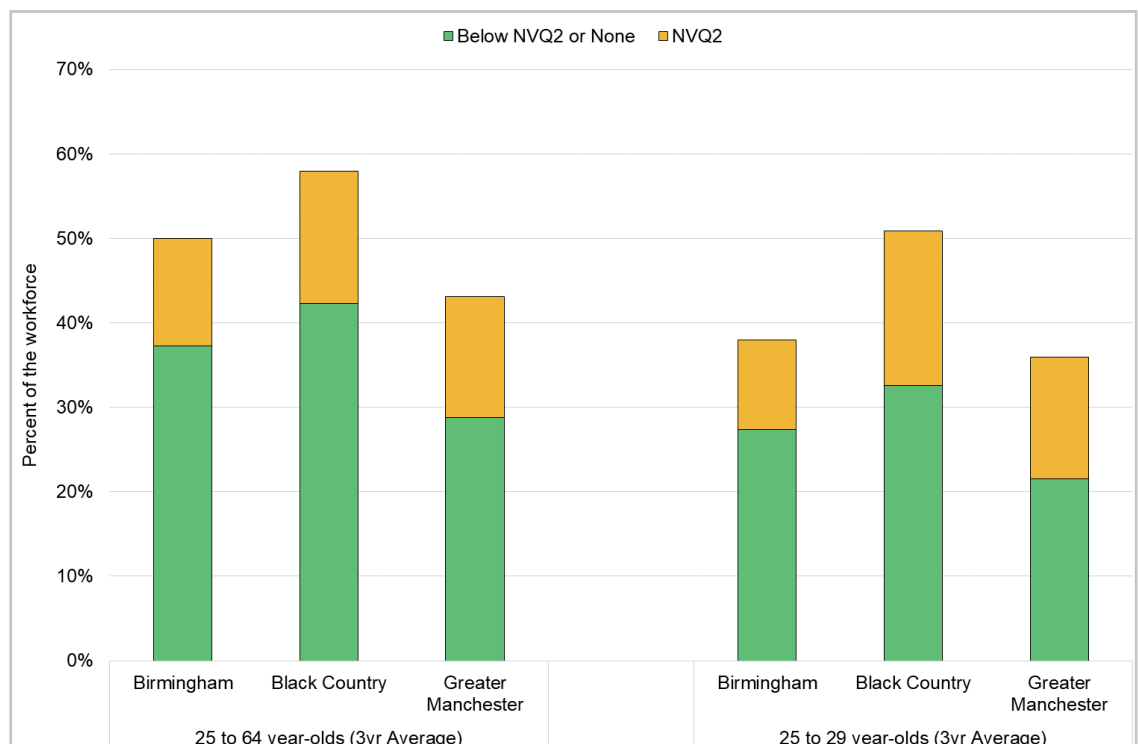
Labour productivity depends on many factors, including capital investment and the skills of the workforce. "Skills" are usually measured by qualification levels.

Figure 2 shows the proportion of working-age residents aged 25 and over whose highest level of qualification is equivalent to an NVQ level 2 or below. NVQ2 and equivalent include five GCSEs, a BTEC 1st Certificate or an intermediate apprenticeship. The assumption here is that the desirable minimum level of qualification for people over 25 is NVQ3 (for example, two A-levels, or an advanced apprenticeship).

Figure 2 shows two things. The first is the low level of qualifications of the current workforce. In the Black Country, 58% of those aged over 25 are qualified to no more than level 2. This is worse than Birmingham (50%) and much worse than Greater Manchester (43%), itself just above the England average (40%). Forty-two per cent of the Black Country workforce lack level 2, again worse than Birmingham (37%) and much worse than Greater Manchester (29%).

Second, while younger workers (25 to 29) are better qualified than the workforce as a whole, the difference for the Black Country is small with 51% of 25 to 29 year-olds having no more than level 2. As older, less qualified workers are replaced by younger ones the average qualification level will rise – but only very slowly. This is especially important for productivity in the Black Country economy where 82% of jobs are done by local residents.

