

The State of Economic Justice

in Birmingham and the Black Country

2021

Carla Ayrton,
Charithra Chandran,
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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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Contents

	Acknowledgements	4
	List of abbreviations	5
	Foreword by Sara Llewellyn, Chief Executive of the Barrow Cadbury Trust	6
1	Introduction	7
	Economic justice	8
	Approach	9
2	Population and public health	10
	Introduction	11
	Population	12
	Mortality	15
	Health	17
	Discussion	20
	Chapter 2 Endnotes	21
3	Household and community resources	22
	Introduction	23
	Deprivation and low income	24
	Household risk and resilience	28
	Reliance on social security	31
	Discussion	34
	Chapter 3 Endnotes	35
4	Productivity and jobs	36
	Introduction	37
	Productivity and occupation	38
	Occupation and qualifications	49
	Jobs and the recession	44
	Discussion	47
	Chapter 4 Endnotes	48
5	Employment, pay and job security	49
	Introduction	50
	Employment – how well is the economy working for residents?	51
	Low pay	54
	Short-term crisis in employment and work	57
	Discussion	61
	Chapter 5 Endnotes	62
6	Housing	63
	Introduction	64
	Housing unaffordability and precarity	65
	Homelessness and temporary accommodation	69
	Housing quality	72
	Discussion	76
	Chapter 6 Endnotes	77
7	Conclusion	79

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List of abbreviations

AHC	After housing costs
BAME	Black, Asian and minority ethnic
B&B	Bed & breakfast
BHC	Before housing costs
CJRS	Coronavirus Job Retention Scheme
DWP	Department for Work and Pensions
EHC	Education, Health and Care
HBAI	Households Below Average Income
HHSRS	Housing health and safety rating system
HMRC	HM Revenue and Customs
IMD	Index of Multiple Deprivation
IPPR	Institute for Public Policy Research
JSA	Jobseeker's Allowance
LEP	Local enterprise partnership
LHA	Local Housing Allowance
LSE	London School of Economics
LSOA	Lower-layer super output area
MHCLG	Ministry of Housing, Communities and Local Government
MIS	Minimum Income Standard
MMR	Measles, mumps and rubella
NHS	National Health Service
NPI	New Policy Institute
NUTS2	Nomenclature of Territorial Units for Statistics: regional groupings of areas within the UK – at the NUTS2 level there are 40 subdivisions.
NVQ	National Vocational Qualification
ONS	Office for National Statistics
SEISS	Self-Employed Income Support Scheme
SMI	Support for Mortgage Interest
SPL	Shielded Patients List
UC	Universal Credit
WMCA	West Midlands Combined Authority

Foreword

by Sara Llewellyn, Chief Executive of the Barrow Cadbury Trust



2020 was the centenary of the Barrow Cadbury Trust. Our founder, Barrow Cadbury, was the grandson of John Cadbury, who founded the family-run Cadbury chocolate business in Birmingham, where Barrow worked for almost 50 years. Inspired by their Quaker beliefs, he and his wife Geraldine Southall established the Trust to tackle profound social ills, including juvenile crime, urban poverty and inequality.

In early 2020, we began to plan how to mark the 100th anniversary in Birmingham. We wanted to celebrate the energy, compassion and tenacity of grantees and partners, communities and neighbourhoods in Birmingham and the Black Country, who have acted together to improve the lives of those with less voice, influence and financial security. Around the same time, we started to plan the report you are viewing now – the second ‘State of Economic Justice in Birmingham and the Black Country’. We wanted to revisit themes and data from the first report, but additionally to bring in topics that incorporated interests and concerns of local stakeholders. We wanted to make it even more valuable as a tool for those working on the ground in the region.

And then the pandemic happened. Anniversary planning was cancelled - of course - and our focus changed to more important things like bolstering grantees and feeding in learning and resources to strengthen others, but this report became even more important. Data analysis took place pre COVID-19, but figures which were already worrying took on increased weightiness in the context of the crisis. Many people were already struggling to manage on low incomes, but job loss, reduced savings and high unemployment, mean that many who just about got by before will now find themselves in need in a way they never imagined.

Challenges will be deeper and local authorities, statutory bodies, private business, social enterprise, faith groups and the voluntary sector across Birmingham and the Black Country will have to be creative and collaborative in ways never seen before. There are enormous challenges ahead and we hope this report provides evidence to assist action, target resources and attract additional attention to the region from a range of audiences. We are well aware both of the challenges facing stakeholders in Birmingham and the Black Country, but also the assets and wonderful work that is already being delivered by so many of those we know and respect. We hope this report will be of use in the hard recovery process ahead.

Sara Llewellyn, December 2020



1

INTRODUCTION

Introduction

This is the second report by the New Policy Institute about the state of ‘economic justice’ in Birmingham and the four local authority areas of Dudley, Sandwell, Walsall and Wolverhampton that make up the Black Country. It sets out how different groups are experiencing economic wealth and opportunity, and the ongoing systemic and structural barriers faced by many in achieving financial resilience. Using data from a range of sources, it explores and highlights the extent to which economic prosperity is felt equally across the population. The research was supported by the Barrow Cadbury Trust, an independent charitable foundation with a long-standing connection to Birmingham and the Black Country.

As the UK’s second city, Birmingham – with the Black Country alongside it – fully merits sustained attention. Second cities like Lyon, Barcelona, Milan or Munich are centres of national economic strength. Birmingham and the Black Country were once that too. Fifty years ago, economic output per head in the West Midlands was above the national average. Now it is one sixth below it. Most of the fall took place before the late 1990s. Since then, Birmingham’s economy has almost held its own in national terms, but the Black Country’s has fallen further still. This economic weakness lies behind the high levels of poverty and deprivation documented in the first report. Presenting evidence of problems does not put them right but getting them recognised, both locally, regionally and nationally, is the first step towards doing so.

ECONOMIC JUSTICE

The first report, published in February 2019,¹ drew together regional data for the first time in many years. It took its lead from the Institute for Public Policy Research (IPPR) Commission on Economic Justice, which had defined economic justice as ‘an economy that fairly generates and distributes its rewards’.² Although economics always assumes growth to be good, the extent to which its benefits may be spread across society is usually either missing from the narrative or tagged on as an afterthought. How well the economy does for particular groups of people is rarely discussed at a political level and answering that question is, ultimately, what a report on economic justice is about.

Like its predecessor, this report is concerned about the distribution of assets and people’s opportunity to benefit from them. ‘Assets’ are not just financial ones and property, but also ‘human’ assets such as skills, and ‘social assets’, including the provision of social resources and services, such as childcare, good-quality housing and community amenities.

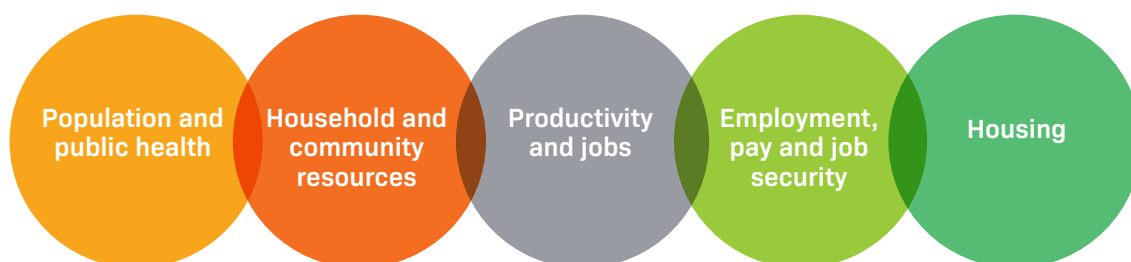
The evidence for economic justice presented in this report rests on comparisons between areas and between groups. The focus is on Birmingham, the four Black Country local authority areas (sometimes separately, sometimes together) as well as the West Midlands Combined Authority (WMCA) area as a whole (which includes Coventry and Solihull alongside the five areas in Birmingham and the Black Country). Besides England and other parts of the West Midlands region, the various comparators include other cities, other local enterprise partnership (LEP) areas (especially relevant for the Black Country) and other combined authorities as well as Coventry and Solihull together (when looking at variations

across the WMCA area). Comparisons within Birmingham and the Black Country use the 23 parliamentary constituencies, the 128 electoral wards and the 1,351 local areas – ‘lower-layer super output areas’ (LSOA) – containing on average about 1,700 residents each. Comparisons between groups use characteristics including age, ethnicity, household work-status and housing tenure.

APPROACH

The research had three main stages. It began with a series of interviews and group discussions with people in Birmingham and the Black Country to scope and shape the subjects being explored and to respond to the particular interests and concerns of statutory, voluntary and private sector stakeholders across the region. Informed by this, the second stage involved a programme of analysis of public datasets and administrative statistics. The third stage involved the writing of this report, which included review and further discussion with some of those who contributed to the first stage and others who did not.

The subjects covered are:



Except when looking at the qualifications of the workforce, the report does not cover education.

This report was written during the COVID-19 pandemic. While much of the data that has been used in the report pre-dates the pandemic, more recent data has been used where available. While it is not the intention of the report to offer a narrative on the crisis, it would be remiss not to link trends found with emerging political, policy and public concerns in relation to the pandemic where relevant.

In broad terms, four aspects of the report are new compared with the first report, namely:

- the material on public health (although, unavoidably given the timing of the datasets available for analysis, excluding COVID-19 itself), in chapter 2;
- an assessment of where the economic impacts of the recession are likely to hit hardest (once the furlough schemes end), across chapters 3, 4 and 5;
- an analysis of what lies behind low economic productivity, in chapter 4; and
- a major revision of much of the material on housing contained in the first report, in chapter 6.



2

POPULATION AND PUBLIC HEALTH

Population and Public Health

INTRODUCTION

The idea of economic justice is that an economy should generate and distribute its resources fairly. From an economic perspective, health can be seen as one such resource.³ While this report does not consider COVID-19 itself, the pandemic is not only a fundamental part of the report's background, it has also given the subjects of physical and mental health a greater prominence in public and political thinking. This chapter, on population and public health, reflects that.

THE CHAPTER HAS THREE MAIN PARTS:

The first part sets out the vital statistics for Birmingham and the Black Country, including population size, growth and mix by age and ethnicity.

The second part examines headline statistics on mortality, including life expectancy, and avoidable mortality. These statistics reflect the health of the population in general, especially those in older age groups, and are an indication of the cumulative effect of factors over many decades that cause poor public health.

The third part focuses on health, including both 'healthy life expectancy' (the number of years a person can expect to live free of health problems), as well as statistics on younger groups, both children and adults, with long-lasting health needs that pre-date, and usually are medically unrelated to, the pandemic itself such as learning disabilities and mental health disorders.

This chapter helps us understand:

- the contrasts between the populations of Birmingham and the Black Country, especially by age and ethnicity, as well as the extent to which both populations are steadily changing;
- how life expectancy and avoidable mortality are much worse than both the regional and national averages;
- the overall poor level of healthy life expectancy, but also the extent of the differences within Birmingham and the Black Country;
- the number of younger groups of children and adults with health needs, the variety of those needs and the extent to which they rely on services provided by local authorities or the National Health Service (NHS).

The chapter's main conclusion is that the diverse health needs of the population in Birmingham and the Black Country highlight the reasons for pursuing economic justice beyond narrow economic ones. This is not just about how well the economy is doing in general, but also about who gets the benefits and how fairly they are spread.

Birmingham is the most densely populated of the five areas

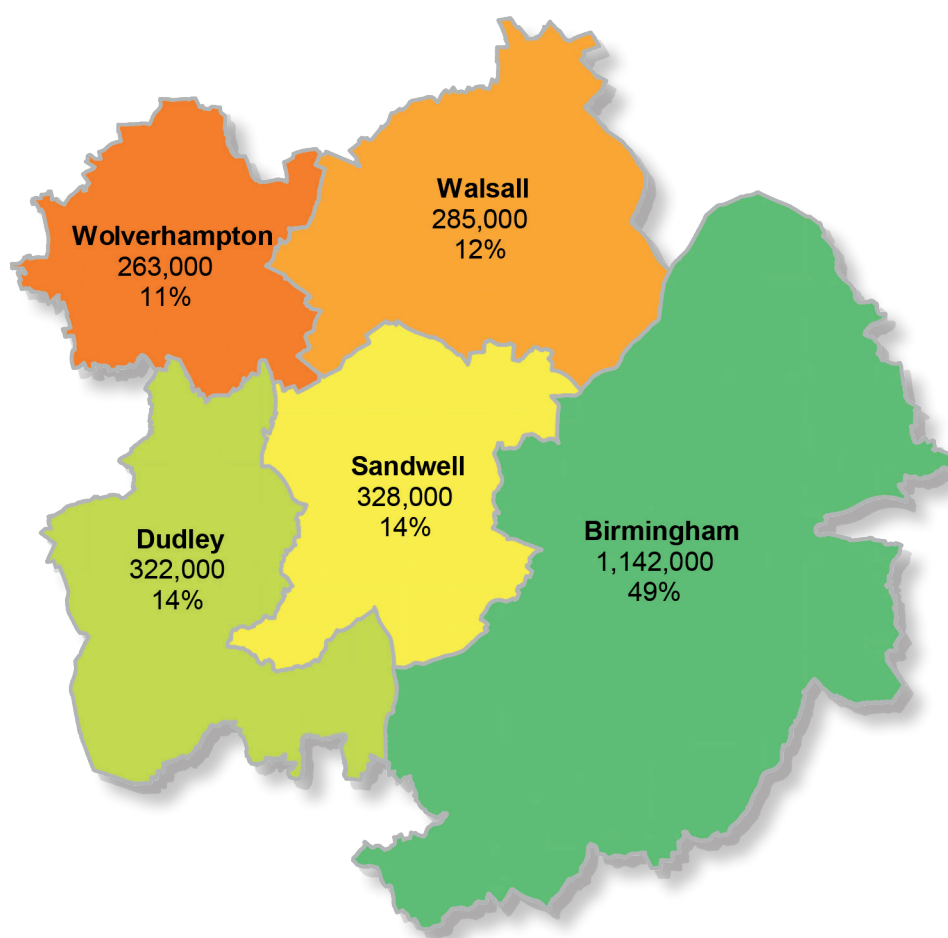
POPULATION

The population of Birmingham and the Black Country

Figure 2.1 shows the mid-2019 population estimates for, and boundaries of, the five local authorities in Birmingham and the Black Country, namely Birmingham City Council and the metropolitan boroughs of Dudley, Sandwell, Walsall and the City of Wolverhampton. Along with Coventry City and Solihull metropolitan borough councils, they form the seven constituent authorities of the WMCA. Of the 2,341,000 residents in 2019, Birmingham accounted for 49%, Sandwell and Dudley 14% each, Walsall 12% and Wolverhampton 11%.⁴

Figure 2.1

The five local authority areas in Birmingham and the Black Country and their populations, 2019



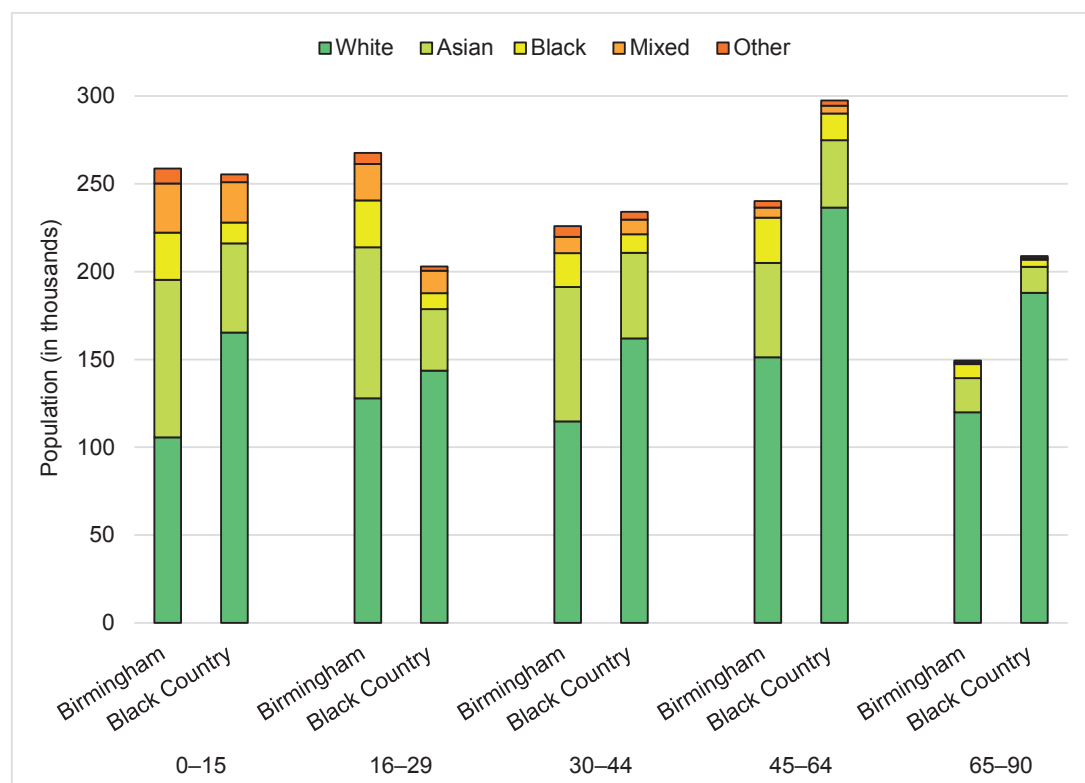
Source: Population estimates – lo Source: ONS via Nomis, Population estimates – local authority based by single year of age. Boundary data: Contains National Statistics data © Crown copyright and database right (2020), Contains OS data © Crown copyright and database right (2020) cal authority based by five year age band, ONS via Nomis. The data is for 2017

Birmingham is the most densely populated of the five areas (4,300 people per square kilometre in 2018), followed by Sandwell and Wolverhampton (both 3,800). Walsall is the least densely populated (2,700). Higher population density has been linked with higher productivity.⁵ It has also been linked to better coverage rates of health services, for example maternal health services, since service delivery is more practical for denser populations.⁶ However, increased population density can also lead to rising house prices, leading to overcrowding and material deprivation.⁷

Figure 2.2 shows the populations in Birmingham and the Black Country broken down by age and ethnicity. The five ethnic groups used here – White, Mixed, Asian, Black and Other – reflect data availability.⁸ The four Black Country areas are shown as one in the figure.

Figure 2.2

The populations in Birmingham and the Black Country, by age group and ethnic group, 2019



Source: ONS, Population denominators by broad ethnic group, local authorities in England and Wales, 2019.

With an average age of 32 years and seven months, Birmingham’s population is much younger than the Black Country’s, where the average age ranges from 36 years and eight months in Sandwell to 42 years in Dudley. As can be seen from figure 2.2, Birmingham has many more 16- to 29-year-olds while the Black Country has many more people aged 45 or over. Birmingham’s large student population – around 80,000 people – is obviously a contributing factor here.⁹ Although the average age in the Black Country is higher than the average age in Birmingham, it is still below the England average of just over 40. Average age across the WMCA is 35 years and seven months.

Birmingham is ethnically more diverse than the Black Country in every age group. But the older the age group, the less ethnically diverse both areas become. All ethnic groups aged under 29 in Birmingham are minorities (that is, representing less than 50% of the population in this age group), including the White group. By contrast, 80% of people aged 65 or over in Birmingham and 90% of those in this age group in the Black Country are White. Within the Black Country, Wolverhampton and Sandwell are the most ethnically diverse, while Dudley is the least.

12% rise
over last 15
years

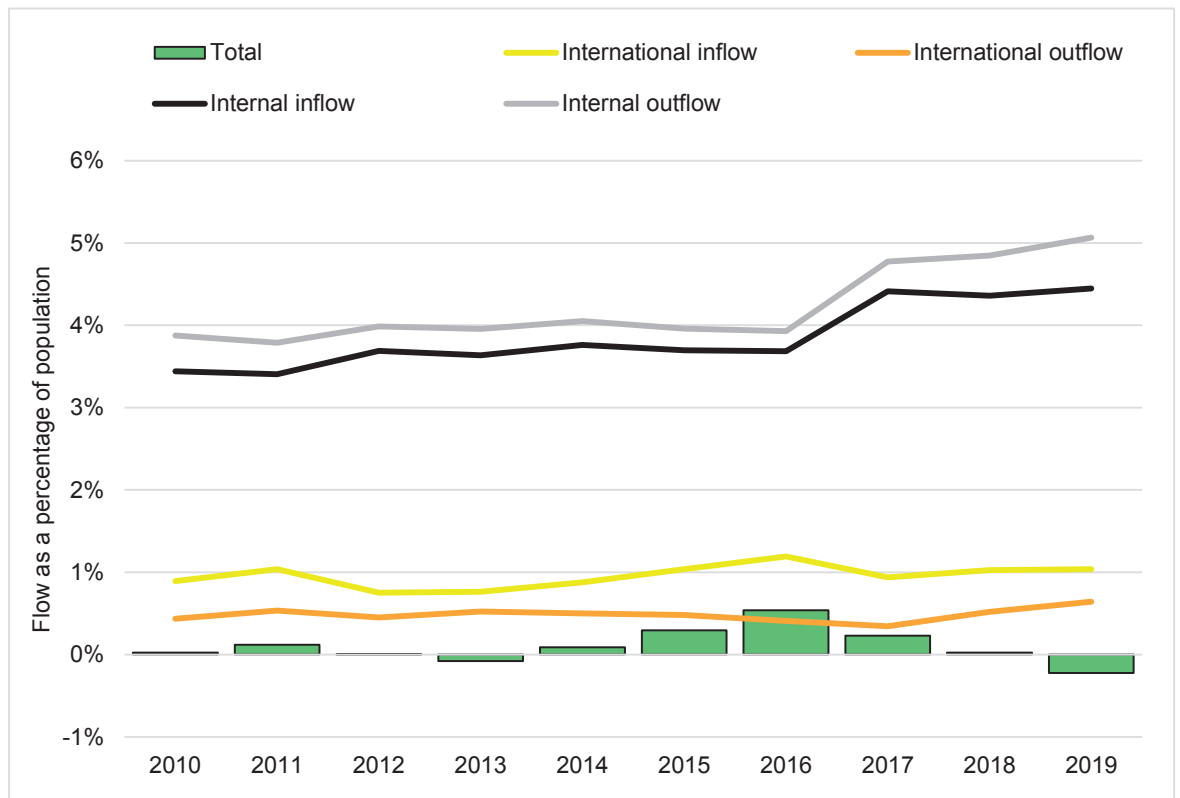
Population change, 2003 to 2033

Over the 15 years from 2003 to 2018, the population of Birmingham and the Black Country grew by 12% – an extra 250,000 people. This is in contrast to the 20 years previously, during which population numbers were falling even as numbers across England grew. Growth over the next 15 years is expected to slow, with a predicted increase of 7% (160,000 people), in line with the rate for England.

Birmingham (15%) and Sandwell (14%) grew the fastest from 2003 to 2018. Dudley (5%) grew the slowest, with Wolverhampton (9%) and Walsall (11%) in between. For the 15 years to 2033, there is less variation in forecast rates, from 9% in Walsall and 8% in both Sandwell and Wolverhampton to 6% in both Birmingham and Dudley.

Figure 2.3 shows that over the 10 years from 2010 to 2019, migration into Birmingham and the Black Country, from both abroad and the rest of the UK, played only a very small part in the overall growth in the population. ‘International inflow’ refers to people who have migrated from another country to one of the five boroughs and ‘international outflow’ refers to people who have migrated from one of the five boroughs to another country. Internal inflow and outflow refer to migration within the same country. Over the period, inflows averaged 22,000 a year and outflows 11,000. As a percentage of the total population, that is 1% and 0.5% respectively of the whole population of Birmingham and the Black Country.

Figure 2.3
Long-term international and internal migration from and to Birmingham and the Black Country, 2010–19



Source: ONS, Local area migration indicators, UK, 2019.

Domestic flows include moves between other parts of the UK and Birmingham and the Black Country as well as moves within Birmingham and the Black Country, from one local authority area to another (such moves adding to the total of both inflows and outflows). These domestic flows, averaging 88,000 a year inward (3.9% of the population) and 96,000 a year outward (4.2%), offset the net international inward migration.

Taking the internal and international flows together, the total net inflow over the whole period adds up to about 1% of the total population (roughly 23,000 people). Since the total population grew by 147,000 over the period, it is clear that this growth is overwhelmingly due to a greater number of births than deaths.

Looking at the individual age groups, 15- to 19-year-olds were the only group in Birmingham with a positive net inflow. This can largely be explained by the presence of five universities in the city, reflecting Birmingham's status as one of the largest university cities in the country. The largest internal outflows were among 20- to 24-year-olds and 25- to 29-year-olds. By contrast, the other four boroughs all recorded the largest internal outflows among 15- to 19-year-olds.

In 2019, for each of Dudley (55%), Walsall (56%) and Sandwell (62%), the majority of the internal inflow came from the other four local authorities. For Wolverhampton, it was slightly less at 41% and for Birmingham it was much lower, with only 16% of internal inflow coming from the neighbouring four boroughs.

Life expectancy in each area was below England average

MORTALITY

Life expectancy

Differences in mortality rates – the likelihood of dying at any particular age – between people and places are a reflection of inequalities across many aspects of life. Many of these inequalities are matters of economic justice, for example where households are unable to access good-quality housing, or must take jobs in which working conditions are poor.