Figure 2
Those whose highest level of qualification is NVQ2 or below, 25 to 64 year-olds and 25 to 29 year-olds (2015 to 2017)



Source: Annual Population Survey, ONS via Nomis

Birmingham (38%) is better placed but with only 63% of all jobs in the city (and 55% of managerial and professional jobs) done by Birmingham residents; a higher skilled resident population is needed here to ensure that some of the benefits of higher productivity are felt locally.

22% of employees living in Birmingham and the Black Country were low paid

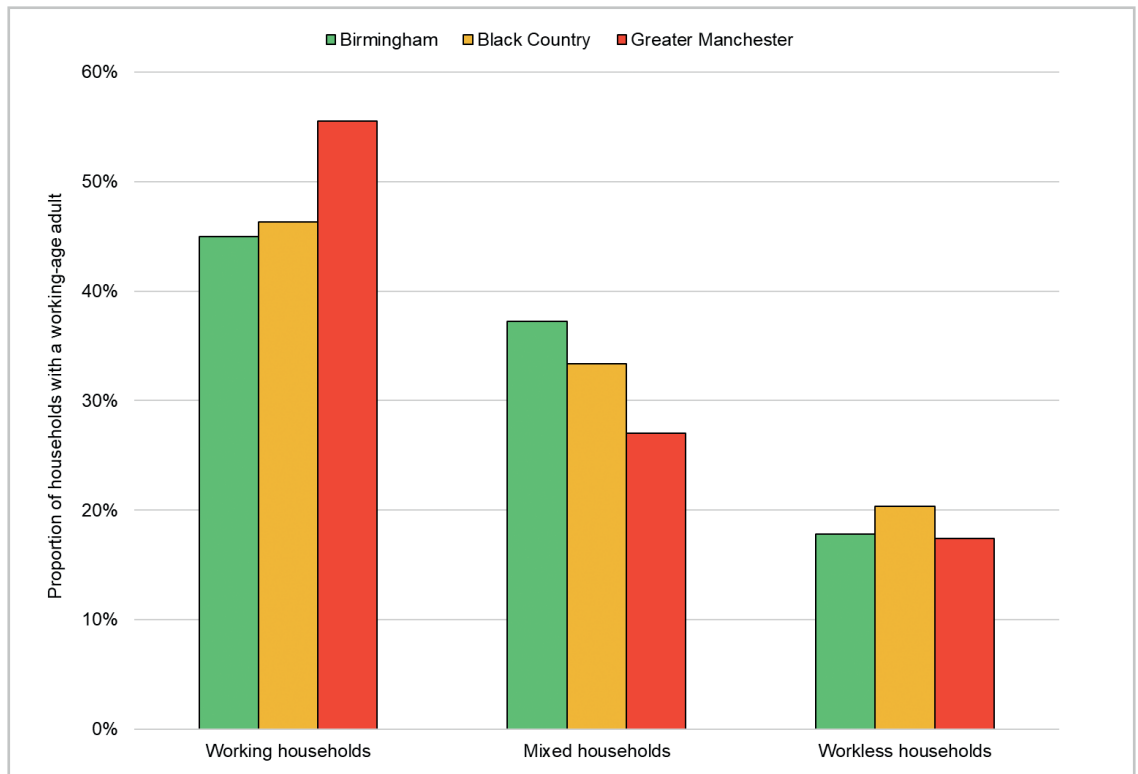
Household work status and the risk of in-work poverty

There are many households, including working ones, where some working-age adults are not doing paid work. Figure 3 looks at this through the lens of “household work status”. It shows the proportion of households that are “working” (all adults in employment), “mixed” (at least one in work and one not), and “workless” (none in work).

Less than half of households in Birmingham and the Black Country (both 46%) are fully working, compared with 56% in Greater Manchester. Although Birmingham is up on its 2012 low point (40%), it is still below where it was in 2005. Most of the difference is due to both Birmingham (37%) and the Black Country (33%) having more “mixed” work status households than Greater Manchester (27%). Other data show that “mixed” work households are especially at risk of in-work poverty.

Figure 3

Household work status (2017)



Source: Annual Population Survey via NOMIS.

Of the 300,000 non-working adults in “mixed” households, students (35%) are the largest group, followed by people looking after family or home (25%) and people who are unemployed (16%). Combined with those in workless households who are unemployed, 75,000 people in Birmingham and the Black Country are actively seeking paid work. Large though this is, the unemployed are outnumbered by the 90,000 who are sick, injured or disabled and the 110,000 who are looking after family or home. Paid work is simply not the answer for every mixed or workless household whose income is too low.

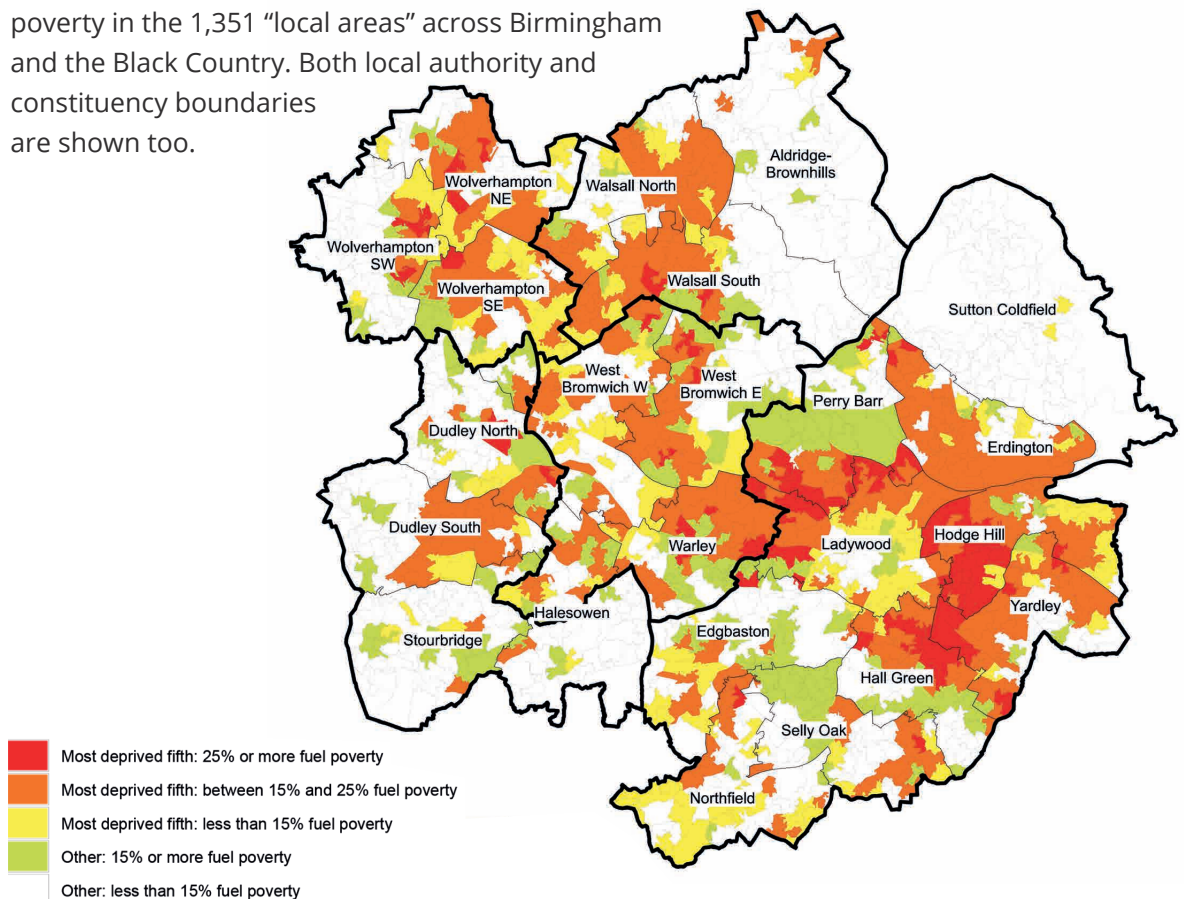
Walsall and
Wolverhampton
have more wards
with deep
deprivation