Life expectancy is the age to which someone can expect to live. The usual statistic is life expectancy at birth, but it can be calculated for any age. Since 2011, increases in life expectancy across the UK have slowed and, for the more deprived sections of society, stopped altogether.¹⁰ While this slowing is not unique to the UK,¹¹ it is concerning whenever it signifies that gaps in life expectancy between the least deprived and most deprived areas are widening.

Figure 2.4 shows male and female life expectancy at birth for the five local authority areas of Birmingham and the Black Country, and for the West Midlands and England, in both 2006–08 and 10 years later. There are several points of note.

First, both male and female life expectancy went up everywhere over the 10-year period, although male life expectancy went up more than female life expectancy. Nevertheless, male life expectancy remained lower than female life expectancy in every case.

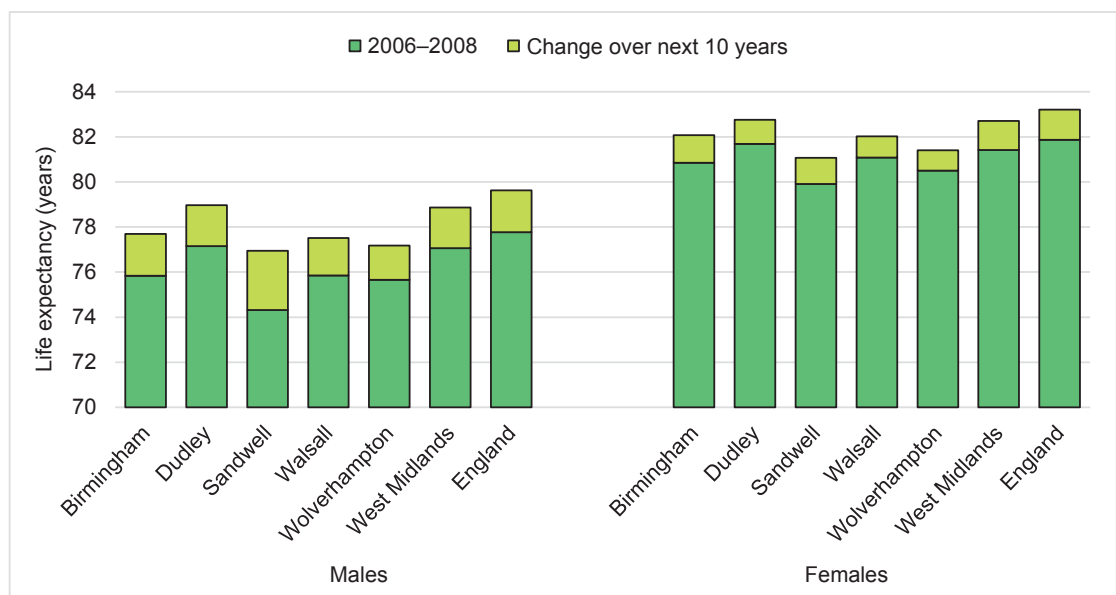
Second, life expectancy in each of the five areas was below the England average (by more than two years in Sandwell) and, with the single exception of male life expectancy in Dudley, was also below the West Midlands average.

Third, life expectancy among the five areas varied by between 1.7 years (female) and 2.0 years (male), with Dudley always having the highest life expectancy and Sandwell the lowest.

Fourth, although life expectancy rose everywhere, as a rule it rose less in Birmingham and the Black Country than in England as a whole.¹² The main exception to that was male life expectancy in Sandwell.

Figure 2.4

Life expectancy at birth in Birmingham and the Black Country, the West Midlands and England, 2006–08 and 2016–18



Source: ONS, Life expectancy at birth and age 65 by sex, UK, three-year average to 2008 and 2018.

Variations *between* averages for local authority areas are much smaller than variations *within* local authority areas between the highest life expectancy and the lowest.

Measuring life expectancy at the level of the electoral ward, the difference between the highest and lowest in each local authority is typically eight years, ranging from 6.7 years (male, Wolverhampton) to 10.6 years (male, Walsall). Although these gaps are large, they are far from the largest across England. This is predominantly because very few wards in Birmingham and the Black Country are found in the top fifth in England for life expectancy.¹³

Avoidable mortality

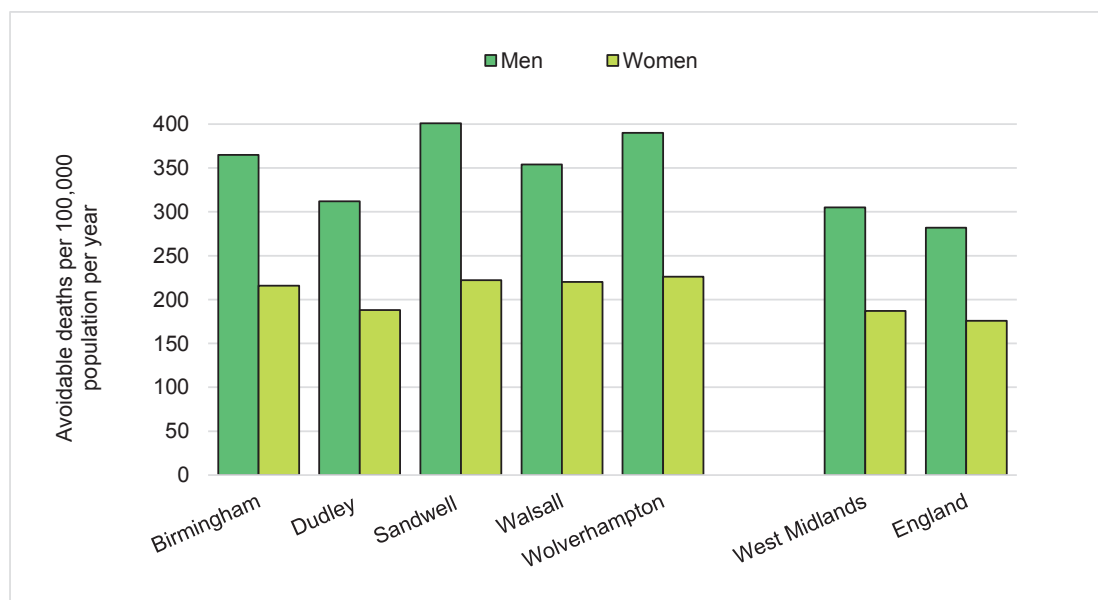
Avoidable mortality is a measure of the number of people who die each year from causes that are considered to be either *preventable* or *treatable*. Conditions may be deemed preventable through, for example, public health interventions. Treatable conditions are ones where death could be avoided through good-quality health care.¹⁴ Some causes of death can be counted as both preventable and treatable.¹⁵

Figure 2.5 shows the age-standardised avoidable mortality rates for men and women in Birmingham and the Black Country, the West Midlands and England. These rates allow comparisons between areas with different age mixes in their population.¹⁶ Two points stand out. First, avoidable mortality is much higher among men than among women,

ranging in Birmingham and the Black Country from 60% higher in Walsall to 80% higher in Sandwell. Sixty per cent is also the gap between the male and female rates at the England level.

Figure 2.5

Age-standardised avoidable mortality rates in Birmingham and the Black Country, the West Midlands and England, 2016–18



Source: ONS, Avoidably mortality by local authority in England and Wales: 2018.

Second, avoidable mortality is higher across all five local authority areas than in England as a whole, for both men and women. The gap, compared with England, ranges from around 10% (in Dudley) to 40% (in Birmingham and Wolverhampton) for men, and from a little under 10% (in Dudley) to around 25% (in the four other areas) for women.

Much of the gap in avoidable mortality rates nationwide between people in the least and most deprived areas is driven by what the 2010 Marmot Review of health inequalities in England referred to as the social determinants of health, whereby health is closely linked to: the conditions in which people are born, grow up, live and work; age; as well as inequalities in power, money and resources.¹⁷ One of these determinants is 'green space', which contributes to good health through improved air quality, enhanced physical activity, stress reduction and greater social cohesion.^{18,19} Measured by 'canopy cover' – the area of leaves, branches, tree trunks and so on²⁰ – electoral wards in Birmingham with the least green space are among the most deprived.²¹ For example, all 10 wards with the least canopy cover are in the most deprived 10th of wards.

HEALTH

Healthy life expectancy

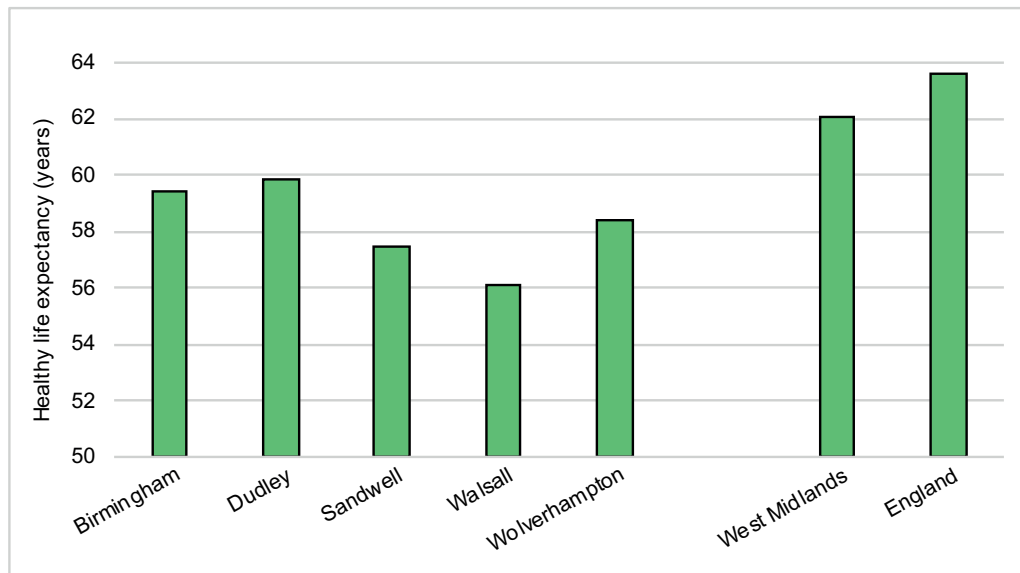
Healthy life expectancy is the average number of years that an individual can expect to live in a state of good health, based on current mortality rates and people's self-assessed health. **Figure 2.6** shows the average (of male and female) healthy life expectancy for Birmingham and the Black Country, as well as the West Midlands and England.²² The broad pattern is similar to that for overall life expectancy, with Dudley and Birmingham better than the other three Black Country areas, but all below the England average. There are, however, some telling differences of detail.

Healthy life expectancy all below England average

First, the gap in healthy life expectancy, between Birmingham and the Black Country on the one hand and England on the other, is much bigger than the life expectancy gap. For life expectancy, the biggest gap is for Sandwell, at 2.1 years for women and 1.7 years for men. By contrast, for healthy life expectancy, the smallest gap is for people living in Dudley, at 3.8 years.

Figure 2.6

Healthy life expectancy at birth in Birmingham and the Black Country, the West Midlands and England, 2016–18



Source: ONS, Life expectancy, healthy life expectancy and disability-free life expectancy at birth and age 65 by sex, UK, 2016 to 2018.

Second, Walsall has particularly poor healthy life expectancy, at 56 years. This means that the average person in Walsall lives in good health for eight years fewer than the average person in England. Healthy life expectancies in the mid- and even late-50s mean that people on average are spending up to 10 years with less than good health before they reach the state retirement age. For those who develop health problems before the age of retirement, it may be hard for them to sustain employment and this could add financial and caring pressures to their household.

Third, the difference between male and female healthy life expectancy is measured in months, whereas women tend to live years longer than men. This is the case nationally and in all five local authority areas, meaning that women will be living longer in poor health than men.

Adults and children with health needs

In the midst of a pandemic where the threat posed by COVID-19 focuses attention on the health of older people, it is important not to overlook the long term special health needs of children and working-age adults. **Figure 2.7** shows a selection of health conditions and health needs among people in Birmingham and the Black Country as reflected in local authority or health service registers. The selection is not based on any general principle (other than data availability) and no significance is to be attached to any condition or group not shown in the figure.

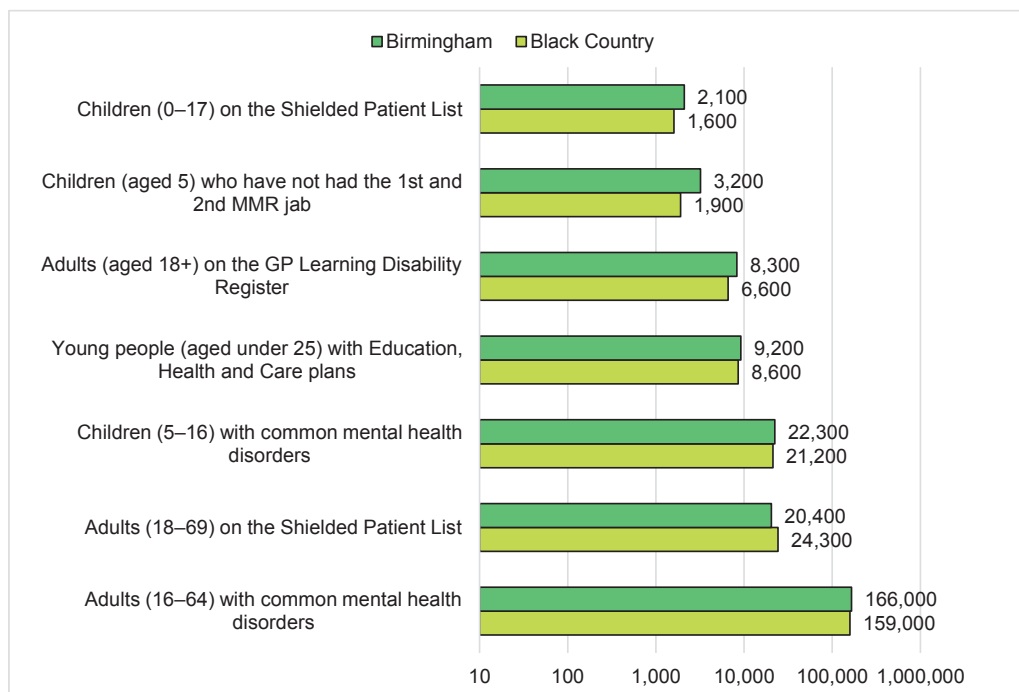
There are two points to **figure 2.7**. The first is to highlight the breadth of health conditions that require support, either from local services or from family, friends and community. The second is to draw attention to the scale of need.

The 3,700 children (aged 0–17) and almost 45,000 adults under the age of 70 on the COVID-19 Shielded Patients List (SPL) are indicative of the numbers with health conditions that leave them especially vulnerable to becoming seriously ill if infected. It is not just the people on the SPL themselves who are severely restricted, but their families too. For example, if children on the SPL have an average of between one and two siblings each, that would mean about 10,000 children (2%) unable to go out, go to school, visit friends and so on. If their parents cannot work from home, there may also be adverse impacts on family income.

The 5,100 five-year-olds who have not had the measles, mumps and rubella (MMR) first and second (booster) jab – and therefore do not have full immunity against these diseases – represent 15% of all five-year-olds (18% in Birmingham). This pattern can also be seen with inoculations against other diseases.^{23,24}

Another connection between health and wellbeing on the one hand and public service provision on the other concerns Education, Health and Care (EHC) plans. Almost 18,000 children and adults aged under 25 across Birmingham and the Black Country had such plans in 2020. The Coronavirus Act 2020 reduced the absolute duty on local authorities to provide what is set out in an EHC plan to a ‘reasonable endeavours’ one (that is, to try to provide what is set out) – although the requirement to carry out needs assessments and annual reviews remains in place. These assessments and reviews are important because the needs of many children and young people with special educational needs and disabilities will have changed since the start of the pandemic.

Figure 2.7
Children and working-age adults with special health needs in Birmingham and the Black Country



Source: NHS Digital, Coronavirus Shielded Patient List Summary Totals, August 2020; Public Health England (PHE) via Fingertips, Adults with learning disabilities by LA, 2018/19; ONS, Explore education statistics, Education, health and care plans, 2020; PHE via Fingertips, Estimated prevalence of common mental disorders, adults, 2017 and children, 2015; and NHS Digital, Childhood Vaccination Coverage Statistics, England, 2018–19.



DISCUSSION

Combatting long-term ill-health is recognised as a priority within the WMCA's 2020 *Health of the Region 2020 report*.²⁵ The statistics presented in this chapter support that. For example, Walsall has the second worst healthy life expectancy among more than 150 English local authority areas (ahead only of Blackpool) for both men and women; while Sandwell is third worst for male healthy life expectancy. Apart from Dudley, most statistics are not just below average across all five local authority areas in Birmingham and the Black Country but also usually in the bottom 30 England-wide.

While the COVID-19 pandemic and the issues around life expectancy draw attention towards older people, Birmingham is a very young city while the Black Country is younger than the English average. Between them, the five local authority areas have tens of thousands of children, young adults and older working-age adults with high and lasting needs, often requiring long-term support delivered through health and social services.

The question is whether there will be both the resources and the will to address these needs as the pandemic fades. One aspect of this is whether there will be enough people who want to do health and social service jobs. According to a survey carried out for the Fawcett Society during the first national lockdown, almost half of women questioned in the West Midlands reported that they had considered retraining for health or social care during the pandemic. Younger women, parents and women from Black and minority ethnic backgrounds were all more likely to have considered this.²⁶

As the Birmingham Anchor Institution Network is showing through the links it is developing between people who have lost their jobs in hospitality and hospitals looking to recruit staff, people who are being made redundant have skills that could be of great value elsewhere.²⁷

Chapter 2 Endnotes

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7. Select Committee on Economic Affairs (2008) *Economic Affairs – First Report*, 'Chapter 6: Rising population density: impacts on housing and wider welfare issues', House of Lords.
8. White consists of: English, Welsh, Scottish, Northern Irish, British, Irish, Gypsy or Traveller and any other White background. Mixed consists of: White and Black Caribbean, White and Black African, White and Asian and any other Mixed background. Asian consists of: Asian British, Indian, Pakistani, Bangladeshi, Chinese and any other Asian background. Black consists of: Black, African, Caribbean and any other Black, African or Caribbean background. Other consists of: Arab and any other ethnic group.
9. Birmingham is the 14th youngest among English local authority areas. The top five are all student cities – Oxford, Nottingham, Manchester, Cambridge and Leicester. Coventry is eighth. Only student cities and east London boroughs are ahead of Birmingham in this list.
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15. For example, diabetes is treatable in the sense that it can be managed through effective health care interventions and type 2 diabetes can be prevented through effective public health interventions.
16. Office for National Statistics (2019) 'User guide to mortality statistics', ONS, August.
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18. The definition of greenspaces is from Public Health England (2020) [Improving Access to Greenspaces: A new review for 2020](#), Public Health England, p 6.
19. Harting T, Mitchell R, de Vries S and Frumkin H (2014) '[Nature and health](#)', *Annual Review of Public Health*, vol 35, pp 207–28.
20. Grove et al. (2006), A Report on New York City's Present and Possible Urban Tree Canopy; United States Department of Agriculture.
21. In the bottom half of all wards in Birmingham.
22. The average is shown because there is little difference between men and women by area. The largest difference is found in Sandwell where healthy life expectancy between women and men differs by 11 months.
23. For example for diphtheria, tetanus, polio and pertussis.
24. NHS Digital, Childhood Vaccination Coverage Statistics, England, 2018-19.
25. West Midlands Combined Authority (2020) [Health of the Region 2020](#), WMCA.
26. Fawcett Society (2020) '[New data shows coronavirus impact on women in West Midlands and Great Manchester](#)', Fawcett Society, news release, 16 July.
27. The Birmingham Anchor Network was established in January 2018. Its role is to support the seven participating anchor institutions to maximise the benefit they bring to the Birmingham economy. With combined budgets of more than £5 billion and a workforce of more than 50,000, the anchor institutions are large economic agents. By collaborating on work in key areas of procurement, employment and the management of land and assets, they have the potential to play a role in shaping the city's economy. The seven anchor institutions are the Police and Crime Commissioner, the University of Birmingham, Pioneer Housing Group, Birmingham City Council, Queen Elizabeth Hospital, Aston University and Bourneville Village Trust. See: [Birmingham Anchor Network Leadership Group \(2020\) Birmingham Anchor Network Response to the COVID-19 Pandemic](#), Birmingham Anchor Network Leadership Group.



3

HOUSEHOLD AND COMMUNITY RESOURCES

Household and community resources

INTRODUCTION

This chapter looks at some of the resources available to households and the inequalities in these resources both within Birmingham and the Black Country and compared with other areas. As our first report on economic justice highlighted, the region has significant levels of deprivation. Deprivation as a concept includes not just income and employment, but also takes other resources – such as housing, education and the local environment – into account, making it a good fit with the broader definition of resources used in this chapter.

This chapter covers three components of household and community resources.

The first part of the chapter builds on the findings of the first report, looking at the levels of deprivation and poverty across the region, with a particular focus on children.

The second part covers the financial resilience of households. The combination of the COVID-19 pandemic and the subsequent recession has led to twin threats to household employment. This part of the chapter looks at the relative size of household savings compared with income. Savings are pivotal to the financial security of a household; they also have a significant impact on the household's interaction with the social security system.

The third part looks at the extent to which the social security system can be relied on, and what its capacity is, to act as a safety net. The economic consequences of the pandemic, combined with widespread deprivation and financial precarity, mean that the adequacy of the safety net is very important.

This chapter helps us understand:

- how the high levels of deprivation in Birmingham and the Black Country, well known to many local people and organisations, compare with other parts of England;
- the level of financial resilience among households in the West Midlands, based on measures of household savings relative to household income;
- the increasing importance of social security, in the light of both the underlying (pre-pandemic) levels of worklessness and low income and the unemployment that the recession is creating;
- the extent to which new patterns of economic vulnerability across Birmingham and the Black Country differ from more long-standing ones.

The chapter's main conclusion is that going into the recession provoked by the pandemic, many households in Birmingham and the Black Country were already in a financially precarious position and, in the months to come, the social security system is not a guaranteed safety net for all those in need of it.

30% are in the most deprived 10th of local areas nationally

DEPRIVATION AND LOW INCOME

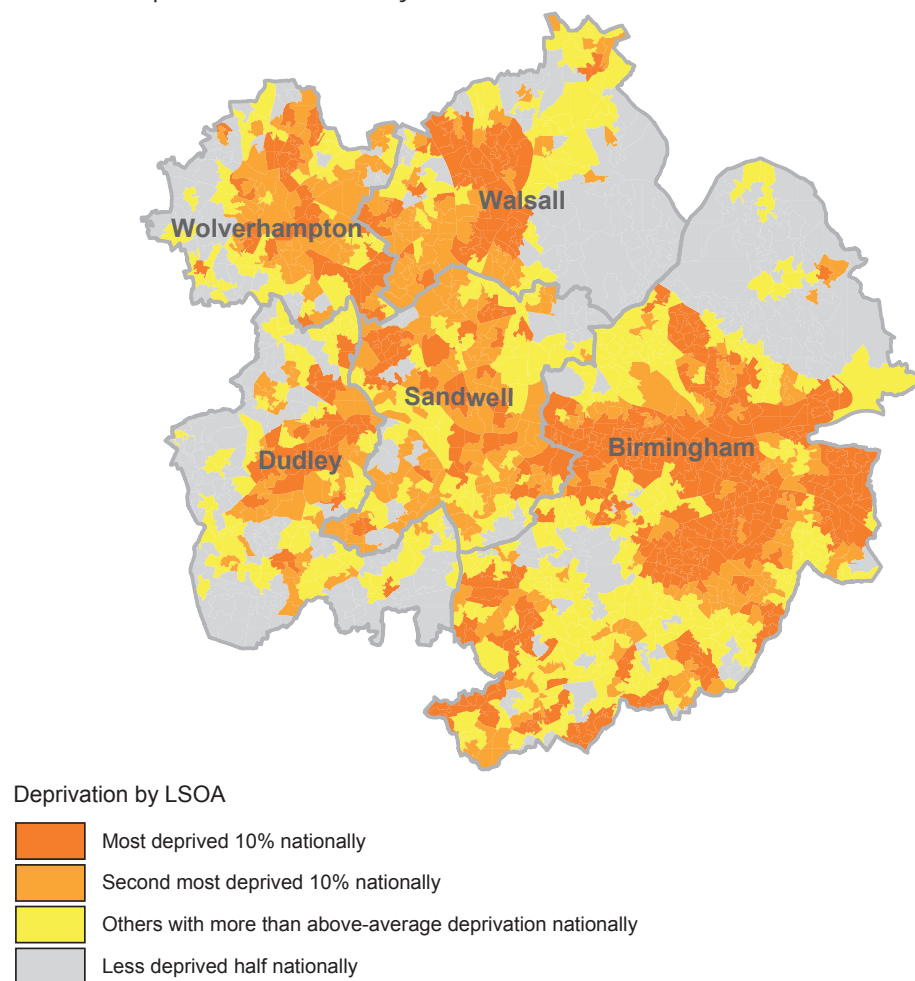
Local area deprivation

Understanding economic justice across a large area requires an assessment of the local areas facing particular challenges. The localised Index of Multiple Deprivation (IMD) is the best way to do this. The IMD is constructed using official statistics on income, employment, education and skills, health and disability, housing, environment and crime. The index is calculated at the ‘lower-layer super output area’ (LSOA) level. Birmingham and the Black Country have 1,351 LSOAs. The IMD therefore provides a fine-grained measure of both the differences within the region and, since deprivation is measured on a national scale, how the region compares with the rest of England.