Fuel poverty, housing and local area deprivation

A household is in fuel poverty if its required fuel costs are above the national average and if meeting them would take its income below the poverty line. This makes fuel poverty an indicator of poor housing quality and low income.

The proportion in fuel poverty is highest in Sandwell and Birmingham (17% of households) and lowest in Dudley (13%) which is still above the England average. Figure 4 shows fuel poverty in the 1,351 "local areas" across Birmingham and the Black Country. Both local authority and constituency boundaries are shown too.

Figure 4
Deprivation and
fuel poverty by
small local area
(2015/16)



Source: Fuel Poverty Statistics, BEIS and English Indices of Multiple Deprivation, MHCLG.

Areas in red on figure 4 have more than 25% of households in fuel poverty while areas in orange and green have more than 15%. Many of the worst-hit areas are in Birmingham – the constituencies of Hodge Hill, Perry Barr and Hall Green – stand out. Other constituencies affected include Warley, Walsall South and Wolverhampton North East.

The greater concentration of fuel poverty in Birmingham points to the city's housing problem. The Birmingham constituencies with high rates of fuel poverty also tend to have high levels of overcrowding. The average private sector rent in Birmingham went up 35% (11% in the Black Country). The proportion of households in temporary accommodation in Birmingham doubled in just three years, to a level well above the England average.

Figure 4 also shows a general measure of local deprivation with the red, orange and yellow local areas showing the nearly half (48%) of all local areas in the most deprived fifth nationally. This is much higher than Greater Manchester (35%). Among large metropolitan areas, only the Liverpool City region (45%) comes close. Out of a total of 128 wards, 49 face serious deprivation: 19 in Birmingham, 11 in Sandwell, 8 in Wolverhampton, 7 in Walsall and 4 in Dudley.



Looking ahead

Although this is not a policy report, the hope is that evidence here will stimulate and feed into existing conversations around how local and national policy priorities can stimulate inclusive and sustainable economic growth in Birmingham and the Black Country. Priority should be given to ensuring that the benefits of Birmingham's improving economy are felt by all its citizens, especially those living in its many deprived neighbourhoods. Greater effort should be made to identify and address the inequalities of outcomes in employment and housing which afflict those who are young, belong to an ethnic minority group and/or are disabled.

As an area with high deprivation, Birmingham and the Black Country is particularly exposed to the roll out of Universal Credit and significant planning and preparation is required to mitigate the impact on those migrating from a legacy benefit on to Universal Credit.

Birmingham's housing crisis – combining unaffordability, overcrowding, low housing quality and homelessness – should also be a priority for action across a wider area than just the city itself. Greater exploration and planning around the consequences should be undertaken, in 10 or even 20 years' time, if the current low rates of qualifications among young adults, especially in the Black Country, continue.

All five local authorities need the Government's 2019 Comprehensive Spending Review to come up with outcomes that will provide resources in accordance with local need. To measure poverty and deprivation using national standards is indispensable for making the case for economic justice when the support is coming from central government and taxpayers nationwide. It is overwhelmingly in Britain's interest that Birmingham and the Black Country should thrive once more.



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About Barrow Cadbury Trust

This research project was supported by the Barrow Cadbury Trust. The Barrow Cadbury Trust is an independent, charitable foundation with a mission to use all of its assets, especially money, to work with others to bring about structural change for a more just and equal society.



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