Figure 3.1 updates the picture of deprivation in Birmingham and the Black Country presented in our first report on economic justice, using data for 2019 instead of 2015. On the latest data, 400 local areas in Birmingham and the Black Country (30%) are in the most deprived 10th (decile) of local areas nationally. A further 285 (21%) are in the next most deprived decile nationally. At the other end of the scale, just 271 local areas (20%) are in the least deprived half nationally.

Figure 3.1

Map of LSOAs by level of deprivation in Birmingham and the Black Country, 2019



Source: Ministry of Housing, Communities and Local Government (MHCLG) Indices of Multiple Deprivation, 2019. Boundary data: Contains National Statistics data © Crown copyright and database right (2020), Contains OS data © Crown copyright and database right (2020)

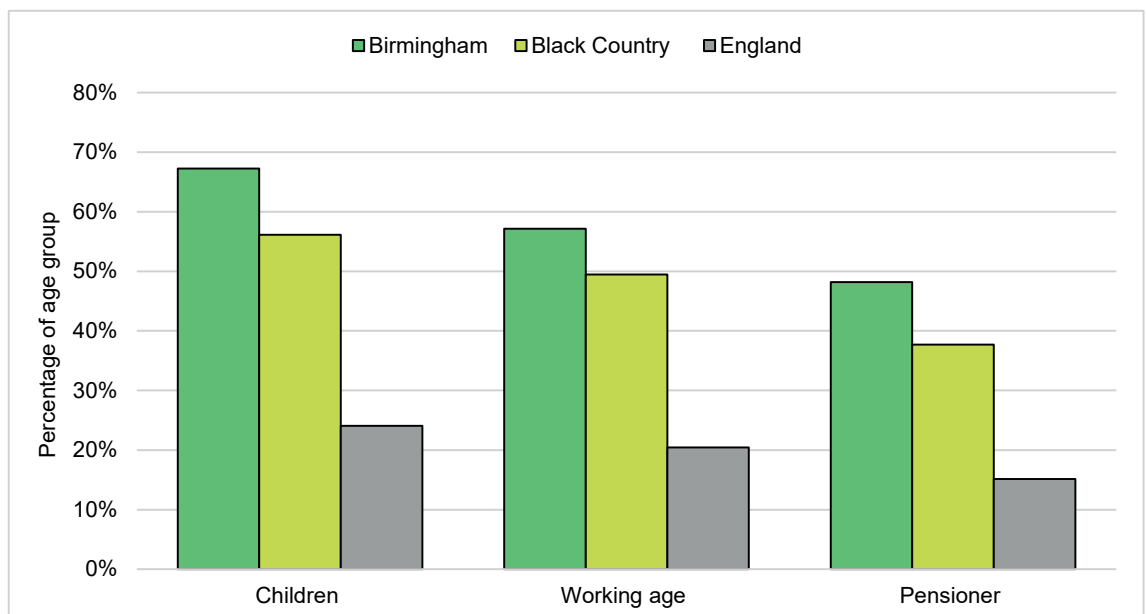
That Birmingham and the Black Country have many deeply deprived local areas is not news to people who know the area well. The point of emphasising that fact here is to put what is well known locally in a national context. While there are individual local authority areas in England with more deprivation than Birmingham and the Black Country, there is nowhere so large with deprivation on this scale. Only six local authority areas (including Blackpool, Liverpool, Manchester and two London boroughs) are more deprived than Sandwell or Birmingham. Only another eight (including Blackburn, Burnley, Hull, Middlesbrough, Nottingham and Stoke) are more deprived than Birmingham and the Black Country together.

Compared with 2015, around a quarter of local areas are now in a lower (more deprived) decile in Walsall (45 of 167), Dudley (51 of 201) and Sandwell (41 of 186), while around a fifth are in a lower decile in Birmingham (115 of 639). Only in Wolverhampton has deprivation eased a little. The IMD is a relative measure so local areas have not necessarily become more deprived in absolute terms, but they have become more deprived compared with other areas of England.

Figure 3.2 shows the extent to which people in the three main age groups are concentrated in the most deprived fifth of local areas. Nationally, 24% of children live in the most deprived fifth, as do 20% of working-age adults and 15% of pensioners. Although the pattern is the same in Birmingham and the Black Country, the proportions involved are far higher, with 67% of children in Birmingham and 56% of children in the Black Country in the most deprived fifth of local areas. Even among pensioners, almost half in Birmingham and more than a third in the Black Country live in the most deprived fifth of local areas nationally.

Figure 3.2

Proportion of people in Birmingham, the Black Country and England living in areas in the most deprived fifth nationally, 2019



Source: MHCLG, Index of Multiple Deprivation 2019.

1.3 million households in West Midlands in poverty

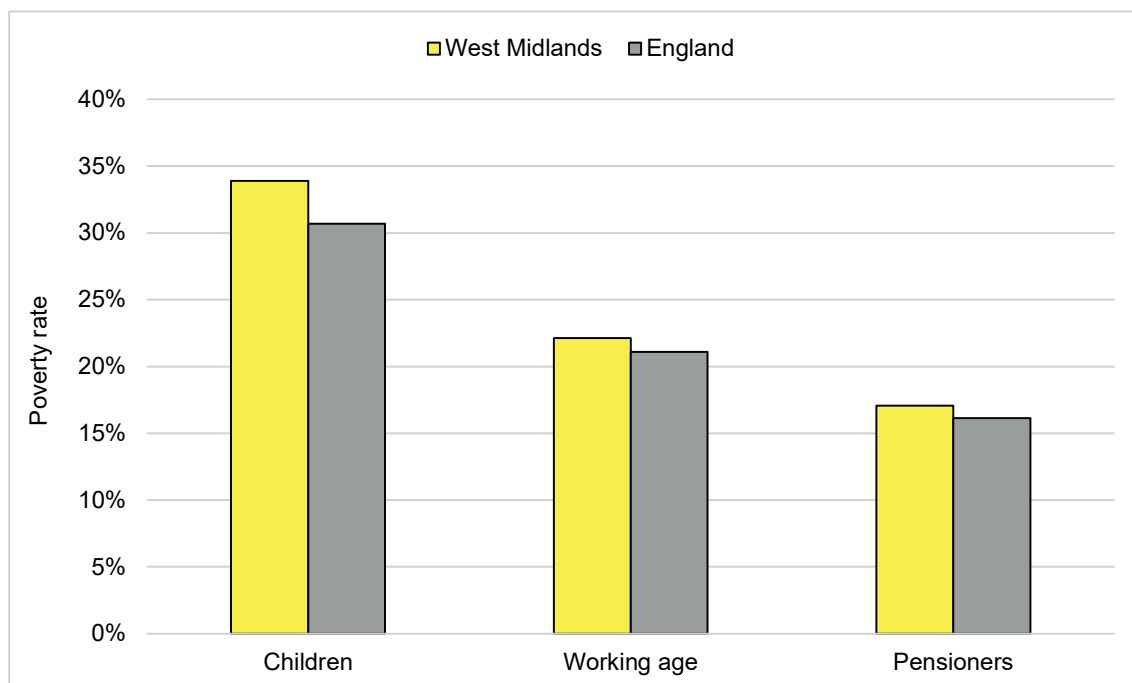
Low income

This subsection looks at households in poverty, measured by households with an income below 60% of average (median) income after housing costs.²⁸ Not all of the data is available for Birmingham and the Black Country specifically, so some inferences need to be made from results for the West Midlands region.

Figure 3.3 shows the proportion of people in poverty by age – the poverty rate – in the West Midlands and England. In the three years to 2018/19, 24% of people in the West Midlands were in a household in poverty, above the England-wide poverty rate of 22%. In 2018/19, there were around 1.3 million households in poverty in the West Midlands. While the poverty rates for adults are indistinguishable from the England averages, the rate for children is higher in the West Midlands, by three percentage points.

Figure 3.3

Poverty rates among children, working-age adults and pensioners in the West Midlands and England, 2018/19



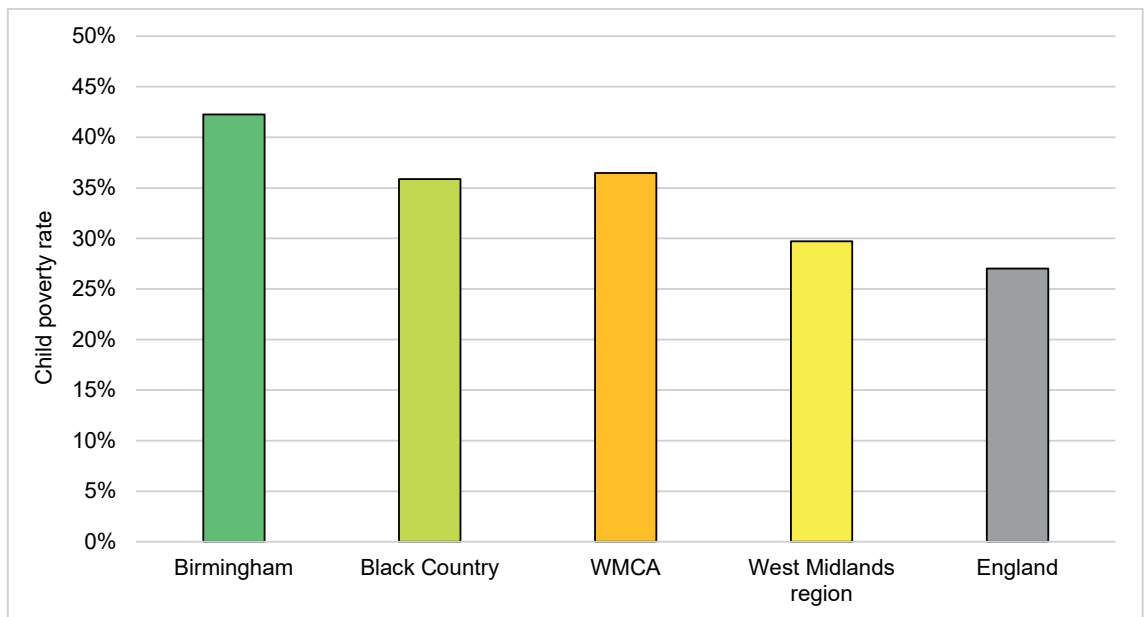
Source: Department for Work and Pensions (DWP) HBAI 2018/19; the data represents a three-year average.

Region-wide averages mask significant variation across the West Midlands. Levels of deprivation in Birmingham and the Black Country suggest that local poverty rates are higher than the West Midlands average. Local-level estimates of child poverty confirm that this is so. In the presentations that follow, the published estimates have been adjusted to take account of housing costs so as to be as consistent as possible with those presented in **figure 3.3**.²⁹

Figure 3.4 shows these estimated child poverty rates (here for children aged under 16), for Birmingham, the Black Country, the WMCA and the West Midlands region, compared with England. On this measure, the child poverty rate in Birmingham is 12 percentage points above the regional average while both the Black Country and the WMCA are six percentage points higher.

Figure 3.4

Figure 3.4
Estimated child poverty rates (after housing costs), for children aged under 16, by local authority, 2018/19³⁰



Source: DWP, Children in low income families: local area statistics 2014/15 to 2018/19. HBAI, 2018/19. Figures are three-year averages.

In comparison with other major urban areas in England, the WMCA has a higher child poverty rate (36%) than both Greater Manchester (32%) and the Liverpool city region (27%).

There is also significant variation in child poverty within Birmingham and the Black Country. Fourteen of the 23 parliamentary constituencies are in the top 100 for child poverty – six in Birmingham and eight in the Black Country.³¹ In Birmingham, Hodge Hill and Ladywood have the highest child poverty rates of any constituency in England, both above 50%. Hall Green, also above 50%, is in the top 10; Perry Barr, Yardley and Erdington are in the top 100. Across the Black Country, Walsall South, Warley and West Bromwich West are in the top 50. Child poverty rates here are at least 40%. Walsall North, West Bromwich East, Wolverhampton North East, Wolverhampton South East and Dudley North (all at least 35%) join them in the top 100.

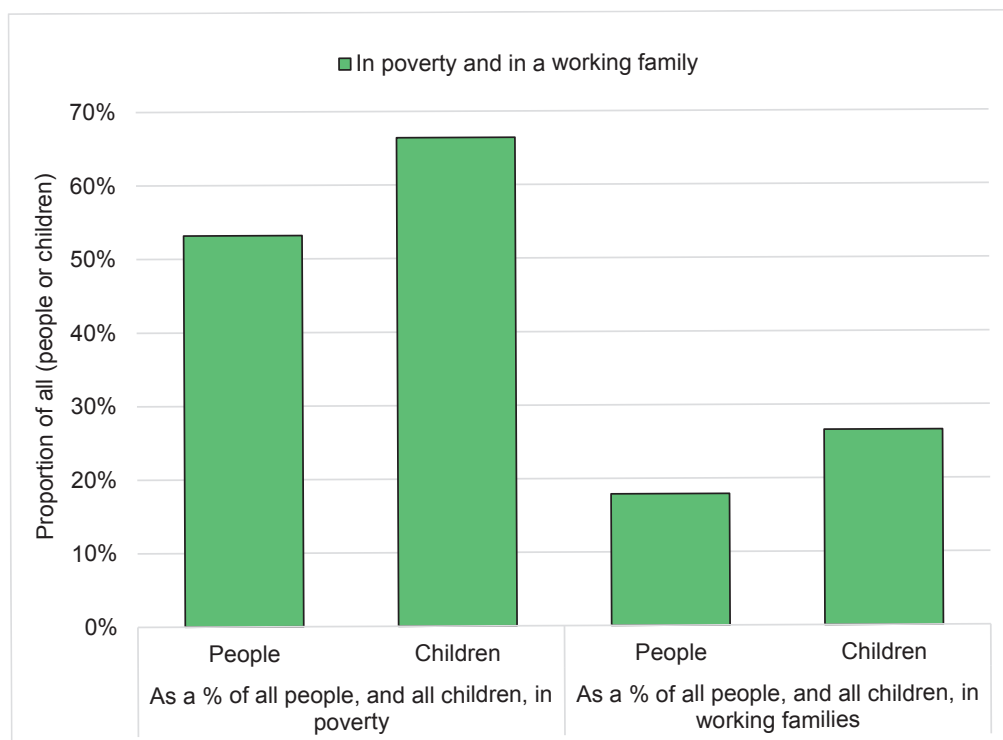
In-work poverty

It has long been recognised that while few working-age families can avoid poverty unless someone in the household is working, work alone does not guarantee an income sufficient to take a household above the poverty line. Families with at least one adult in work whose household income is below the poverty line are described as being in 'in-work poverty'.

Figure 3.5 shows that 53% of people in poverty, and 66% of children in poverty, are in working families; and 18% of people in working families, and 27% of children in working families, are in poverty. Both of these figures – the 'risk' of poverty (among those in working families) and in-work-poverty's 'share' of all poverty – are broadly similar to the figures for England as a whole for both all people and children.

Figure 3.5

People, and children only, in poverty and in a working family, West Midlands, 2018/19



Source: DWP, HBAI, 2018/19; the data represent a three-year average.

HOUSEHOLD RISK AND RESILIENCE

Household risk of losing employment

This part of the chapter looks at aspects of household risk and household resilience. The pressure on lone parents to work began to be stepped up in 2008 with the introduction of the Lone Parent Obligation. This required a lone parent to seek work once their youngest child reached the age of 12.³² Subsequent changes have brought that age down further, to the point where a lone parent is now obliged to seek part-time work once their youngest child turns three.³³ Nor is it just lone parents who face a pressure to work since, unlike the predecessor tax credit system, Universal Credit (UC) imposes work-seeking conditions on both adults in a couple family.

From a poverty point of view, there is a certain logic to this since the majority of in-work poverty occurs in families where one adult is working but others are not. However, the priority attached to paid work requires some way of providing for caring responsibilities.

The pandemic has called the viability of the current care arrangements into question, for three reasons. First, there are doubts about the economic viability of childcare providers.³⁴ Second, restrictions on whether people from different households can meet indoors limit the scope for informal childcare. Third, the shielding of, and caution by, grandparents – who are often the providers of informal childcare – restrict many families’ options.

37%
of working-age households are at risk of unemployment

The combination of the pandemic and the recession has created a double threat to household employment. The first is the direct risk of being made redundant. The second is that employment will have to be reduced or given up in order to look after children or adults because paid-for, or informal, care is no longer available. **Figure 3.6** shows two groups especially at risk.

The first are the households for whom the consequences of unemployment are most severe because they are part-working (that is, at least one adult is not working) and so are reliant on just one income. Because of the way that UC incentivises work, it is not just income from earnings that is at risk if the whole household becomes ‘workless’ – benefits may also be reduced.

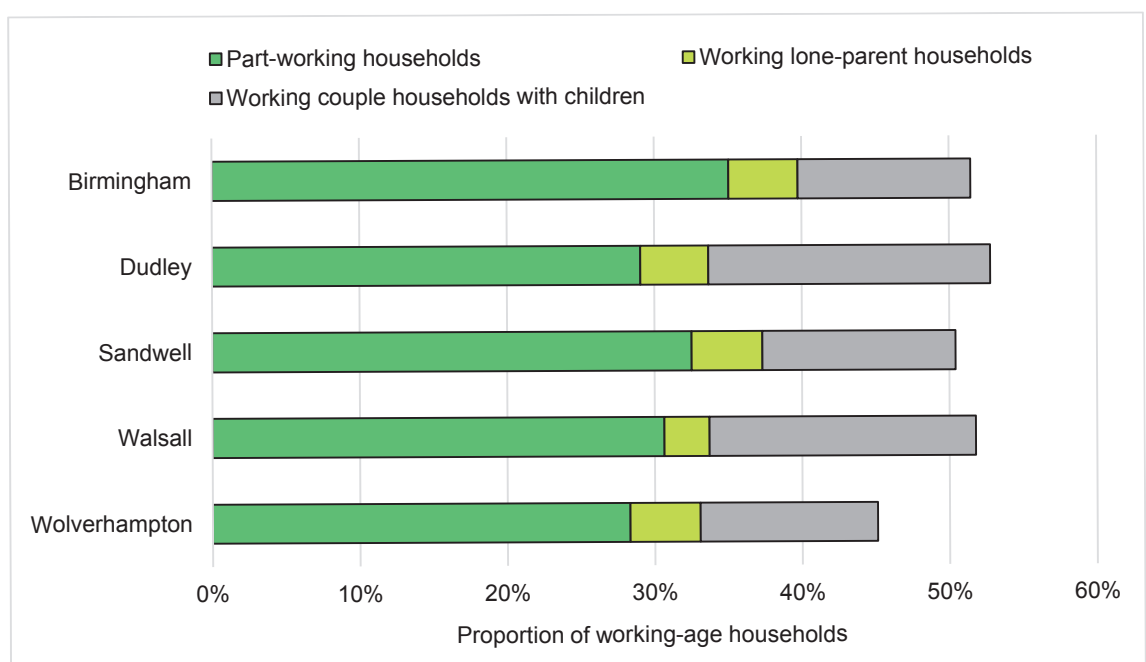
The second are the households most exposed to the risk of having to give up work in order to provide childcare, being those with children where both adults are working. These appear in **figure 3.6** as ‘working couple households with children’. **Figure 3.6** also shows working lone-parent households, which are assumed to face both threats.

Across Birmingham and the Black Country, 37% of working-age households are at risk of unemployment leaving their household workless, while 18% are at risk of having to give up work in order to provide care. The 5% of households that are working lone-parent households appear in both groups, giving a total of 51%.

In terms of childcare, research by the Institute for Fiscal Studies during the first national lockdown produced some telling findings as to how additional time spent caring for children at home as a result of the lockdown tended to be divided between mothers and fathers. First, while the number of hours that both mothers and fathers spent on childcare increased (up by 3.5 and four hours a day respectively), the underlying inequality meant

Figure 3.6

Working-age households by work status and family type in Birmingham and the Black Country, 2019



Source: Annual Population Survey – households with dependent children and type, 2019

that women were still doing significantly more childcare (10.25 hours a day compared with eight hours a day for men).

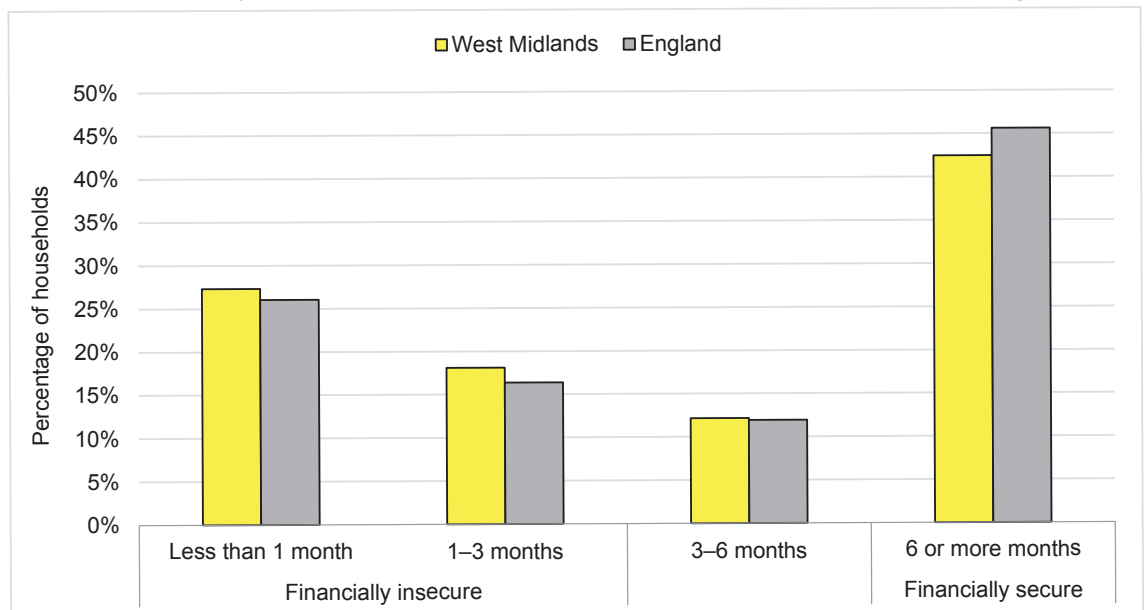
Second, mothers who stopped working for pay during lockdown while their partner continued to work, did twice as much childcare and housework as their partner. But in households where the father stopped working, mothers did the same amount of childcare and housework as their partner. Third, the quality of the (paid) work time was different too. Among working parents, mothers did two-and-a-half hours of uninterrupted work a day, compared with fathers who did five hours of uninterrupted work a day (with an additional two to two-and-a-half hours each of interrupted work).³⁵ In short, underlying inequalities and differential labour market impacts combine to mean that the impacts of the pandemic on the household division of labour are far from equal.

Household financial resilience

Savings contribute to the financial resilience of households, helping to smooth income fluctuations and provide a buffer against unexpected costs. A quarter of households in the West Midlands have less than £1,500 in savings (all financial assets, that is, not just current or savings account balances). Thirty-seven per cent have between £1,500 and £20,000 in savings, while another 37% have more than £20,000. Nationally a smaller proportion, 23%, have little or no savings (up to £1,500) and a larger proportion have substantial savings (more than £20,000).³⁶

One way of looking at financial resilience is to measure household savings in terms of the number of months of household income it represents. A report by the London School of Economics (LSE) found that just 40% of UK households were ‘financially secure’. These are households whose net financial assets (total assets minus housing liabilities) are worth at least six months of their income. The report defined ‘financially insecure’ households as those with assets worth less than three months’ income.³⁷ Following this approach, **figure 3.7** shows how financial resilience in the West Midlands compares with England as a whole. Financially insecure households are divided into two: those whose savings would

Figure 3.7
Financial resilience in the West Midlands before the COVID-19 crisis (number of months over which savings could cover net income), 2016–18



Source: ONS, Wealth and Assets Survey, round 6, July 2016 to March 2018.

not cover one month of lost income and those whose savings would cover between one and three months of lost income.

Broadly speaking, financial resilience in the West Midlands and in England as a whole is similar, with 42% of households in the West Midlands having enough savings to cover six or more months of their income, compared with 46% of households in England. Of those financially insecure in the West Midlands, 18% have sufficient savings to cover between one and three months of income, leaving 27% with a month's income or less.

Although it is certain that a higher proportion of households will be financially insecure in Birmingham and the Black Country in comparison with the West Midlands, there is no basis on which to make an estimate. Assuming therefore that the percentages for the West Midlands apply, at least 240,000 households in Birmingham and the Black Country have less than a month's income as savings, 160,000 households have between one month and three months, while at most 380,000 have more than six months.

For the quarter of households who have less than a month's income in savings, the five-week wait for the first payment of UC is guaranteed to leave them short of money. On the other hand, people who have savings in excess of £16,000 are not entitled to claim UC, while the UC payment is reduced if savings are above £6,000. We estimate that across the West Midlands, some 56% of working-age households have savings above £6,000, of which 40% have savings above £16,000.³⁸

Higher proportion of working-age adults claim social security

RELIANCE ON SOCIAL SECURITY

Claims for social security benefits

The economic recession accompanying the COVID-19 pandemic has resulted in more households becoming reliant on the safety net provided by the social security system. Those people not working include both those actively looking for work (who count as unemployed) and those who are not (counted as economically inactive).³⁹

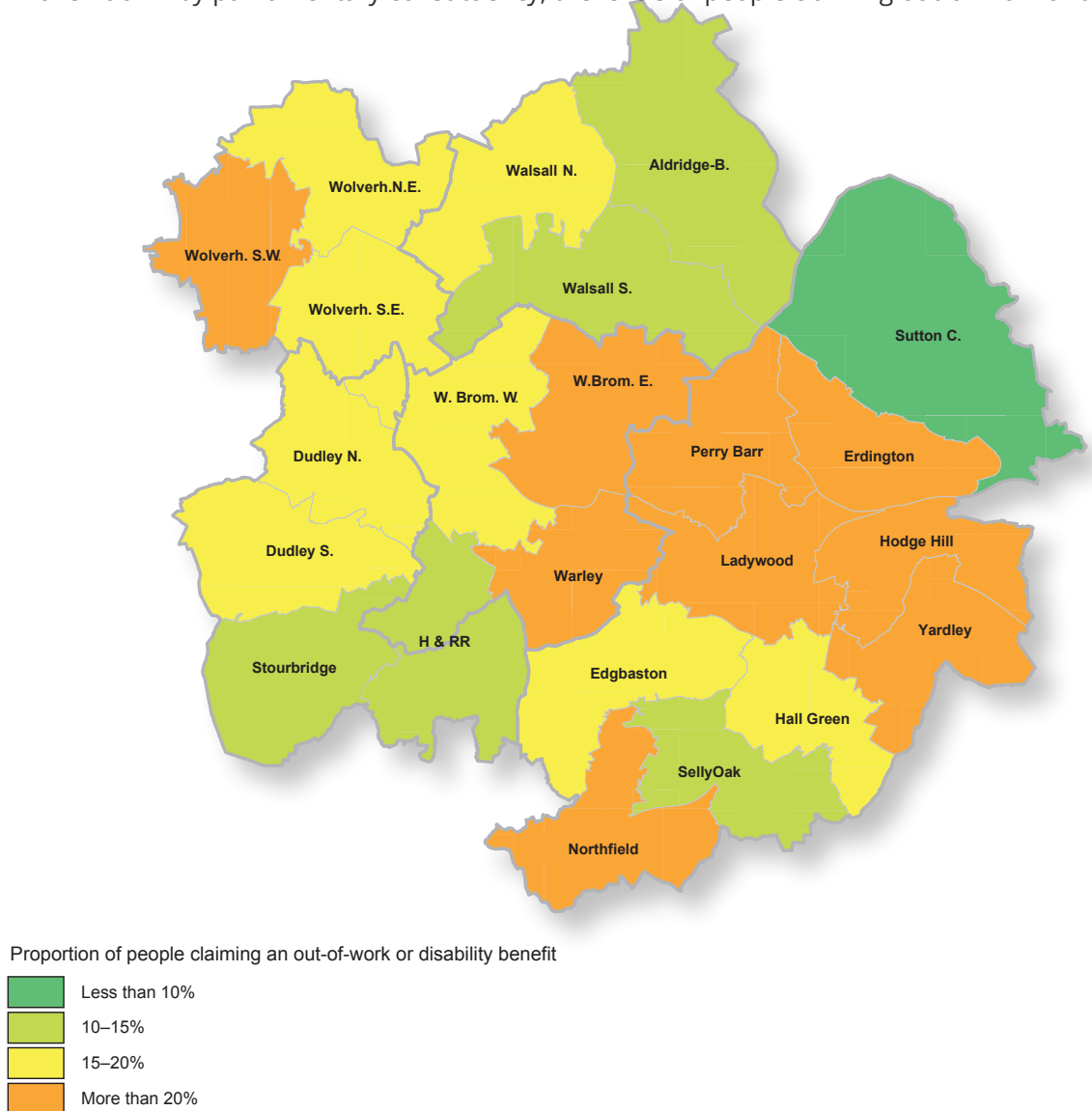
At the start of the pandemic, the government increased the maximum amounts of both UC and Working Tax Credit by £20 a week for single and couple claimants of those benefits. Local Housing Allowances (LHA), which determine the amount of Housing Benefit or UC a family can claim, were also increased. As a percentage of the Minimum Income Standard (MIS),⁴⁰ which measures how much money a family would require to meet their material needs and participate in society, the £20 increase took the value of UC for an out-of-work couple with two children from 56% of the MIS before the increase to 61% after.

As of May 2020, Birmingham (11.8%), Wolverhampton (11.7%), Sandwell (10.4%), Walsall (10.0%) and Dudley (8.7%) all had a higher proportion of their working-age populations claiming an out-of-work benefit than the national average (7.2%).⁴² All five also had higher proportions claiming disability-related benefits,⁴³ although the difference from the national average (5.7%) was smaller: Dudley (6.3%), Birmingham (7.3%), Walsall (7.7%), Wolverhampton (7.7%) and Sandwell (7.8%).

Put together, these figures show that a higher proportion of working-age adults are not employed and are claiming a social security benefit in Birmingham and the Black Country

than nationally. However, within the region there is great variation. **Figure 3.8** shows the different rates of disability and out-of-work benefit claimants across the region. Broken down by parliamentary constituency, the levels of people claiming out-of-work and

Figure 3.8
Map of people claiming out-of-work and disability benefits, by parliamentary constituency, October 2020



Source: DWP, Benefit combinations via StatXplore. Boundary data: Contains National Statistics data © Crown copyright and database right (2020), Contains OS data © Crown copyright and database right (2020)

disability benefits, during the COVID-19 pandemic, varied from 24% in Erdington to 9% in Sutton Coldfield.

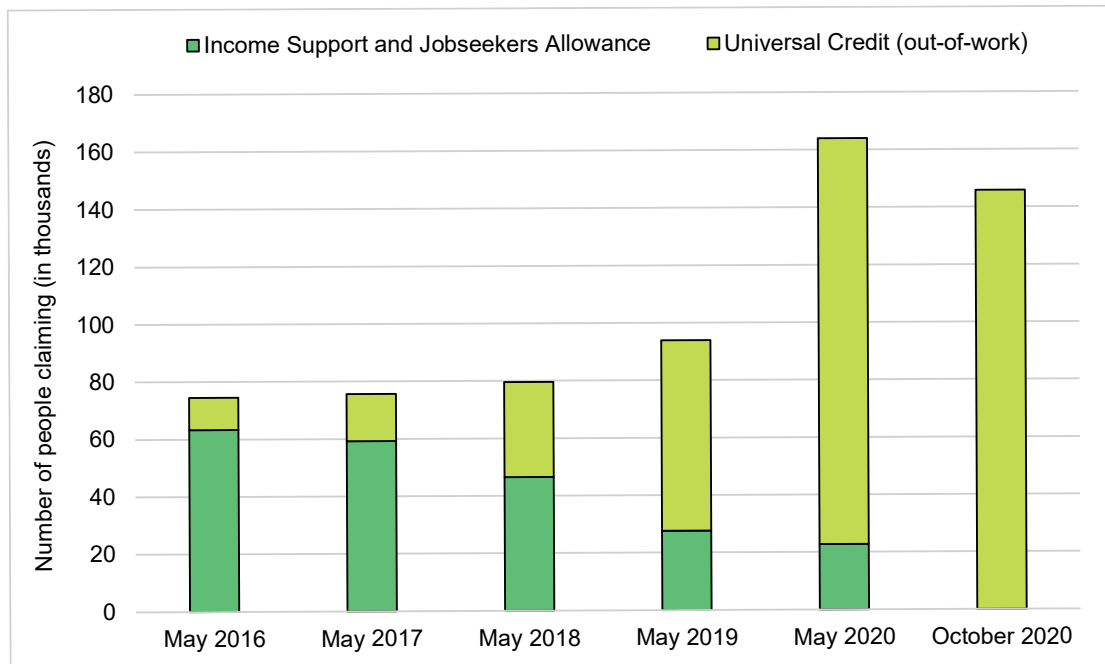
Claims for out-of-work benefits since the start of the pandemic

Since the beginning of the pandemic, the region has seen a surge in claims for out-of-work UC. In order to put the rise in perspective, **figure 3.9** provides annual figures for claims each May starting in 2016.

Tracking claims for out-of-work benefits is complicated by the gradual switchover from the system of 'legacy' benefits to UC during the period. Under the legacy system, the two out-of-work benefits (with no connection to disability) were Income Support and income-based Jobseeker's Allowance (JSA).⁴⁴ The gradual switchover is reflected in **figure 3.9**, with claims

Figure 3.9

Trends in out-of-work benefit claims in Birmingham and the Black Country, May 2016 to October 2020



Source: DWP, Benefit combinations and people on UC via StatXplore. The latest available data for Income Support and Jobseeker's Allowance is May 2020.

each May shown under both systems. Data on claims under the legacy system for October 2020 is not yet available and so is not included.

As of May 2020, roughly 160,000 people in Birmingham and the Black Country were claiming out-of-work benefits. Of these, 141,000 were claiming UC. A striking feature of **figure 3.9** is that the total level of claims for out-of-work benefits has been rising since 2018, up by about 30,000 over the two years to February 2020. The fact that claims for out-of-work benefits were rising before the pandemic struck is a sign of the economic weakness in Birmingham and the Black Country, at least when judged from the point of view of residents who wanted but could not find paid work.

Figure 3.9 shows that by October 2020, claims for out-of-work UC had increased by 120% to nearly 150,000 compared with May 2019. While some of this increase will be attributable to those migrating from the legacy benefits, it far exceeds the number still claiming legacy benefits in May 2018.⁴⁵

A further issue for both existing and new UC claimants is that after being suspended at the start of the pandemic, the requirement that those out of work should search for work has been reinstated. Claimants are now expected to fulfil their commitments to search for work. Those claiming out-of-work benefits will once more face sanctions and potential reductions in their awards should they fail to meet the criteria. This is despite job vacancies being significantly below pre-pandemic levels.⁴⁶



DISCUSSION

Community and voluntary organisations, faith groups and local activists are well aware of the nature and spread of poverty and deprivation across Birmingham and the Black Country. The reason for placing so much emphasis on poverty and deprivation in this report is to show that what is known through experience is reflected in official statistics, which can then be used to show where Birmingham and the Black Country stand in national terms.

It is estimated that, by August 2020, some 300,000 singles, couples and families with children in Birmingham and the Black Country were benefitting from the £20 a week increase in UC and Working Tax Credit. An (overlapping) 55,000 households are estimated to have been benefitting from the increase in LHA.^{47,48} The latter is especially important in Birmingham where rents have been rising sharply and where the amount of financial support available has been falling relative to rents. Allowing for likely household size, this implies that up to 600,000 Birmingham and Black Country residents – more than one in four – could have been helped directly by these measures.

It is understandable that poverty and deprivation are labels that people are reluctant to apply to themselves or their neighbourhoods. But national statistics on poverty and deprivation mean that local politicians who have a national voice can be confident that policies that offer support to deprived local areas and/or to those living in low-income households will bring direct benefits to a substantial minority of people living in Birmingham and the Black Country.

Chapter 3 Endnotes

28. This section uses the 'Households Below Average Income (HBAI)' dataset, which is published yearly by the Department for Work and Pensions and gives information on household incomes across the UK. Sixty per cent of average (median) income is a widely used international measure of poverty. The HBAI dataset presents results both after housing costs (AHC) and before housing costs (BHC). We use the AHC measure whereby housing costs are deducted from family income, because housing costs are not something that families can easily cut back on.
29. The small-area child poverty figures use administrative data on the number of children in families claiming Universal Credit, tax credits or Housing Benefit in order to allocate the total number of children in poverty in the West Midlands *after housing costs* between small local areas.
30. The estimated AHC child poverty rates shown in figure 3.4 do not match those shown in figure 3.3 due to the way in which the local area statistics have been produced. The estimates for AHC child poverty rates in the West Midlands and England in figure 3.4 are 4% lower than the official HBAI estimates shown in figure 3.3.
31. Roughly the top fifth. There are 533 constituencies in England.
32. Coleman N and Lanceley L (2011) *Lone Parent Obligations: Supporting the journey into work*, Department for Work and Pensions. Before 2008, a lone parent was entitled to Income support until their youngest child reached the age of 16.
33. Gingerbread (2020) *'Job-seeking rules for single parents'*, Gingerbread website, March.
34. Blanden J, Crawford C, Drayton E, Farquharson C, Jarvie M and Paull G (2020) *Challenges for the Childcare Market: The implications of COVID-19 for childcare providers in England*, Institute for Fiscal Studies.
35. Andrew A, Cattan S, Costa Dias M, Farquharson C, Kraftman L, Krutikova S, Phimister A and Sevilla A (2020) *How are Mothers and Fathers Balancing Work and Family under Lockdown*, IFS Briefing Note BN290, Institute for Fiscal Studies.
36. NPI analysis of the ONS Wealth and Assets Survey, round 6. Data is for July 2016 to March 2018.
37. McKnight A and Rucci M (2020) *The Financial resilience of households: 22 country study with new estimates, breakdowns by household characteristics and a review of policy options*, LSE, 2020.
38. NPI analysis of the ONS Wealth and Assets Survey, round 6. Data is for July 2016 to March 2018.
39. Economically inactive people are those without a job who are not seeking work and/or are not available to start work in the next two weeks. The main groups are students, people looking after family and home, long term sick and disabled, temporarily sick and disabled, retired people and discouraged workers. See Dar, A. (2015) *Why are people economically inactive?* House of Commons Library.
40. Produced by the Centre for Research in Social Policy (CRSP) at Loughborough University on behalf of the Joseph Rowntree Foundation.
41. Hirsch et al, A Minimum Income Standard for the United Kingdom in 2020, JRF, July 2020.
42. This figure may differ from out-of-work benefit claims shown later in the report. This figure is a combination of both legacy and Universal Credit out-of-work benefits for May 2020. Other figures in this report on out-of-work benefits are more recent however at time of writing this was the most recent data available for this dataset.
43. This includes Incapacity Benefit, Severe Disablement Allowance, and Income Support for those claiming on the basis of incapacity closed to new claimants from 2008, with existing claimants migrated to Employment and Support Allowance on a rolling program since that date. Migration is not yet fully completed. Essentially these four benefits each offer help for similar sets of circumstances, although under slightly different qualifying conditions. It also includes 'UC No work requirements': those not expected to work at present because health or caring responsibility prevents claimant from working or preparing for work.
44. A legacy benefit is a benefit which is being replaced by Universal Credit. There are six legacy benefits: Income-based Jobseekers Allowance, Income-related Employment and Support Allowance, Income Support, Housing Benefit, Child Tax Credit, Working Tax Credit.
45. [Chancellor announces workers' support package](#), Gov.uk, 20th March.
46. Office for National Statistics (2020) *'Vacancies and jobs in the UK: September 2020'*, ONS website, 15 September.
47. NPI analysis of DWP, Households on Universal Credit via StatXplore and HMRC, Child and Working Tax Credits statistics: provisional awards geographical analyses, April 2020.
48. The figure of 300,000 households is the combination of households claiming Universal Credit as of August 2020 and the average number of households claiming Working Tax Credit in April 2020. At the time of writing, both figures are the latest available.



4

PRODUCTIVITY AND JOBS

Productivity and jobs

INTRODUCTION

The first part of this chapter is focussed on 'labour productivity' – productivity for short – which is the economic value that a worker produces. It is measured as the quantity of goods and services produced, per hour worked or per job filled.

Productivity matters for two reasons. First, rising productivity is linked to economic growth. Rising productivity may be due to new machinery, faster communications, better work organisation or a more skilled workforce. Second, higher productivity is linked with higher earnings. The link is not automatic but no sustained growth in earnings is possible without it.

The second part of the chapter compares the mix of occupations in Birmingham and the Black Country with the qualifications of the resident workforce, in particular those in their late 20s who will be in that workforce for several decades.

The third part of the chapter looks at job numbers, both in total over recent years and at the industry level in 2020, which points towards where jobs may be lost when the furlough schemes introduced in response to the COVID-19 pandemic come to an end.

What this chapter helps us understand includes:

- reasons for the WMCA's good productivity (on average) and what this means for Birmingham and the Black Country;
- the importance of the mix of occupations in understanding productivity in Birmingham and the Black Country;
- the extent and location of low workforce qualifications;
- the background picture on jobs before the pandemic and the greatest threats the industry sectors are now facing as jobs are lost.

.....
The chapter's main conclusion is that Birmingham and the Black Country had a chronic problem of too few jobs and an under-qualified workforce even before the pandemic. While the recession is exacerbating this, the need to respond to the COVID-19 crisis represents an opportunity to get to grips with the problem in the longer term too.

Productivity is lower than national average

PRODUCTIVITY AND OCCUPATION

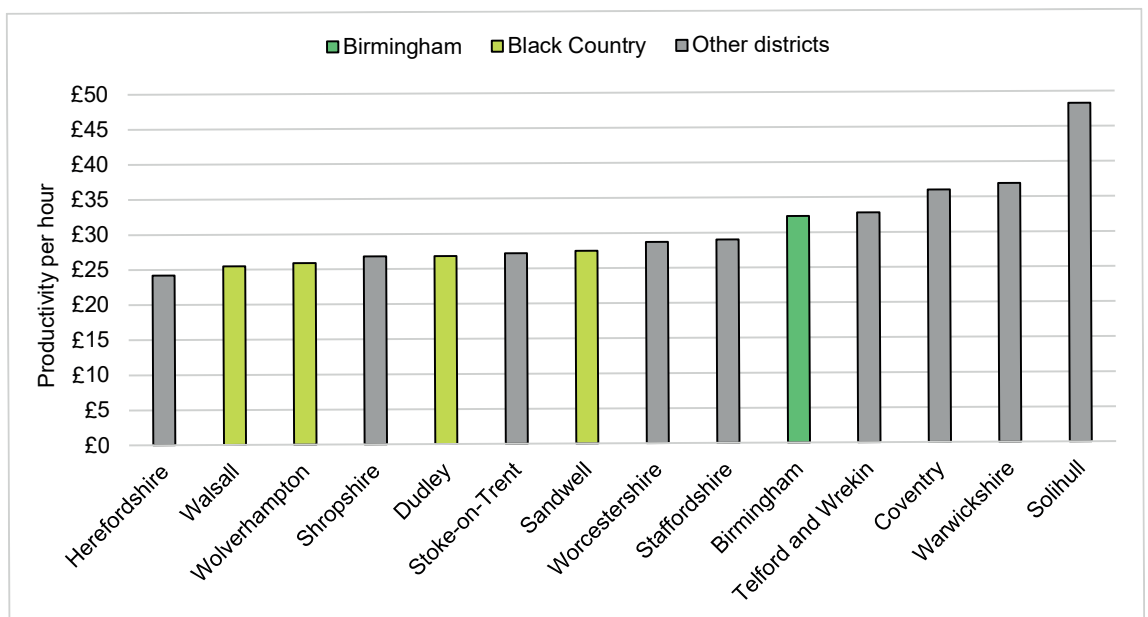
Productivity per hour

Productivity is an important but unfamiliar idea. It is measured here as the value of economic output divided by the number of hours worked by labour force in creating that output: ‘productivity per hour’. The latest year for which data is available is 2018. In that year, productivity averaged £26.50 per hour in the Black Country, £32.30 per hour in Birmingham and £32.10 per hour across the WMCA as a whole. The average for England was £35.60.

Two things can be said about these numbers. First, £26.50 per hour left the Black Country with the lowest productivity of any of the 38 local enterprise partnership (LEP) areas across England in that year.⁴⁹ Second, with productivity in Birmingham close to the WMCA average, productivity in the rest of the WMCA must be higher to make up for the Black Country. Thus, productivity was £36 per hour in Coventry and £48.30 per hour in Solihull. Solihull’s productivity is exceptional, but it is not Solihull alone that pulls up the WMCA average, with Coventry being more than 10% higher than Birmingham and more than 35% higher than the Black Country.

Viewed within the geographic confines of the WMCA, the big difference in productivity either side of Birmingham is hard to understand. Viewed within the West Midlands region, however, it makes sense as part of a wider pattern. **Figure 4.1** shows the levels of productivity in each of the 14 local authority areas that make up the West Midlands region: the seven metropolitan districts of the WMCA, three unitary districts and four shire counties.⁵⁰ The areas are shown in order of their productivity, starting with the lowest, but apart from Telford and Solihull, they line up more or less west to east. The Black Country districts are mixed in with Herefordshire, Shropshire, Stoke and Worcestershire. Coventry and Solihull sit with Warwickshire.

Figure 4.1
Productivity per hour in the single-tier authority areas in the West Midlands region, 2018



Source: ONS, Subregional productivity in the UK: February 2020, Labour productivity indices by local authority district (table A3).

Solihull still stands out, but both it and Coventry can now be seen as part of a wider area of economic strength, across Warwickshire. The Coventry and Warwickshire LEP ranks seventh in the list of LEP productivity. In the same way, the Black Country is part of a wider area of economic weakness that leaves the three other West Midlands LEPs, all of which border it, with lower productivity than anywhere else in England aside from Cornwall.

At £32.30 per hour, Birmingham was fourth among the eight English 'Core Cities' in 2018, although the range among the cities was not wide, from £29.10 (in Newcastle) to £33.50 (in Leeds).⁵¹ Productivity in all these cities was below the England average.

Productivity by industry and occupation

It has been argued that the problem for parts of the country with low productivity, especially in the former industrial heartlands, is not the mix of industries but the mix of occupations.⁵² The differences in productivity within the WMCA area back that up: what holds the Black Country back is less the industries it has than the mix of occupational level within those industries.

Office for National Statistics (ONS) data for the West Midlands on industrial sectors shows three sectors with productivity at around £40 per hour (finance and professional services; manufacturing; and other production) and three others at around £24 per hour (construction; transport, distribution and hospitality; and public and other services). Counting the first three as 'high' productivity and the second three as 'low', 29% of jobs in both Birmingham and the Black Country are in high productivity industries (and 71% are in low ones), compared with 33% in Coventry and Solihull. This difference is very small and if this was all there was to it, average hourly productivity in Birmingham and the Black Country would only be about £0.60 below Coventry and Solihull instead of the nearly £12 implied by the data behind **figure 4.1**.⁵³

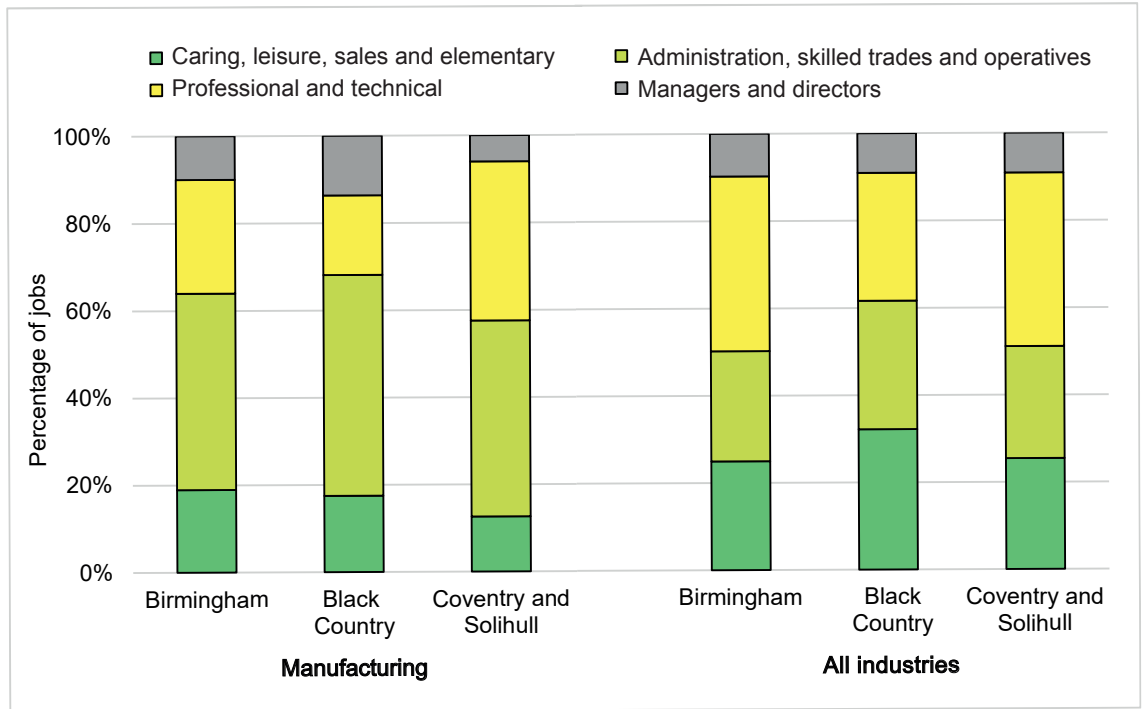
At 16%, the Black Country has a higher share of jobs in manufacturing than Coventry and Solihull (14%) and a far higher share than Birmingham (8%). Since manufacturing is, on average, a high productivity industry, this ought to be an advantage for the Black Country. **Figure 4.2**, which compares the mix of manufacturing occupations between the Black Country, Birmingham and Coventry and Solihull, shows why it is not.

Four groups of occupation are shown in round terms, managers and directors average about £22 an hour, professionals £18 to £20, administrative staff, skilled trades and machine operatives around £11 to £12 and staff in caring, leisure and elementary occupations between £9 and £9.50. The left-hand side of **figure 4.2** refers to manufacturing alone while the right-hand side shows all industries together.

The most striking point is that at 18%, the share of professional occupations in Black Country manufacturing is only half that of Coventry and Solihull (36%). Although partly offset by a higher share of managers and directors (14% compared with 6%), Black Country manufacturing is economically much weaker than in Coventry and Solihull.⁵⁴ Birmingham's manufacturing is not much stronger than the Black Country's.

By contrast, when the figures are considered across all industries, not solely manufacturing, the occupation mix at this level of detail in Birmingham is virtually identical to that of Coventry and Solihull, with 40% of occupations in the professional group and 25% in administration, skilled trades and machine operatives. The Black Country, however, continues to lag far behind.

Figure 4.2
The mix of occupations by level of pay: manufacturing and all industries, 2019/20



Source: Annual Population Survey via Nomis – workplace analysis.

The proportions of women in each of the four occupation groups in Birmingham and the Black Country are very similar to the proportions seen nationally. There are big differences in the proportions *between* the occupation groups, with women accounting for: 34% of those in manager or director occupations; 34% of those in administrative, skilled trade or machine operative occupations; 49% of those in professional or technical occupations; and 62% of those in caring, leisure, sales and elementary occupations.⁵⁵ With almost equal numbers of women and men (49% and 51% respectively), the professional and technical group, where more advanced educational qualifications matter most, is the most balanced of the four groups.

Growth in productivity

Over the period 2010 to 2018, productivity across the WMCA area grew faster than in any of the other 11 English city regions (0.9% a year).⁵⁶ It also grew faster than average productivity for the West Midlands as a whole. What does this mean for Birmingham and the Black Country?

Figure 4.3 shows the annual average rate of growth of hourly productivity for the West Midlands region, the WMCA and the Black Country. In each case, the growth rate for the whole area is followed by growth rates for the parts of the area that grew faster than average. For example, productivity in the West Midlands region grew at 0.7% a year. The three parts of the region that grew faster than that were Warwickshire (1.70%), the WMCA (0.95%) and Telford (0.72%).⁵⁷ Productivity growth in all other parts of the region (the other places shown in **figure 4.1** and not part of the WMCA) was below the 0.7% average.

Within the WMCA area (whose average rate was 0.95%), the two areas that saw faster productivity growth were Solihull (1.85% a year) and Coventry (1.49%). The growth rates

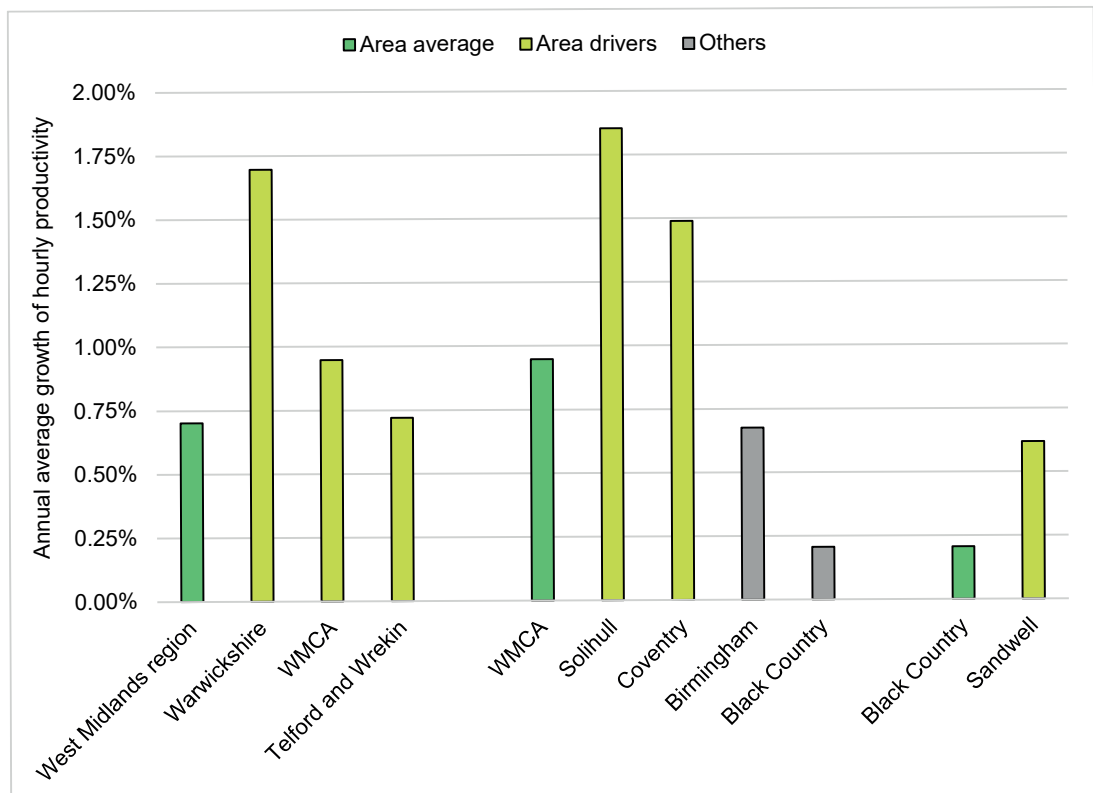
for Birmingham (0.68%) and for the Black Country (0.21%) are also shown here, for completeness, even though they are below the WMCA average. Sandwell (0.62%) was the only area of the Black Country to grow faster than the Black Country average (0.21%).

While both Warwickshire and the WMCA were ‘drivers’ of productivity growth for the West Midlands region as a whole, the fact that the WMCA’s growth was driven by Warwickshire’s two immediate neighbours underlines the importance of that county as a centre of both high productivity (figure 4.1) and growing productivity (figure 4.2).

Further investigation of the growth data shows that the areas with higher productivity in 2010 also tended to see faster productivity growth up to 2018. This means that the inequality in productivity, across both the region and the WMCA, increased over those eight years, with those at the front getting further ahead and those at the back falling further behind.

Whether higher productivity leads to greater economic justice depends on who gets the benefit. The employee could benefit through higher pay, a share of profits, shorter hours, or a more secure or better job. The employer (or shareholders) could benefit from higher profits or even just a more successful and growing business. Customers or clients could benefit through a lower price or a better product or service. Public services could benefit from higher tax revenues. The community could benefit if some of the resources created by higher productivity flow into activities directed at community wealth building. None of them is automatically the right beneficiary but who should benefit always merits attention

Figure 4.3
Annual average growth of hourly productivity (2010 to 2018) for the West Midlands region, the WMCA and the Black Country and for the constituent parts growing faster than average



Source: ONS, Subregional productivity in the UK: February 2020, Subregional productivity: labour productivity indices by UK NUTS 2 and NUTS 3 subregions (table A5).

Over 10-yr period, the requirement for graduates went up

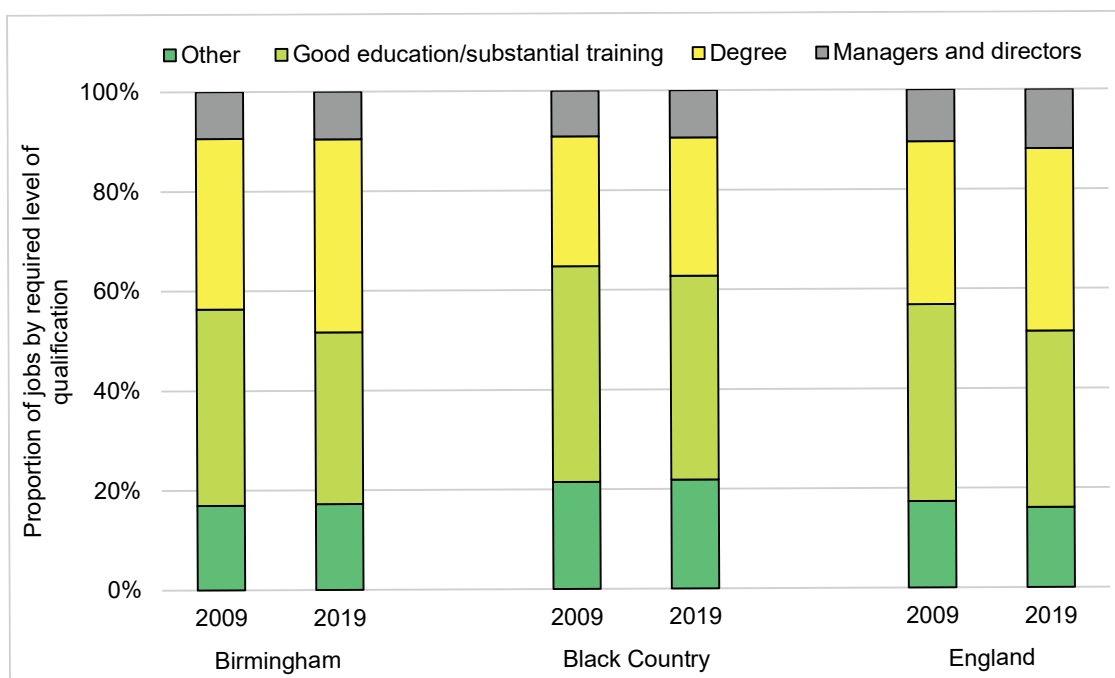
OCCUPATION AND QUALIFICATIONS

Occupations and the qualifications they require

This part of the chapter looks at qualifications because they are what is formally recorded. What a job requires, though, is skills. Qualifications and skills are connected but they are not the same. As well as this basic mismatch, qualifications can be arranged in a hierarchy – level 4 is above level 3, which is above level 2, and so on – whereas skills cannot be; yet the elision of the two gives the impression that they can. Every bit as misleading is any impression that jobs requiring lower qualifications are less valuable and so should be paid less. We will not discuss these points further, but they should be borne in mind throughout.

The statistics here shed light on both sides of the matter, namely the qualification levels that industry requires and the qualifications that the working-age populations of Birmingham and the Black Country actually possess.

Figure 4.4
Qualifications needed according to a classification of occupations, 2009 and 2019



Source: Annual Population Survey via Nomis – workplace analysis.

Figure 4.4 shows the mix of qualifications that the occupations in both Birmingham and the Black Country are assessed as requiring, in both 2009 and 2019. The nine major occupations used in the Standard Occupational Classification (SOC 2010) have been allocated to four broader groups here, using a classification based on the nature of qualifications, training and experience required. The groups are:

- those requiring a degree or equivalent – professional occupations and associate professional and technical occupations (SOC groups 2 and 3);
- those requiring a good general education or a substantial period of training – administrative and secretarial occupations; skilled trades occupations; caring, leisure and other service occupations; and sales and customer service occupations (SOC groups 4 to 7);

- other jobs, requiring a minimum general level of education or standard of competence (acquired through a period of training) – process, plant and machine operatives; and elementary occupations (SOC groups 8 and 9);
- managers, directors and senior officials (SOC group 1).

There are three points to draw from **figure 4.4**. First, many more jobs in Birmingham (39%) require a degree or equivalent than do jobs in the Black Country (28%).⁵⁸ Second, Birmingham’s mix of required qualifications is very close to the England average. Third, over the 10-year period from 2009 to 2019, the requirement for graduates went up in both Birmingham and the Black Country. What went down to compensate for it was not the requirement for people with low or no qualifications, but for those with a good, non-graduate education or substantial training. This squeeze on the requirement for ‘middle’ occupations can be seen at the England level too.

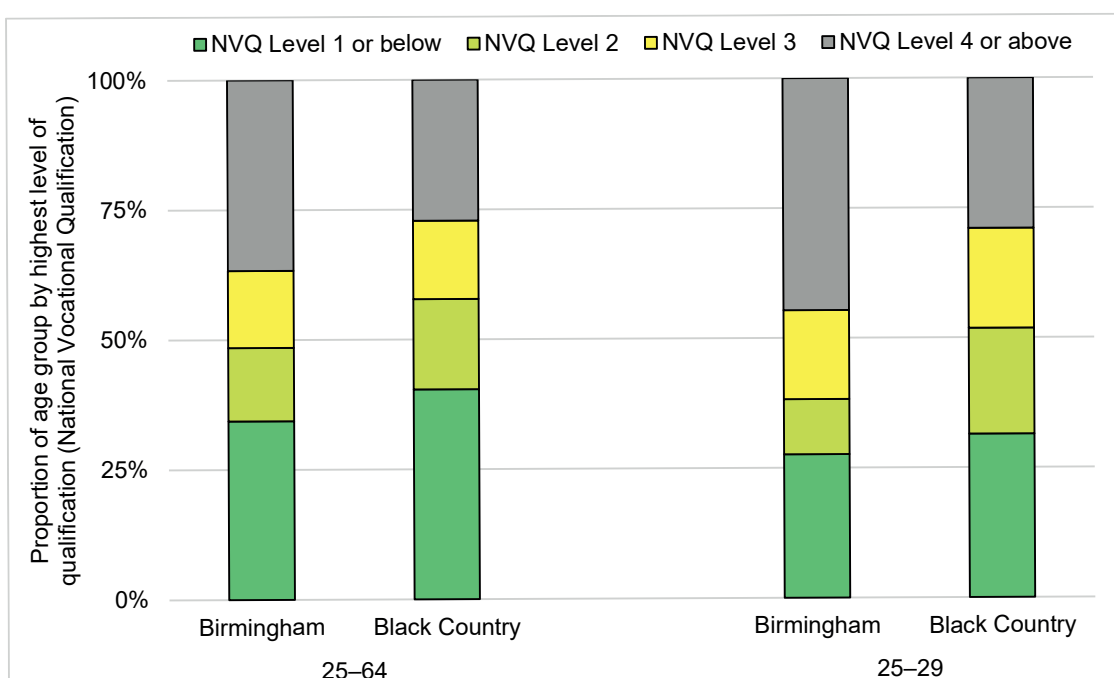
The first of these three points looks like the biggest single factor behind the Black Country’s low productivity. Taking the analysis further, Beatty and Fothergill conclude that once industry and occupational mix are controlled for, ‘workers do not seem to be any harder-working in some parts of the country than in others, nor are their employers better at organising production in some places than others’.⁵⁹

The Black Country’s population is less well qualified than Birmingham’s

Workforce qualifications

Figure 4.5 classifies the working-age populations of Birmingham and the Black Country by their highest level of qualification. Results are shown for two age groups: those aged 25–64 and those aged 25–29. Those aged 25–29 are shown separately to represent those who have only fairly recently joined the workforce – qualification levels among older age groups being lower than among younger ones. People aged under 25 are excluded because so many of them are still in the process of acquiring qualifications.

Figure 4.5
Working-age residents in Birmingham and the Black Country, by their highest level of qualification, 2019



Source: Annual Population Survey via Nomis – Qualifications (NVQ) by age.

There are three points to make about **figure 4.5**. The first is the big difference between Birmingham and the Black Country in the proportion of the population with a degree. The gap is in fact even greater for those aged 25–29 (16 percentage points higher in Birmingham) than among those aged 25–64 (10 percentage points higher in Birmingham). Second, what makes up most of the difference between Birmingham and the Black Country is the percentage of the population with only a level 2 qualification or below. Third, the qualification mix of each of the two areas' population aged 25–29 is more like that of its own population aged 25–64 than that of the other area's population aged 25–29.

Qualification levels are rising in both areas, but they are doing so both more slowly and from a lower base in the Black Country. One consequence is that the proportion of the population aged 25–29 in the Black Country with a level 2 qualification or below (52%) is higher than the proportion among the whole population aged 25–64 in Birmingham (48%). Even so, it is still the case that level 2 is the highest qualification of 38% of people aged 25–29 in Birmingham, while 28% (31% in the Black Country) have level 1 or below.⁶⁰

Comparison of **figures 4.4** and **4.5** shows that whereas around a fifth of jobs require neither a particularly advanced level of education nor any substantial training, half of Birmingham residents and more than half of Black Country residents have qualifications that would appear to restrict them to these jobs only.

By contrast, both Birmingham and the Black Country have a severe shortage of people qualified to level 3 compared with the requirement for people with a good education or substantial training. While some with level 2 or level 4 will be able to do these jobs, there is still a substantial mismatch between what people are qualified to do and what the jobs available require them to do. The latest *Birmingham Economic Review* notes that the qualification level of the city's resident workforce is a long-standing problem.⁶¹ The slack labour market due to the recession may mean that this is not a problem for firms looking to hire at this moment, but when economic activity eventually recovers, it will be.⁶²

Jobs and the recession

Job density

To thrive, the Birmingham and Black Country economies need jobs as well as productivity. Even before the recession brought on by the pandemic, did each area have the number of jobs that it needed? One way to measure this is to look at 'job density', that is, the number of jobs in an area as a proportion of the number of people of working-age. Changing job density over time reflects both changing job numbers and growth or shrinkage in the working-age population.

Figure 4.6 shows what happened to job density in Birmingham, the Black Country, the two together and the whole WMCA area from 2008 to 2018. The year 2008 has been chosen as the starting point in order to show the effects of the last recession, which happened in that year. Throughout the period, job density in Birmingham was far higher than in the Black Country (in all years except 2009, by around 10 percentage points). Job density was also higher across the WMCA than in Birmingham and the Black Country alone, reflecting a very high job density in Solihull (above 1.0) and a much lower one in Coventry.

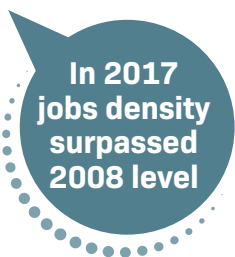
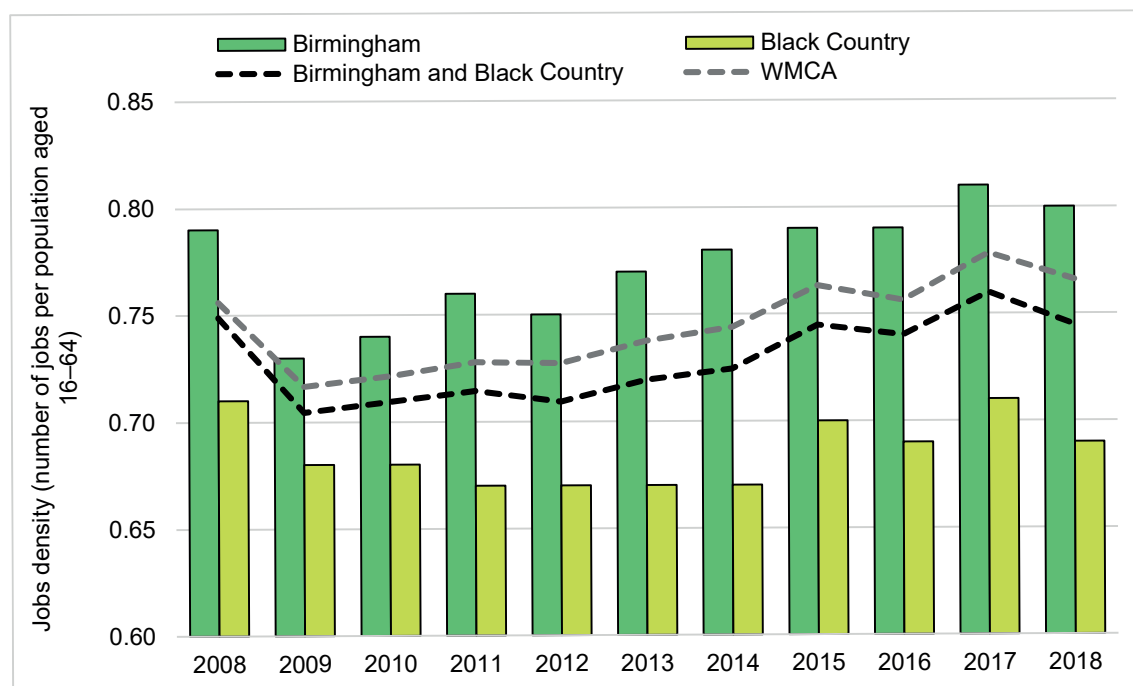


Figure 4.6

Job density (jobs per resident aged 16–64) in Birmingham, the Black Country and the WMCA, 2008 to 2018



Source: Annual Population Survey via Nomis

Ignoring the seemingly random fluctuations from year to year in some of these numbers, the basic message is that it took until 2017 for job density to surpass its previous (2008) peak in Birmingham and even to return to it in the Black Country. The evident damage to jobs done by recessions (see the plunge in 2009 in figure 4.6) is long-lasting.

How strong was the job position in 2018? The weakness of the Black Country (0.69 jobs per resident aged 16–64) left it with the lowest job density of any of the 38 LEP areas in England in 2018. The WMCA as a whole was eighth out of 11 city regions.

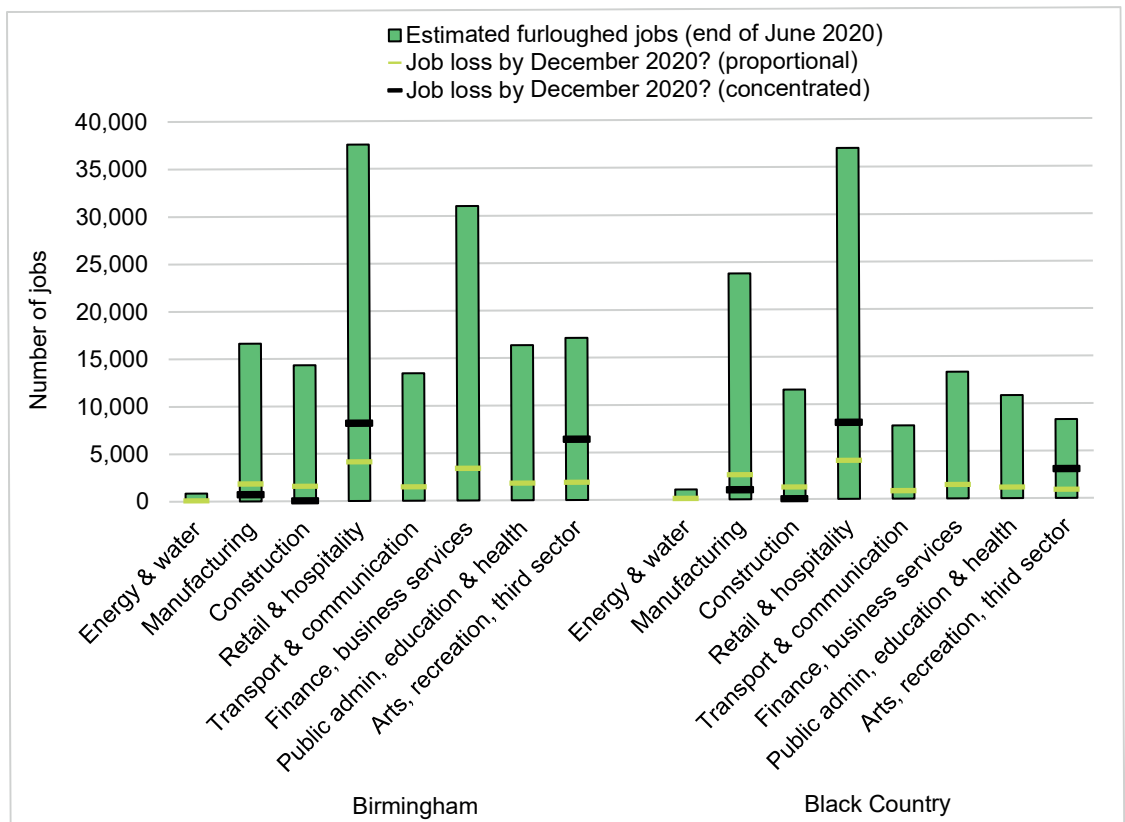
Given the Black Country's ranking, it is hard to avoid concluding that the area is very short of jobs. But what about Birmingham? One limitation with job density – if it is to measure the opportunities available to residents – is that it takes no account of the extent to which people work in different areas from where they live. Birmingham and the Black Country are very different from one another in this respect. Our first report on economic justice in Birmingham and the Black Country highlighted the extent of the flows in and out of them (Birmingham being a net importer of workers at the start of the working day and the Black Country being a net exporter). Allowing for this and the fact that a high proportion of working Birmingham residents work in the city itself, it is possible to argue that once competition from those working in but living outside Birmingham is taken into account, the city offers fewer jobs to its residents who want one than the Black Country offers to its residents.

Possible impacts of the recession

Figure 4.7 shows how jobs lost due to the recession might be spread across the main industry sectors. There are two elements to it. The first is an estimate for each industrial sector of the number of jobs furloughed by the end of June 2020. Three sectors stand out for their high furlough numbers, namely retail and hospitality in both Birmingham and the Black Country, along with finance and business services in Birmingham, and manufacturing in the Black Country.⁶⁵ Overall, 24% of jobs in Birmingham were estimated as being furloughed at the end of June 2020 and 26% in the Black Country.

The second element is made up of two alternative estimates of where jobs might be lost as some furloughed workers are made redundant. These estimates are Birmingham’s and the Black Country’s share of a forecast UK-wide loss of 890,000 jobs by the end of 2020.⁶⁶ These estimates are not offered here as forecasts but as indicators of the possible *pattern* of redundancies. Two alternative patterns are shown, reflecting different assumptions about whether losses are proportional to the numbers furloughed in each sector or whether they are concentrated in the sectors with the highest proportion of furloughs.⁶⁷

Figure 4.7
Furloughed jobs (end of June 2020) and indicative estimates of jobs lost (end of December 2020), by industry



Source: NPI analysis of Coronavirus Job Retention Scheme Statistics (August 2020) and Annual Population Survey via Nomis – workplace analysis.

Figure 4.7 shows that retail and hospitality are expected to see the highest number of job losses whether those losses are proportional to furloughs or concentrated, with the loss being especially heavy in the latter case. 30% of all jobs in that sector in this analysis.

By contrast, manufacturing and construction would still lose some jobs if losses are concentrated – but fewer than if they are proportional. The other sector badly impacted if losses are concentrated is the one including arts, entertainment, recreation and other services, as well as the charitable and voluntary sector, with an estimated 18% of all jobs lost.



DISCUSSION

What mix of skills is likely to be needed by Birmingham and Black Country employers in, say, 2030? The evidence here offers no reason to expect the picture in terms of workforce qualifications to look very different from what it is now (the younger age cohort differing little from the whole workforce average). Will that be good enough – or was the pre-pandemic economy unsustainable anyway, especially in the face of continuing technological change?

For the Black Country, there must be doubt about whether a low-productivity manufacturing sector can find a place in a new economy organised around – for example – the production of electric vehicles with not just the skills shift but also the investment in new technologies that that requires. For Birmingham, the doubt is about how a finance and business services sector will fare as advances in artificial intelligence take these jobs away from people. It is also unclear how much will be left of the retail sector in Birmingham and the Black Country as the pandemic speeds up a decline that was already underway as shopping moves online. It may be no coincidence that the sectors mentioned here are, along with hospitality, the ones that had the most people furloughed in the first national lockdown.

Employer bodies, in both the private and public sectors, working in partnership with the WMCA, need to communicate a vision of the skills and occupations that Birmingham and Black Country economies are likely to need, both in the near term and further ahead, in the latter years of the 2020s. The work that is being done on what will be required to reach carbon neutrality can provide part of the foundations on which such a vision is built. An electric transport system, the retrofit of the housing stock to make homes energy efficient and a ‘circular’ economy in which re-use and re-manufacturing play a large part will require new and different technologies and skills to bring them about. What that means for the jobs and careers available in 2030 is a message that needs to reach everybody aged between ten and 55 today.⁶⁸

Chapter 4 Endnotes

49. ONS (2020) [‘Subregional productivity in the UK: February 2020’](#), ONS website, February.
50. In this classification, Herefordshire counts as a unitary district, combining as it does the upper-tier functions of a county council with the lower-tier ones of a district council.
51. Strictly not Newcastle but Tyneside. The other five English Core Cities are Bristol, Liverpool, Manchester, Nottingham and Sheffield.
52. Beatty C and Fothergill S (2019) *Local Productivity: The real differences across UK cities and regions*, Sheffield Hallam University, Centre for Regional Economic and Social Research.
53. NPI calculations using Annual Population Survey workplace data on jobs by occupation and industry (April 2019 to March 2020), combined with ONS data on region by industry labour productivity for the West Midlands (averaging 2016, 2017 and 2018). The three ‘high’ productivity sector groups are ABDE, C and K to N. The three ‘low’ productivity ones are F, G to J and O to T.
54. Whether a higher share of managers and directors is a sign of economic strength is debateable, especially if it is a sign that the size of manufacturing firms is much smaller.
55. NPI analysis of the Annual Population Survey (2019/20) – workplace analysis via Nomis.
56. ONS, *Subregional productivity in the UK: February 2020*. The figure quoted is the NPI’s own estimate, obtained by regression, of the average constant rate of growth over the whole period. Throughout this discussion of productivity growth, what is being discussed is ‘real’ growth, that is, after allowing for the effects of inflation.
57. The ONS data used to calculate these growth rates is slightly different for the city regions (used for the average in the previous paragraph) and the NUTS 2 subregion (used here).
58. This observation is completely in line with the finding in figure 4.2, that Birmingham has many more professional and technical jobs than the Black Country. There is no coincidence in that, because the basic occupation data underlying these two indicators is the same, although the groupings are slightly different, here by qualifications, training and experience and there by hourly pay.
59. Beatty C and Fothergill S (2019) *Local Productivity: The real differences across UK cities and regions*, Sheffield Hallam University, Centre for Regional Economic and Social Research.
60. School statistics may shed some light on this, although recent statistics refer to a cohort who are 10 years younger than those in figure 4.5. These statistics show that of those finishing their secondary education in 2017–18, 29% in Birmingham and 33% in the Black Country did so with no qualification higher than a level 2. The four percentage-point difference here is markedly lower than that shown in figure 4.5, and the level is a lot lower too, especially in the Black Country. Gradual improvement in school outcomes over the 10 years may have played a part (although we have no evidence of that). So too will the fact that 28-year-olds living in Birmingham and the Black Country today will not be the same people as the 18-year-olds living there 10 years ago.
61. Greater Birmingham Chamber of Commerce (2020) *Birmingham Economic Review 2020: Chapter 3: Labour market challenges: Pre- and post-pandemic*, Greater Birmingham Chamber of Commerce.
62. The Greater Birmingham Chamber of Commerce’s Quarterly Business Report for the third quarter of 2020 reports a fall in the proportion of businesses facing recruitment difficulties, from 44% in quarter 2 to 26% in quarter 3. See: Greater Birmingham Chamber of Commerce (2020) *Quarterly Business Report: Q3 2020*, Greater Birmingham Chamber of Commerce.
63. In the three years 2014 to 2016, 63% of Birmingham’s jobs were done by residents, while 79% of its working residents worked in the city. By contrast, 82% of Black Country jobs were done by residents, while 72% of its working residents had jobs there. Applying these to the job ratios shown in figure 4.6 produces adjusted job ratios for Birmingham and the Black Country of 0.64 and 0.79 respectively.
64. This uses data on furloughed jobs by sector for the West Midlands, adjusted to reflect the extent to which different industries had reduced their furlough numbers by the end of June 2020 as lockdown eased. The resulting furlough proportion was then applied to data on workplace jobs for Birmingham and the Black Country. Compared with the furlough numbers reported in chapter 5, which use actual data on furlough numbers by local authority (but not by industry), these are top-down estimates.
65. Within finance and business services, furloughs were much higher in professional and business services (SIC codes M and N) rather than finance or property.
66. The figure is drawn from analysis of planned redundancies published by the Institute for Employment Studies about six months into the pandemic. See Institute for Employment Studies (2020) *On Notice: Estimating the impact on redundancies of the COVID-19 crisis*, IEA.
67. For completeness, we estimate that if job losses are proportional to furloughs, Birmingham is estimated to lose 16,000 jobs (out of the 890,000 total) and the Black Country 12,500. If job losses are concentrated, Birmingham loses slightly fewer while Black Country loses about the same as before.
68. See, for example, the discussion in section 4 of West Midlands Combined Authority (2020), *WM2041: A programme for implementing an environmental recovery*, WMCA.



5

EMPLOYMENT, PAY AND JOB SECURITY

Employment, pay and job security

INTRODUCTION

This chapter looks at employment among residents of Birmingham and the Black Country, in contrast to the previous chapter, which looked at jobs across the area. As our first report on economic justice showed, using data from the middle of the 2010s, jobs and employment are not the same. At that time, although 79% of Birmingham's working residents had jobs in the city, just 63% of the city's jobs were done by Birmingham residents. By contrast, 82% of Black Country jobs were done by Black Country residents, but only 72% of its working residents had their jobs there.

This chapter covers three subjects.

The first is the level, or rate, of employment, which is marked by inequalities both between different groups within Birmingham and the Black Country, and between the area as a whole and the rest of the West Midlands and the rest of England.

The second subject is low pay. While low hourly pay – and the response to it, in the shape of the minimum and living wages – is usually the main focus of attention, low weekly pay is the more important measure for household income and wellbeing.

The third subject is how employment in Birmingham and the Black Country has been already, and is likely to be further, affected by the economic recession that has been brought on by the pandemic. Government data on the numbers furloughed by local authority and parliamentary constituency offers some unique insights into this.

What this chapter helps us understand includes:

- that employment is both low across the board and also marked by large gaps in employment rates between ethnic groups, men and women and those who are disabled and those who are not;
- that measures of hourly and weekly low pay paint different pictures of the extent to which women are more likely than men to be low paid;
- how both the incidence of low pay and working residents' vulnerability to unemployment in this recession vary across Birmingham and the Black Country.

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The chapter's main conclusion is that the recession is hitting Birmingham and the Black Country's already weak employment position hard and that at least some of the local areas where the threat is greatest are not those where the employment picture was weakest going into the recession.

Employment gap represents
120,000
missing jobs

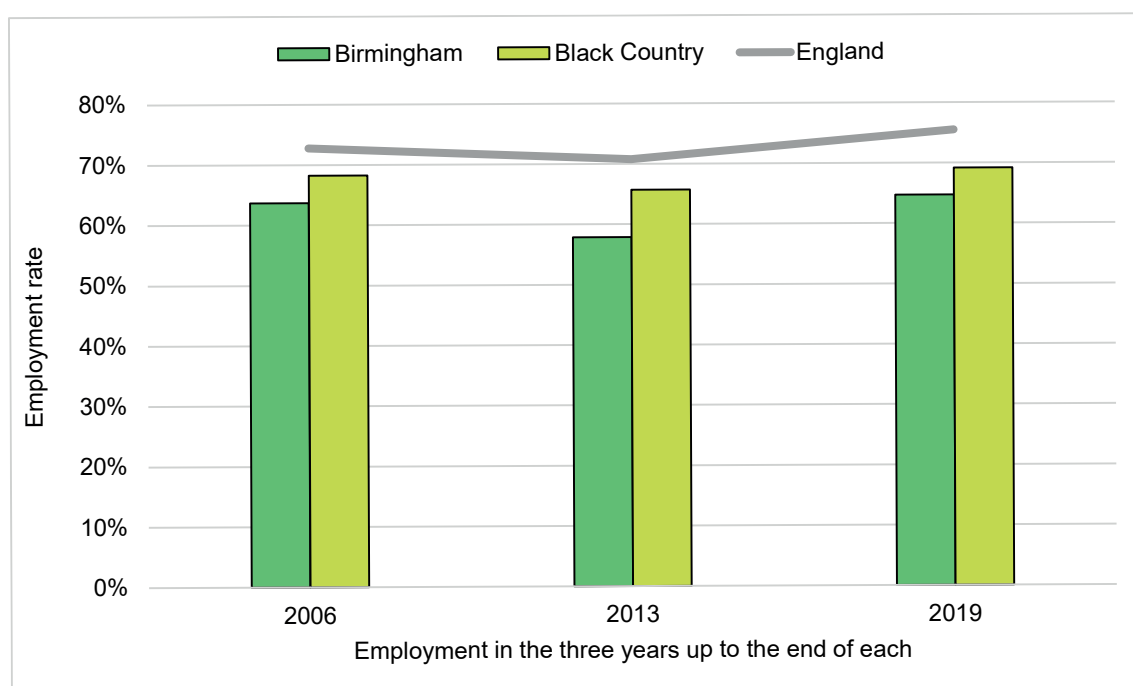
EMPLOYMENT – HOW WELL IS THE ECONOMY WORKING FOR RESIDENTS?

From a shortage of jobs to low employment

The employment rate among working-age residents is low in both Birmingham and the Black Country, but their direct causes are slightly different. In the Black Country, where there is little in-migration of workers every day, the low jobs density is directly the problem. In Birmingham, by contrast, where the jobs density is not low, the direct problem is that many of those jobs are done by people who live outside the city.

Figure 5.1

Employment rates in Birmingham and the Black Country compared with England, 2006–19



Source: Annual Population Survey; data represent a three-year average to the years shown.

Figure 5.1 shows the employment rates for Birmingham and the Black Country compared with the national average. Low employment is a long-standing problem in Birmingham and the Black Country. Before the 2008 recession, employment rates lagged, particularly in Birmingham (64%), when compared with England (73%). Over a decade later, going into the pandemic, this was still true. Employment rates are up on pre-financial crash levels in all three areas shown in **figure 5.1**. However, the gap between Birmingham (65%) and the Black Country (69%), compared with England (75%) has not reduced.

The scale of the overall shortfall, around eight or so percentage points compared with the England average, represents employment for some 120,000 residents. All the statistics on poverty, deprivation and ill-health elsewhere in this report would look very different if employment rates were around the national average.

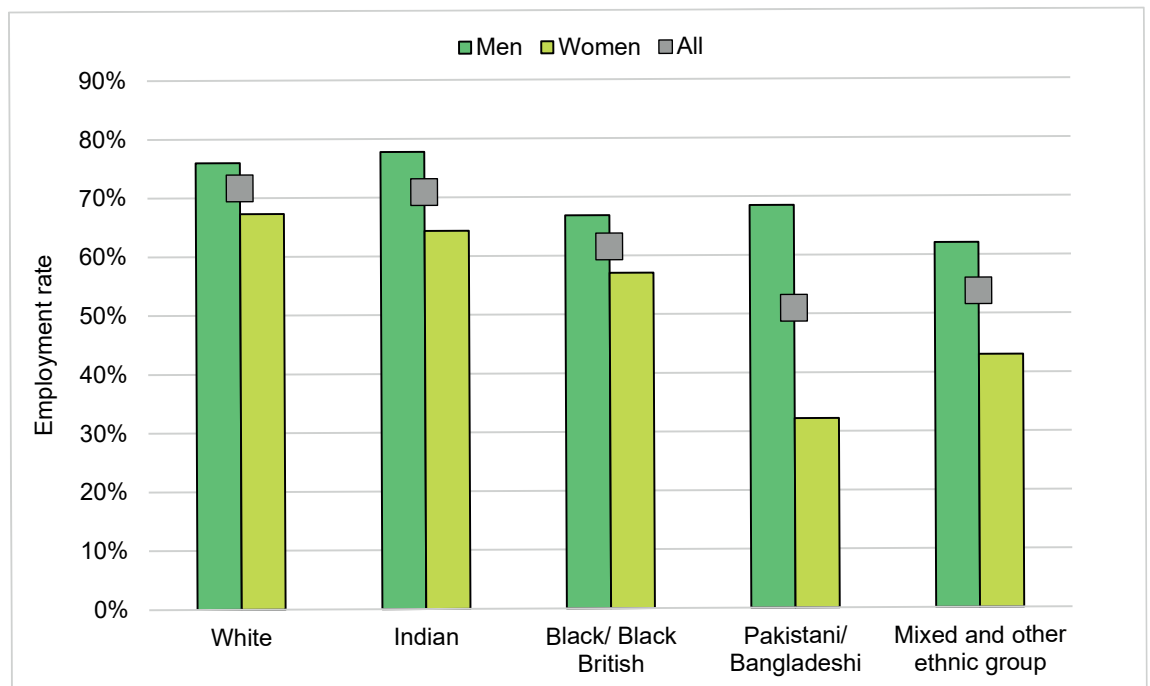
Inequalities in employment

Overall employment rates hide great variation for different groups within an area. Nationally, women and Black, Asian and minority ethnic groups (BAME) have lower employment rates than the White male population. This can be attributed to a number of factors including caring responsibilities, obstacles in the labour market, and a lack of

targeted outreach support for employability and job access. In Birmingham and the Black Country, 35% of the working-age population are from a BAME group compared with 16% nationally. The economic outcomes for these communities are of key importance to the economic success of the region. For Birmingham and the Black Country to do well, it needs both women and people from a BAME group to be successful economically.

Figure 5.2

Employment rates for Birmingham and the Black Country working-age residents, by sex and ethnic group, 2019



Source: Annual Population Survey; the data represents a three-year average to 2019.

Figure 5.2 shows the employment rates for residents of Birmingham and the Black Country, broken down by sex and ethnicity. It has two messages. The first concerns the difference in employment rates between different ethnic groups. People from White and Indian ethnic groups have the highest employment rates (72% and 71% respectively). However, employment rates for those from the Black/Black British ethnic group are 10 percentage points lower (61%) and for those from the Pakistani and Bangladeshi group they are 20 percentage points lower (51%).

The second concerns the difference in employment rates between men and women in each ethnic group. Women from the White, Indian or Black/Black British ethnic group have similar employment gaps compared with men of the same group: 9%, 13% and 10% respectively. The gap is much wider though for Pakistani and Bangladeshi women, at 36%. All the employment gaps for women are broadly similar to what is seen nationally.⁶⁹

Several factors may lie behind these differences, including a higher proportion of younger adults (who are generally less likely to be employed) in some ethnic groups. But inequality in employment goes beyond simply having a job or not: other research shows a BAME 'pay gap', particularly for those born abroad,⁷⁰ as well as other problems in work progression.⁷¹

Disability employment gap

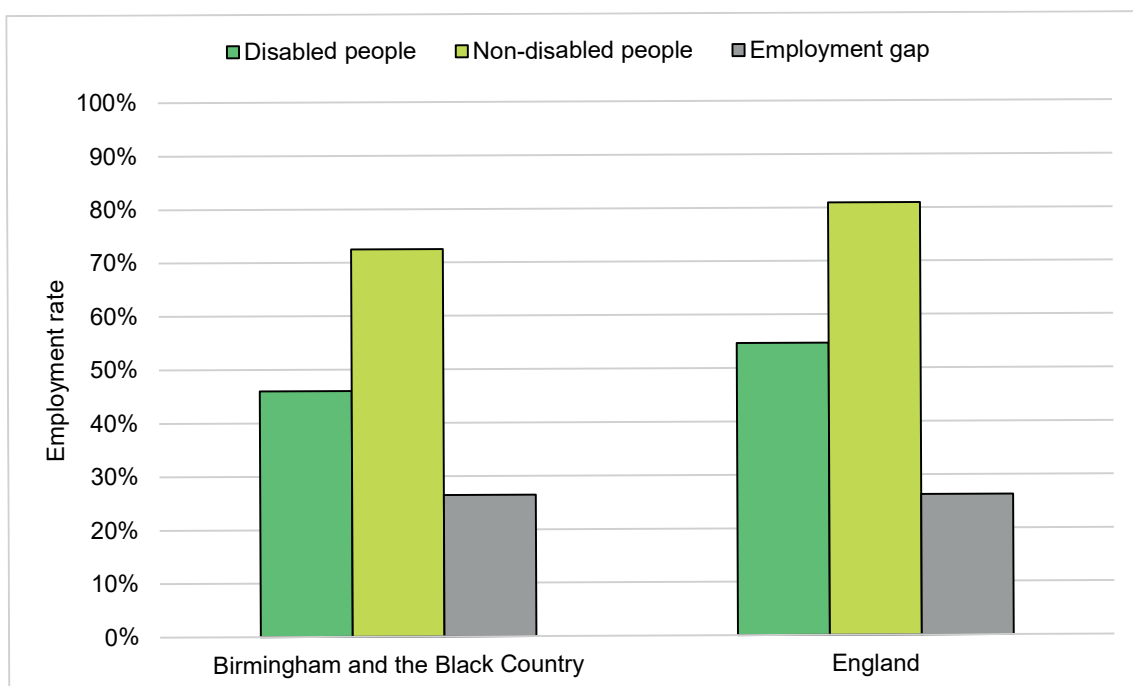
The previous section discussed the poor employment situation overall across Birmingham and the Black Country. One particular group for whom this applies are those who are disabled. As we noted in our last report, research by the Equality and Human Rights Commission found that disabled people were more likely to report difficulties with transport, facilities and support, as well as evidence of discrimination and negative attitudes.⁷² Barriers to work such as transport were also found by the WMCA Leadership Commission.⁷³

Figure 5.3 looks at the working-age employment rates for disabled and non-disabled people and the gap between them.⁷⁴ There are two key points. First, the employment rate among disabled people in Birmingham and the Black Country in the three years to 2019 was, at 46%, nine percentage points below the England average (55%). Second, since the overall employment rate in Birmingham and the Black Country (72%) was also nine percentage points below the England average (81%), the gap, or shortfall, in the disability employment rate was 26% in both cases.

While the second point underlines the general conclusion here, that employment in Birmingham and the Black Country is low across the board, the first demonstrates that disabled people's opportunities and outcomes are poor by national standards.

Figure 5.3

Disability employment rate gap in Birmingham and the Black Country, compared with England as a whole, 2019



Source: Annual Population Survey via Nomis, Disability Employment rate - aged 16-64; the data represents a three-year average to 2019.

More positively, employment rates for disabled people have improved in recent years. From 2016 to 2019, they were up six percentage points in Birmingham and the Black Country (to 46%), fractionally more than the average for England, which was up five percentage points (to 55%). However, both the gap, and difference in comparative employment rates, remain substantial.

In the UK, the employment rate for disabled people improved by 10 percentage points from 2013 to 2019 (to 53%).⁷⁵ Over the same period, the employment rate for non-disabled people improved by 4% to 82%.⁷⁶ This increased involvement in the labour market for disabled people is a positive improvement nationally. It is also encouraging to see it occurring locally in Birmingham and the Black Country.

30%
of women are
low-paid

LOW PAY

So far, this chapter has outlined the inequalities in participating in the workforce in Birmingham and the Black Country. Involvement in the local economy is only part of the solution to improving outcomes for their residents. The quality of jobs is key and the easiest way to look at this is through a low-pay lens. Low pay is also linked to the security of jobs, with those paid less than the 'National Living Wage' twice as likely to have lost their jobs, been furloughed or lost hours or income during the pandemic.⁷⁷

The aim of this section is to show who, and where, are the low-paid residents of Birmingham and the Black Country.

Hourly low pay and weekly low pay

There are two ways to look at low pay. The first is the traditional measure of hourly pay. This is usually the proportion of employees who are paid less than the 'Real Living Wage' per hour they work. The second measure is to look at weekly pay. This takes into account both the hourly pay and the weekly hours that people work. Low pay is defined as having weekly earnings less than the equivalent of working full-time and being paid the Real Living Wage.

The Real Living Wage, produced by the Living Wage Foundation, is calculated to determine the wage needed to meet the cost of living and is higher than the National Living Wage.⁷⁸ For 2019, the year that overlaps most with the data, the Real Living Wage was £9 an hour in England, which at full-time hours equates to £330 a week.

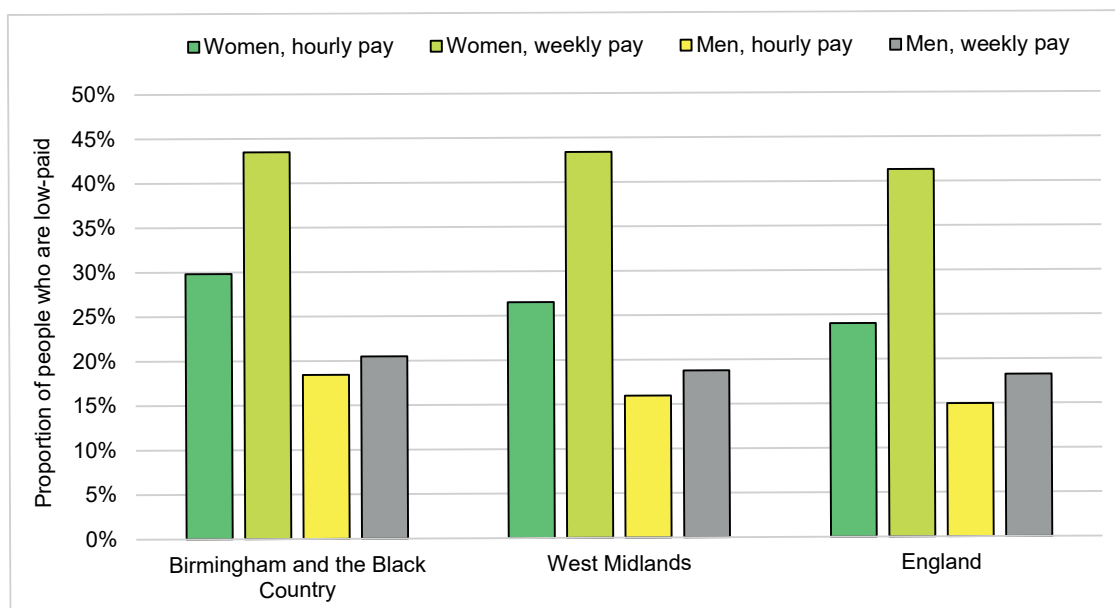
Figure 5.4 shows the two measures of low pay for residents of Birmingham and the Black Country who are employees. From left to right, each block of bars shows the prevalence of low pay: hourly for women, weekly for women, hourly for men and weekly for men.

The figure shows that in Birmingham and the Black Country, 30% of women are paid less than the hourly Real Living Wage of £9 an hour (hourly low paid). More women (44%) are paid less than £330 a week, the weekly equivalent of working full-time and being paid the Real Living Wage (weekly low paid). For men, 18% are hourly low paid and 20% are weekly low paid.

The bars in **figure 5.4** can be compared in two ways. First, the individual bars can be compared to the same bar for a different region. This shows that the prevalence of low pay, by both measures for both men and women, is higher in Birmingham and the Black Country than the West Midlands and England as a whole.

Figure 5.4

Prevalence of hourly and weekly low pay for female and male employees in Birmingham and the Black Country, the West Midlands region and England, 2019



Source: ONS, Annual Survey of Hours and Earnings, 2019

Second, the extent of low pay between different groups within each area can be compared. Women in all areas are more likely to be low paid hourly than men. On weekly pay, the gap is even higher. Women are twice as likely to be low paid on a weekly basis than men. This is especially important in Birmingham and the Black Country because of their high proportion of part-working households (in which not all the adults are working). These households, dependent on a single earner, are the ones at highest risk of having an income low enough to leave them in poverty – despite the fact that they are working (see chapter 3).

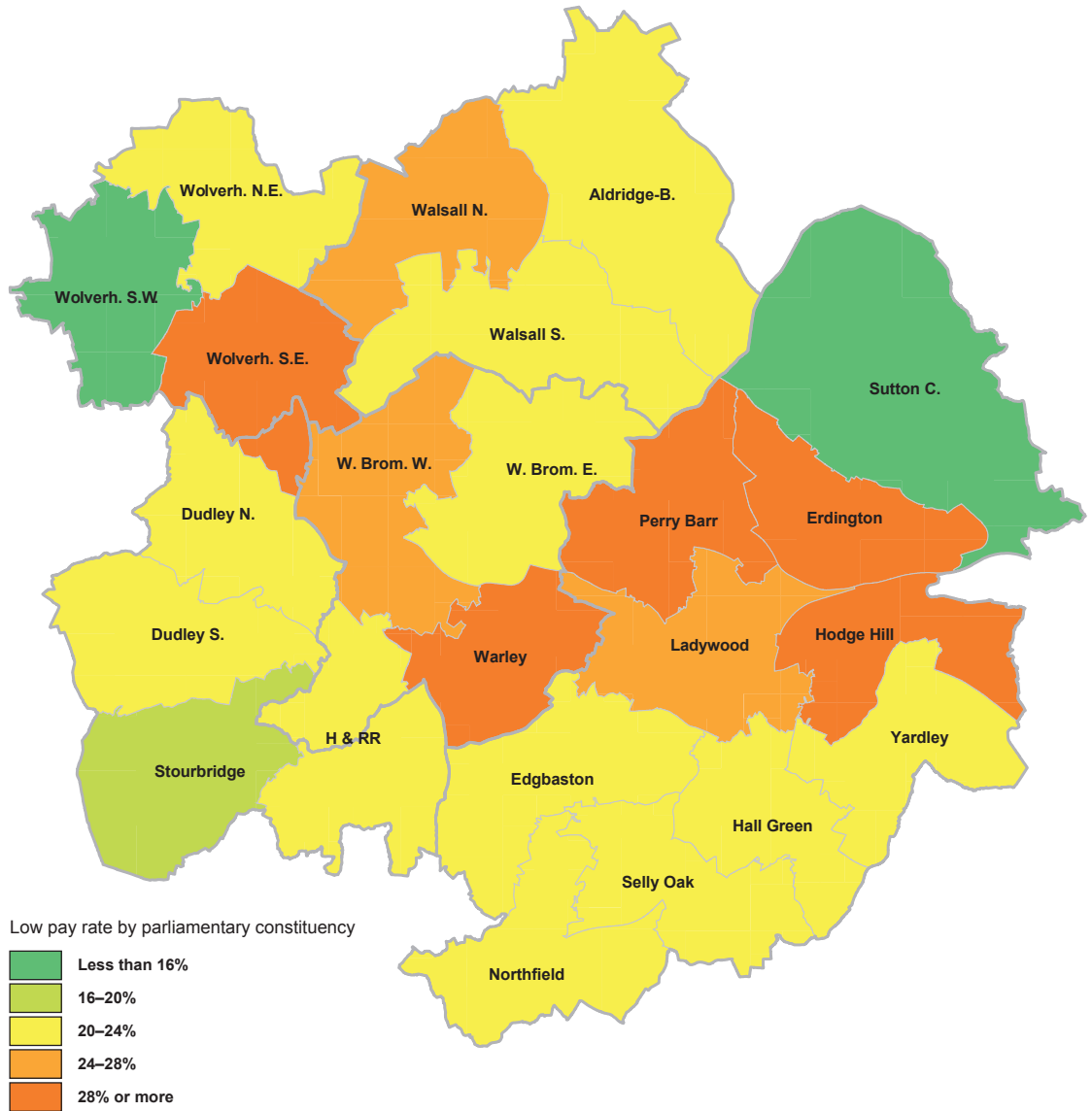
Looking further into the disparities in pay for men and women, there is only a small difference between the proportion of men who are low paid by the hour and those who are low paid by the week. This means that men who are low paid are either working close to full-time hours or they are working fewer hours but at a higher hourly rate. This is not the case for women. For women, the gap is at least 13 percentage points higher in all cases. Some women who are paid a low hourly rate are also working fewer than full-time hours.

The proportion of resident employees who are low paid by the hour differs between the five local authorities. The lowest proportion is in Dudley at 20%, then Wolverhampton at 21%, Birmingham at 23%, Walsall at 24% and Sandwell at 26%. Dudley and Wolverhampton are at or around the England and West Midlands rates (20% and 21% respectively), whereas the other three are above them. Even within councils there is significant variation by parliamentary constituency.

Figure 5.5 looks at how hourly low pay differs by parliamentary constituency. The pattern appears to be that the outer parliamentary constituencies have a lower prevalence of hourly low pay. There is a cluster of constituencies with a high prevalence of hourly low pay from North/Central Birmingham through Sandwell into South East Wolverhampton.

Figure 5.5

Map of hourly low-pay prevalence for employee residents, by parliamentary constituency, 2019



Source: ONS, Annual Survey of Hours and Earnings, 2019. Boundary data: Contains National Statistics data © Crown copyright and database right (2020)

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Only half of working-age adults (51%) are securely employed

SHORT-TERM CRISIS IN EMPLOYMENT AND WORK

The pandemic and social distancing measures brought in since March 2020 have had a significant impact on the labour market. This section looks at how things have changed and what the outlook for employment might be beyond 2020.

Out-of-work benefit claims

The 'claimant count' combines a measure of those claiming Jobseeker's Allowance (the pre-UC social security benefit for those seeking work) with the number of UC claimants who are required to search for work. **Figure 5.6** shows how the claimant count has changed in Birmingham and the Black Country compared with October 2019. The figure includes those who have made a claim up to the end of October 2020 and indicates a significant increase in people losing their incomes and therefore claiming support. It will also, in part, reflect an increase in the number of people *eligible* to claim UC due to increases in the standard allowance LHA. The claimant count is expressed here as a proportion of the whole working-age population.

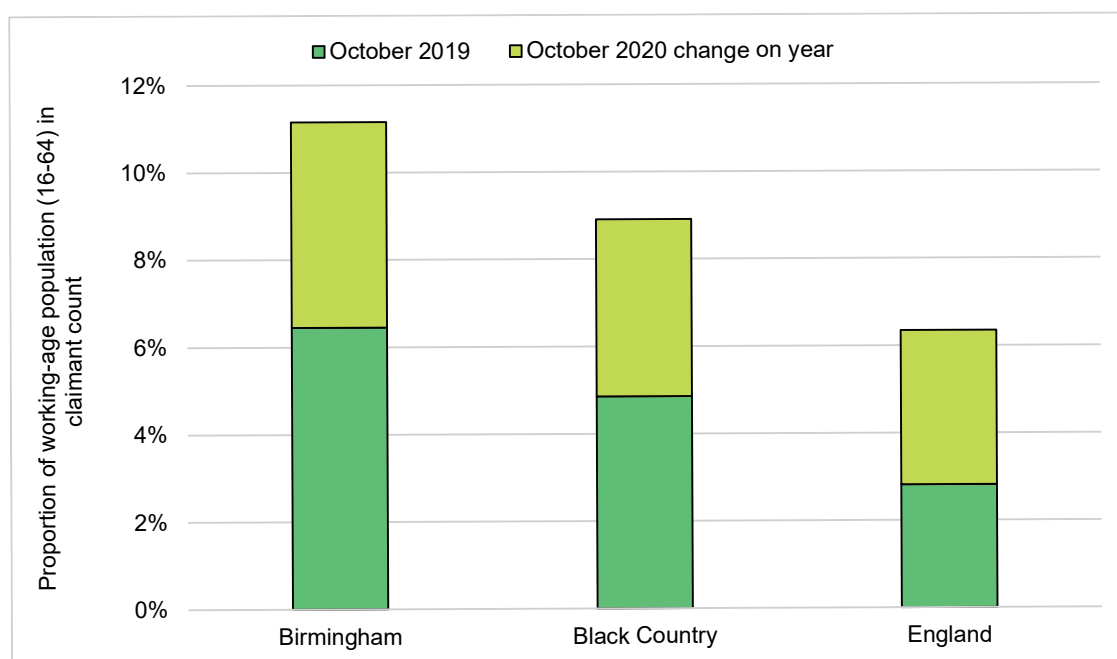
Claimant count unemployment was significantly higher in Birmingham and the Black Country than in England as a whole before the pandemic. Birmingham had more than twice the national average, with 6.5% of working-age adults claiming in October 2019. The Black Country, too, had a high rate of claimants, with 4.9%.

By October 2020, the claimant count across England had more than doubled compared with a year earlier, to 6.3%. Claimant count unemployment in Birmingham did not double, but due to its high base, it was higher than the England average, rising from 6.5% to 11.2%. The same was true for the Black Country (4.9% to 8.9%).

By comparison, following the financial crash in 2008, claimant count levels in October 2009 were 7.7% in Birmingham, 6.8% in the Black Country and 3.9% for England as a whole. Claimant count numbers have therefore now exceeded those levels.

Figure 5.6

Increases in the claimant count, October 2019 to October 2020



Source: ONS, Regional labour market: Claimant Count by unitary and local authority, October 2020.

Employment protection schemes

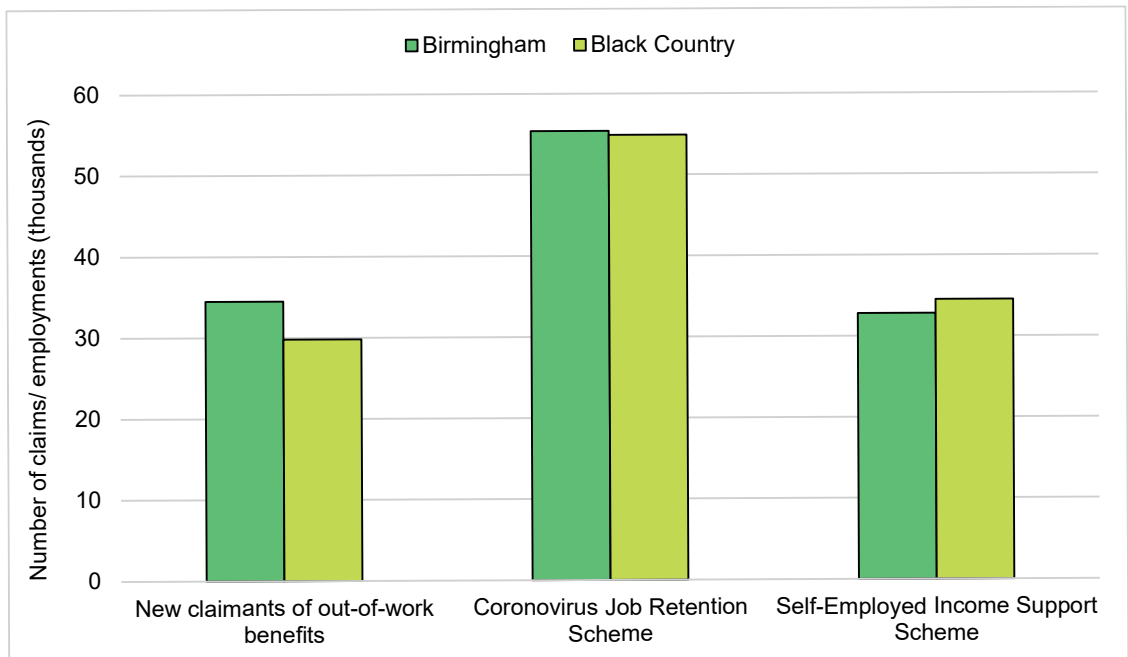
The Government introduced two schemes to protect employment in March 2020, which have now been extended to 2021. The first was the Coronavirus Job Retention Scheme (CJRS). The CJRS allowed employees to furlough staff, with the government initially paying 80% of their wages to prevent wide-scale job losses from closed businesses during lockdown.⁷⁹ The second was the Self-Employed Income Support Scheme (SEISS). This was designed so that self-employed workers could claim 80% of their normal profits.⁸⁰

During the first months of the pandemic, the CJRS and SEISS are thought to have staved off widespread unemployment for several reasons.⁸¹ Although both schemes have now been extended, it is uncertain whether they will have the same positive impact on protecting jobs. Government may be continuing to cover the wage costs of these jobs but their security depends on the ability of businesses to survive.

To provide a sense of the scale of the employment that the CJRS and SEISS were protecting in the autumn, **figure 5.7** shows numbers for the uptake of these schemes alongside numbers claiming out-of-work benefits as of October 2020.⁸² Birmingham and the Black Country respectively had 35,000 and 30,000 additional claims for out-of-work benefits in October 2020, compared with a year earlier. By contrast, around 90,000 and 85,000 respectively were benefitting from CJRSS or SEISS at that time. Birmingham and the Black Country are not exceptional in the extent to which their workforce is being covered by the emergency schemes.

Figure 5.7

Increase in the number of claimants of out-of-work benefits between October 2019 and October 2020 and uptake of coronavirus emergency employment schemes in autumn 2020⁸³

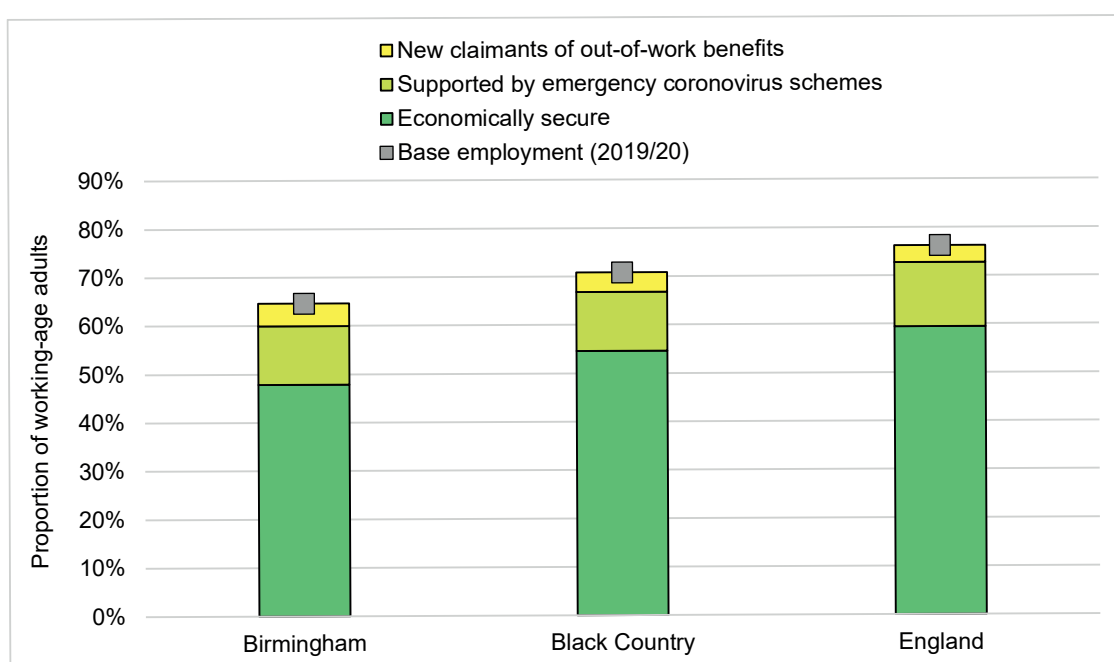


Source: ONS, Regional labour market: Claimant Count by unitary and local authority, October 2020; HM Revenue and Customs (HMRC), Coronavirus Job Retention Scheme statistics, August 2020; HMRC Self-Employment Income Support Scheme statistics, October 2020.

Economically vulnerable and economically secure

Looking forward, a measure of the economic vulnerability or security of the region could combine all the measures discussed in this chapter. Based on the employment rates as of March 2020, and combining them with the new out-of-work claimants since March and the jobs supported by the emergency coronavirus schemes, provides estimates for the proportion of the working-age population who remain securely employed. **Figure 5.8** shows these estimates. The economically vulnerable are broken down into the additional out-of-work claimants and those supported by the emergency coronavirus job support schemes introduced in March 2020.

Figure 5.8
Estimates for economically secure and newly economically vulnerable people across Birmingham and the Black Country



Source: Annual Population Survey via Nomis 2019/20; ONS, Regional labour market: Claimant Count by unitary and local authority, October 2020; HMRC, Coronavirus Job Retention Scheme statistics, August 2020; HMRC, Self-Employment Income Support Scheme statistics, October 2020.

As shown in the figure, Birmingham and the Black Country have seen higher proportions of claims for out-of-work benefits than nationally and they have seen similar levels of people supported by the emergency coronavirus schemes. Due to the already low employment rates in both areas, shown at the start of the chapter, it means that they have fewer people estimated as still securely employed: 48% in Birmingham and 55% in the Black Country, compared with an England average of 59%.

Figure 5.9 shows the proportion of the working-age population who are economically insecure, by parliamentary constituency. Economic insecurity is the combination of new claimants of out-of-work benefits and the number of employments covered by the two job support schemes as of autumn 2020.

What is important about this map is that the pattern of economic insecurity is not quite the same as the pattern of underlying deprivation shown, say, (at the very local level) in [figure 3.1](#). In particular, the deprived areas of Sandwell, Walsall and Wolverhampton are in the (relatively) less threatened areas in [figure 5.9](#).⁸⁴ Economic insecurity is highest in south-east Birmingham and Dudley North. This is, however, a changing picture, economic insecurity having worsened by summer 2020 in the areas (to the south and east) that are traditionally weaker in economic terms.

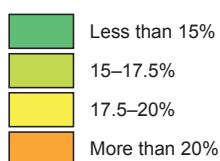
Job insecurity since March has also been linked to low pay, with those paid less than the National Living Wage being twice as likely to have lost their jobs, been furloughed or lost hours or income during the pandemic.⁸⁵ In addition to this, young people, people from BAME groups and those who work in the leisure and hospitality sector have all been found to be more likely to have lost employment since March.⁸⁶

Figure 5.9

**Map of hourly
Map of economic
insecurity in
Birmingham and
the Black Country,
by parliamentary
constituency,
autumn 2020**



Economic insecurity by parliamentary constituency



Source: ONS, Annual Survey of Hours and Earnings, 2019. Boundary data: Contains National Statistics data © Crown copyright and database right (2020)

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DISCUSSION

Before the pandemic, employment rates in both Birmingham and the Black Country were low across the board, with Birmingham having the fourth lowest rate of any English local authority area in 2019, higher only than Barrow, Middlesbrough and Nottingham. Employment rates also show great inequalities by ethnicity, sex and disability status.

The threats to employment from the recession measured here have a different pattern across Birmingham and the Black Country from the pre-pandemic pattern of low employment. While this adds a new dimension to the problem of low employment, the additional disadvantages by ethnicity, sex and disability status that were present before the pandemic can be expected to emerge among the newly vulnerable too unless positive steps are taken to resist this.

At the company level, a range of policies are needed including, for example, that when people are selected for redundancy partly on the grounds of absence, allowance is made for absence during the pandemic because of additional caring responsibilities. Nor is it just a question of having the right policies in place – the role of line managers in putting policies into practice is just as crucial.

Offsetting action is also possible at the political level. Equality impact assessments could be made routine within the WMCA, with the conclusions being made available to influence and revise the strategies or policies before they are signed off. The WMCA could also follow Greater Manchester Combined Authority, which has just established a Women and Girls' Equality Panel, chaired by the Authority's Portfolio Lead for Equalities.⁸⁹

Turning to low pay, recent research (published to coincide with the announcement that the Real Living Wage will be worth £9.50 an hour in 2021) has argued that an effect can be detected in the data on hourly pay in both London and Scotland where campaigning and official support for the Real Living Wage has been strong. While nationwide the magnitude is still small (with those benefitting from the Real Living Wage estimated to number about 4% of all of those who are paid less than that rate), the effect is both appreciable and growing.⁹⁰

But the Real Living Wage is about more than just pay. An assessment of why employers in Scotland chose to pay it concluded that they did so for neither altruistic nor narrow business reasons but out of a wider sense that community wellbeing was in their private interest.⁹¹ This idea, that both private and public sector employers not only share in wider social wellbeing but can also contribute to it by their own actions, is also an aspect of the Anchor Institution Networks, one of which was set up in Birmingham in 2019, with a second being established in Sandwell now.

Chapter 5 Endnotes

69. In England, the employment gaps for White and Indian women are 8% and 14% respectively. The gap is 8% for Black/Black British women and 34% for Pakistani/Bangladeshi women.
70. Longhi S and Brynin M (2017) *Research Report 108: The ethnicity pay gap*, Equality and Human Rights Commission.
71. Chartered Institute of Personnel and Development (2017) *Addressing the Barriers to BAME Employee Career Progression to the Top*, CIPD.
72. Coleman N, Sykes W and Groom C (2013) *Research report 88: Barriers to employment and unfair treatment at work: A quantitative analysis of disabled people's experiences*, Equality and Human Rights Commission.
73. The Business School, University of Birmingham and Institute for Research into Superdiversity (2018) *Leaders Like You*, WMCA Leadership Commission.
74. The definition of disability used is that of the Equality Act 2010.
75. NPI analysis of the Labour Force Survey.
76. ONS, Disability and employment, UK: 2019, December 2019.
77. Cominetti N and Slaughter S (2020) *Low Pay Britain 2020*, Resolution Foundation.
78. The Real Living Wage is calculated and updated each year by the [Living Wage Foundation](#). It differs from the National Living Wage and National Minimum Wage which, in the period from April 2019 to March 2020, were lower at £8.21 for those aged 25 and over, £7.70 for 21- to 24-year-olds, £6.15 for 18- to 20-year-olds and £4.35 for those aged under 18.
79. This scheme has changed over time. Each month from August, employers were required to top up employees' wages to 80%, as the government contributed 10% less each month. In addition, employees can also be part-furloughed now, meaning the employer pays for the hours worked and whatever extra is required to reach 80% of normal wages after the government tops up to the amount of wage for that month.
80. This scheme had two waves. In both cases the amounts covered three months of profit, paid out in one payment. The second wave covered up to 70% of normal profits.
81. Wilson T (2020) 'What's going on with the unemployment data?', Institute for Employment Studies blog, 23 June.
82. CJRS counts 'employments' that have been furloughed rather than people who have been furloughed, it is not strictly comparable to the claimant numbers or even to the SEISS numbers, both of which count people – and count them only once.
83. This graph shows three numbers (from left to right): first, the number of additional claimants of out-of-work benefits in October 2020 compared with October 2019; second, the number of employments still furloughed as of 31 August 2020; and third, the number of claims made for the second SEISS grant as of 30 September 2020. The second SEISS grant was available from 14 July to 19 October 2020 so, the relevant figures may not cover all the claims made for it.
84. The correlation coefficient between base employment rates and employment at risk is 0.26.
85. Cominetti N and Slaughter H (2020) *Low Pay Britain 2020*, Resolution Foundation.
86. Brewer M, Cominetti N, Henehan K, McCurdy M, Sehmi R and Slaughter H (2020) *Jobs, Jobs, Jobs*, Resolution Foundation.
87. Brown A, Tarbit J, Breed L and Day M (2020) *Future-focus: How can workplaces evolve for parents / carers in a post-Covid world?*, Global Institute for Women's Leadership, pp 21 and 24.
88. Bazeley A and Culhane L (2019) *Making Devolution Work for Women: Including women's voices*, Fawcett Society.
89. Greater Manchester Combined Authority (no date) 'Women and Girls' Equality Panel', Greater Manchester Combined Authority website.
90. Cominetti N (2020) *Earnings Outlook Q2 2020*, Resolution Foundation.
91. Hughes C, Kenway P, Kelly P and Born B (2016), *Enlightened Self-Interest? The role of private sector employers in reducing poverty*.



6 HOUSING

Housing

INTRODUCTION

The first part of this chapter focuses on housing unaffordability and insecurity.

To do this it looks at who needs help from the government to cover the cost of their housing and the help available to them.

The second part of the chapter examines 'statutory homelessness', which is recorded by local authorities, and households in temporary accommodation.

The third part looks at the quality of housing. This is done by looking at the extent of overcrowding over the last 10 years and at the latest data on fuel poverty.

What this chapter helps us understand includes:

- the sharp increase in the number of families who have become reliant on UC since March 2020 and the reasons why some of these families may find themselves in insecure housing;
- the number of families who became homeless across Birmingham and the Black Country at the beginning of 2020, before any repercussions from the COVID-19 crisis were felt by households;
- how the housing situation differs between Birmingham and the Black Country, which is particularly noticeable when looking at households in temporary accommodation;
- what has happened to overcrowding in Birmingham and the Black Country over the last 10 years and where overcrowded households are likely to be living.

.....

The chapter's main conclusion is that there is a shortage of housing in Birmingham as well as high levels of fuel poverty across the whole area, due to both poor quality housing and low household incomes. Both Birmingham and the Black Country have a problem of housing unaffordability. It will take sustained and substantial increases in the resources available to local authorities for to be able to provide quality, affordable housing to those who need it.

Large increase in LHA rates for most families

HOUSING UNAFFORDABILITY AND PRECARITY

The social security system and housing affordability

Housing is considered 'unaffordable' if a household has to devote more than 30% of its income to housing. Unfortunately, measuring housing affordability like this cannot usually be done below the level of the region (the West Midlands) because the data is not available. An alternative, for which data is available, is to look at who needs (and is entitled to) help from the government to meet the cost of housing.

Over the last 10 years, a number of government policies have been introduced that have reduced the amount of benefit that families can claim to cover their housing costs. These are the LHA, which affects private renters,⁹² the benefit cap and the removal of the 'spare room subsidy' for social tenants.

The LHA is an upper limit on the amount of Housing Benefit or housing element of UC that can be claimed. It was set at the 30th percentile of rents in a particular area and, for the first few years after its introduction, it rose each year in line with private rents in that area. In 2016, however, LHA rates were frozen, meaning that in areas where private rents are growing rapidly, it became harder to find a home where the rent did not exceed the LHA. By April 2020, 95% of LHA rates in England were below the 30th percentile of rents in their area.⁹³

In March 2020, the Chancellor announced new measures in response to the coronavirus pandemic.⁹⁴ There were two benefit increases that were beyond inflation and they presented a substantial increase following four years of the benefit freeze for working-age benefits:

- an above-inflation increase for UC and legacy benefits for 2020/21 of £20 a week for singles and couples (see chapter 3);
- resetting the LHA rates back to the 30th percentile of rents in their area.

The changes now mean that all LHA rates are at the 30th percentile for their area except for 15 of the 30 areas in Central London. **Table 6.1** shows the weekly increase in the LHA rates for different families in the Birmingham and Black Country broad rental market areas.

Table 6.1

Average LHA rates for families with and without children in Birmingham and the Black Country

		April 2016 to March 2020	April 2020	Weekly increase	%
Singles and couples with no children⁹⁵	Birmingham	£79.59	£93.91	£14.32	18
	Black Country	£73.15	£76.00	£2.85	4
Singles or couples with children⁹⁶	Birmingham	£145.66	£164.93	£19.27	13
	Black Country	£126.76	£142.30	£15.54	12

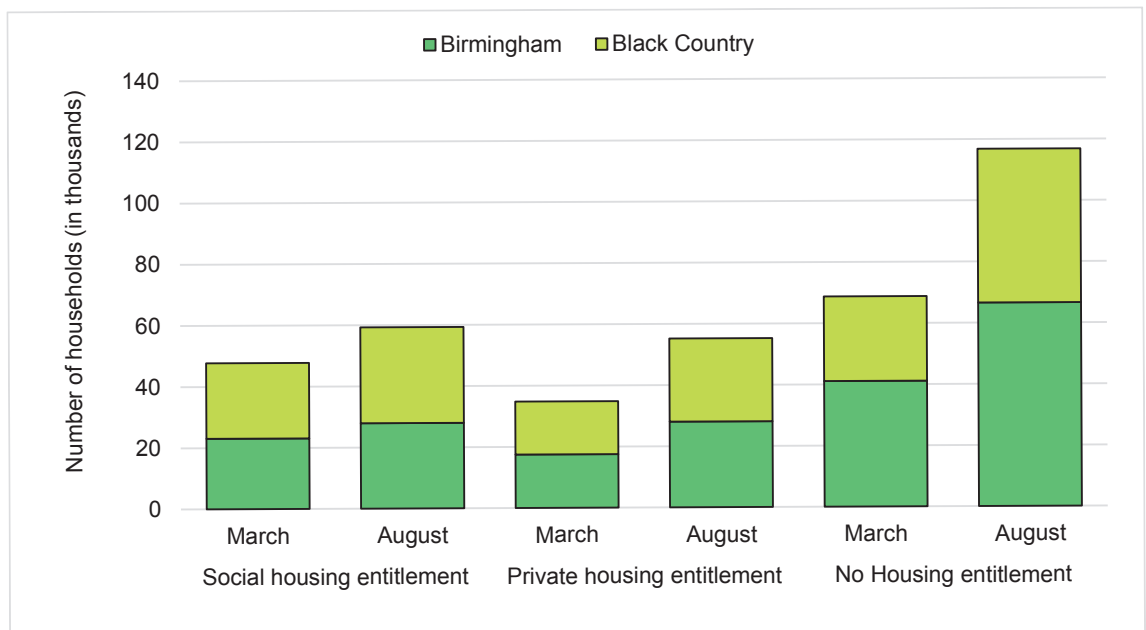
Source: Valuation Office Agency, LHA rates 2020/21.

The weekly increase was largest for families without children living in Birmingham (up £14, or 18% a week) and slightly lower for families with children, in both Birmingham (13%) and the Black Country (12%). For all families, apart from those without children in the Black Country, the increase was considerable, showing that LHA rates had fallen quite far behind rents over the last four years. These changes to the LHA rates are important because they affect all families living in the private rented sector and claiming UC.

Figure 6.1 shows the number of families claiming UC who have a housing entitlement – that is, they are living in either private or social rented accommodation – and those with no housing entitlement, some of whom own their own home, in March and August this year.

Figure 6.1

Number of families claiming UC in Birmingham and the Black Country, by housing element type, March and August 2020



Source: DWP, Stat-Xplore, Households on UC

The data from March shows the number of claims at the beginning of the COVID-19 crisis, before any restrictions had been implemented, and the data from August shows the number of families claiming during lockdown while the CJRS was operating.

In total, the number of families claiming UC across Birmingham and the Black Country rose by 80,000 between March and August, from 150,000 households to 230,000. This was proportionately smaller than the increase across England.

In May, just over one in four families (28%) in Birmingham were claiming UC, up from 18% in March. In the Black Country it was just under one in four families (24%) in the same month, up from 15% in March.

The smallest increase in the number of families claiming UC was for those in the social rented sector where it increased by 12,000 (24%). It increased by 20,000 (59%) in the private rented sector and the largest increase was in the number of families with no housing claim, which rose by 48,000 (70%). These are families who own their home (with or without a mortgage) or who are living in a home where someone else is responsible for the housing costs.

The increase to the LHA rates shown in table 6.1 will affect many of the 55,000 families living in the private rented sector and claiming UC whose rent was higher than the LHA

rates. With the introduction of higher LHA rates, these families will now see a larger proportion of their rent covered by their housing entitlement, unless they are subject to the benefit cap (see below).

As the number of households renting from private landlords and claiming UC grows, so the number of them with rents above the LHA will grow disproportionately. This is especially likely if new claimants for UC had originally chosen where to rent on the basis of what they could afford when employed, rather than in relation to the LHA rate.

The benefit cap

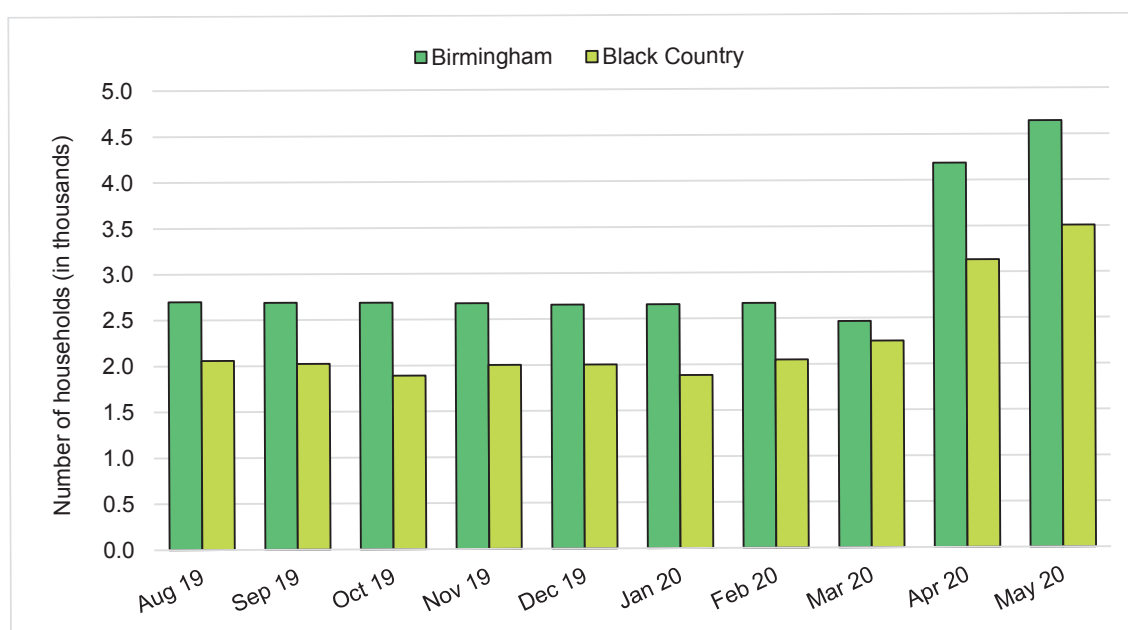
When the government increased the support provided by the social security system in March 2020, it did not remove or adjust the benefit cap to reflect this. This is the upper limit (in place since 2013) on the amount of benefits and tax credits that a workless, working-age household can receive. In November 2016, the cap for families outside London was set at £20,000 for couples and lone parents and £13,400 for single adults with no children. Any family that was already capped in March 2020 will not have gained from the increased support introduced that month.⁹⁷

Figure 6.2 shows the number of families claiming UC or Housing Benefit who are subject to the benefit cap. Between February and May of this year, the number of these families in both Birmingham and the Black Country almost doubled, increasing to 4,600 in Birmingham and 3,500 in the Black Country. None of these families will receive enough benefit to cover their rent and so will have to use money intended for daily living expenses to make up the shortfall. The amount provided for daily living expenses is already far below what most people think is needed for an acceptable *minimum* standard of living (see chapter 3).

There is a nine-month 'grace period' that is applied for some families claiming UC because they stopped working or their earnings went down.⁹⁸ There are no figures that track the number of households in the grace period but a faster increase in the number of capped families can be expected after January 2021 as the grace period for new claimants after March 2020 comes to an end.

Figure 6.2

Number of families in Birmingham and the Black Country whose benefits have been capped from August 2019



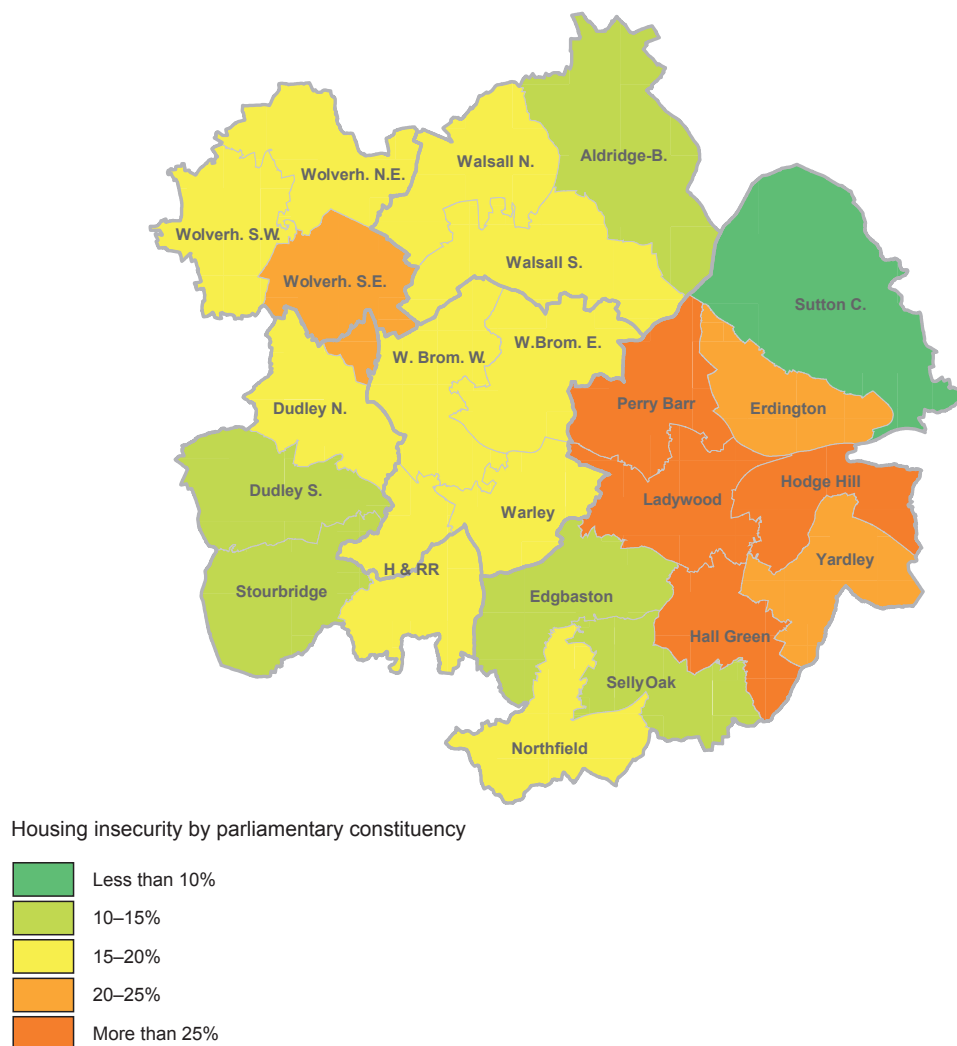
Source: DWP, Stat-Xplore, Households on UC

Housing precarity

Three factors combine to cause housing precarity: dependence on a flow of income to maintain rent or mortgage payments; the availability of state or other financial support; and security of tenure. Here, more precarious housing is identified as being home ownership with a mortgage, and renting from a private landlord. Both tenures depend on a flow of income to meet the regular mortgage or rent payments but so long as payments are met, homeowners remain secure. By contrast, private tenants on the most common type of tenancy agreement (assured shorthold tenancy) can be asked to leave by their landlord without arrears or any other breach, making this the most precarious type of housing.

Figure 6.3 shows the number of families by parliamentary constituency claiming UC with no housing element and those claiming the housing element in the private rented sector as a proportion of working-age families in August 2020. Families with no housing element are either homeowners, who are not eligible, or are living with friends or relatives and are not responsible for paying housing costs. Most claims from homeowners will be from those with a mortgage as many outright homeowners are no longer economically active and so are not entitled to UC.

Figure 6.3
Map of the proportion of working-age families in Birmingham and the Black Country in insecure types of housing, August 2020



Source: DWP, Stat-Xplore, Households on UC. Boundary data: Contains National Statistics data © Crown copyright and database right (2020) Contains OS data © Crown copyright and database right (2020)

Homeowners who claim UC are in a particularly bad financial position because they may receive no help with their mortgage. In theory, private renters whose rent is within the LHA rate could have all their rent paid and be fairly secure.⁹⁹

The highest proportion of families in precarious housing are in Hall Green and Hodge Hill, where 32% of families are estimated to be affected. The lowest proportions are in Sutton Coldfield (8%) and Aldridge-Brownhills (11%).

Nationwide, 32% of private renters aged 16–65 who were in work before lockdown had been furloughed (15%), lost hours or income (12%) or lost their job (5%) by the end of May 2020.¹⁰⁰ By July, 36% of private renters had seen their income fall by at least a fifth, compared with an average of 26% across all tenures.¹⁰¹ Ten per cent of private renters had tried to negotiate with their landlord but only half were successful (3% getting a rent reduction and 2% a rent holiday).¹⁰²

Nationwide, 29% of homeowners with a mortgage aged 16–65 and in work before the lockdown had lost hours or income (15%), been furloughed (11%) or lost their job (3%) by the end of May.¹⁰³ By May, 8% of those with a mortgage were behind with housing costs.¹⁰⁴ Following the government's announcement that mortgage lenders should provide three-month payment 'holidays' for mortgage holders experiencing difficulties, 17% of mortgaged homeowners across Britain had arranged these holidays by late May.¹⁰⁵ The original three-month scheme was extended to 31 October for those still facing problems, or for new applicants.¹⁰⁶

Government policies to protect households from homelessness have delayed payments but they have not cancelled them. Mortgage lenders have been told to roll up debt for mortgage holders into (slightly longer/costlier) payment terms over the term of the mortgage. Tenants, though, are just left with a debt that they must negotiate over with their landlord. Those who have lost income will not be able to repay rent arrears in a short space of time and will need a combination of a long-term repayment plan and some cancellation of rent arrears.

HOMELESSNESS AND TEMPORARY ACCOMMODATION

Homelessness

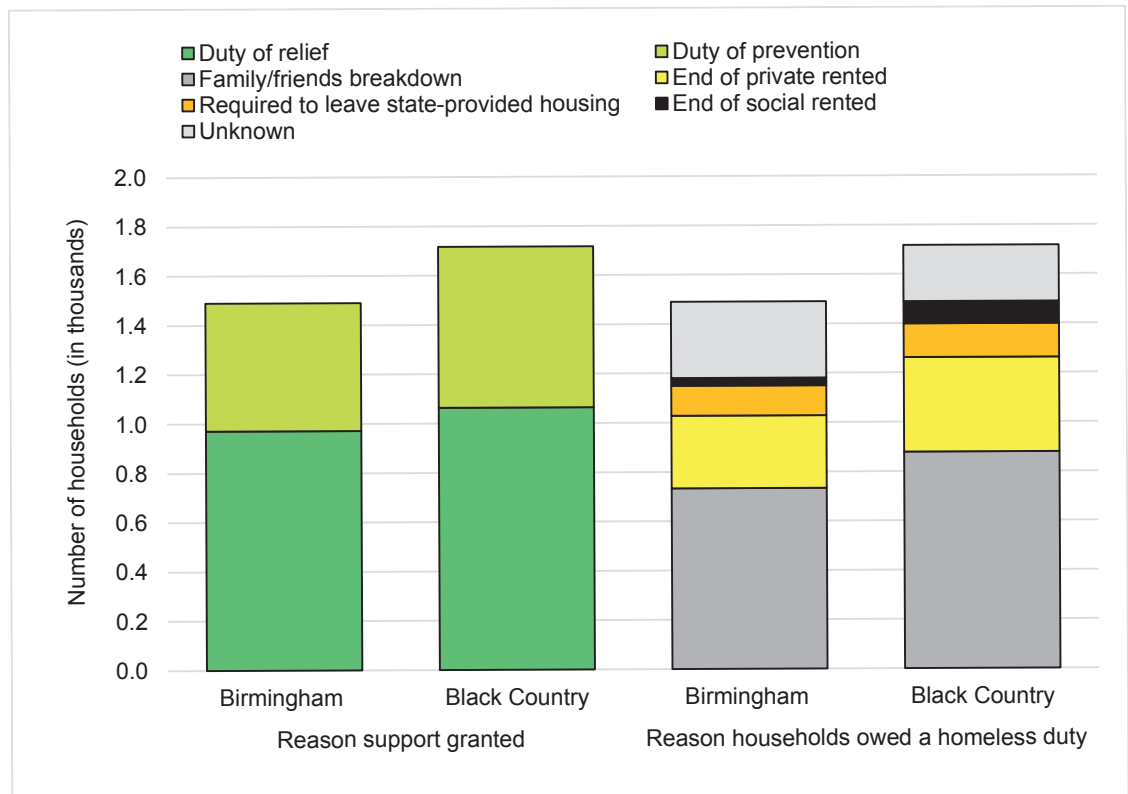
The focus here is on the 'statutory homelessness' recorded by local authorities. To be accepted as statutorily homeless, a family must have been accepted by their local authority as being 'owed support' under the homeless legislation. Support can take the form of 'relief' or 'prevention'. Pre-COVID-19 homelessness rates provide some sense of the vulnerability of families or other 'priority' households in different local authorities to losing their home, for various reasons.

Figure 6.4 looks at the number of households accepted as homeless between January and March 2020 in Birmingham and the Black Country. On the right-hand side it shows the reason why these households became homeless.

Over 2,000 households homeless in first quarter of 2020

Figure 6.4

Number of households who were accepted as homeless in Birmingham and the Black Country, January to March 2020



Source: MHCLG, Statutory homelessness: Detailed local authority-level tables.

Households owed a 'duty of relief' are those who have been found to be homeless.¹⁰⁷ The local authority must find them somewhere to live. This could be a social rented home for the household but it could also include funding a rent deposit or working with a private landlord to provide homes for families or temporary accommodation.¹⁰⁸ Households owed a 'duty of prevention' are those who are threatened with homelessness within 56 days and who the local authority should try to prevent becoming homeless.

In the first quarter of 2020, 970 households in Birmingham and 1,100 households in the Black Country were accepted as homeless. These are similar numbers to previous quarters, meaning that every year around 8,000 households become homeless in Birmingham and the Black Country. A further 520 households in Birmingham and 650 households in the Black Country were threatened with homelessness. The rate of households owed either a duty of prevention or relief in Birmingham and the Black Country is similar to the England rate, with 3.5 homeless households per 1,000 in Birmingham and 3.6 in the Black Country compared with 3.2 in England.

'Hidden homelessness' is not captured in this data, that is, those who are not entitled to help or who do not know that they can approach the local authority for help, as well as those sleeping rough and those staying in overcrowded housing and/or 'sofa surfing' with families and friends. In 2018/19 in the West Midlands, 2% of households contained at least one 'sofa surfer' – that is, someone who would otherwise be homeless – and 7% of households contained a concealed household who would like to buy or rent their own accommodation but cannot afford to do so.¹⁰⁹

In response to concern that rough sleepers could not isolate properly during the pandemic, the government started a programme in March 2020 to accommodate all people sleeping rough at that time in hotels or hostels. Of those identified as homeless at the start of lockdown, 90% had been accommodated by late April.¹¹⁰ Yet in London, where good data is available on rough sleeping, 4,400 people were found to be sleeping rough between April and June 2020, at least half of them for the first time (and an increase compared with the same period in 2019).

Although the government initiative to house rough sleepers was successful, it did nothing to prevent people from becoming homeless in the first place.¹¹¹ The right-hand side of **figure 6.4** sheds light on why: of those owed support, 1,600 (50%) had become homeless because family or friends could no longer accommodate them or because of a relationship breakdown. There is no reason to think that these drivers of homelessness will have abated during lockdown. Although the government put a moratorium on evictions by private landlords after March, that will not have stopped informal (or of course illegal) forced moves from having occurred.

Temporary accommodation

If a local authority owes a duty of relief to a household, they must find them accommodation. Households might be put in temporary accommodation while the local authority is looking into their application or while they are trying to find suitable long-term accommodation for them.¹¹² Temporary accommodation is insecure, often provides less space than average permanent accommodation, and sometimes provides only shared facilities.

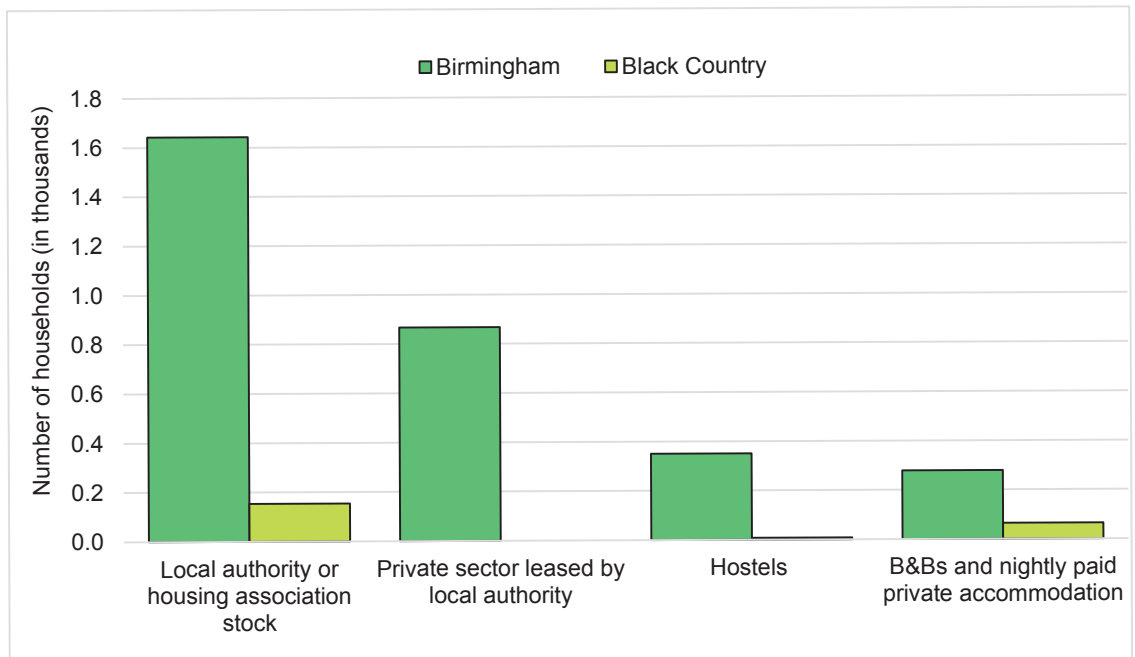
Temporary accommodation is overwhelmingly a London problem, which has 65% of all the households that are in temporary accommodation in England. However, it is also a significant problem in Birmingham, with 3,100 households in temporary accommodation at the end of March 2020 (10% of all the households in temporary accommodation outside London). By contrast, just 230 households were in temporary accommodation across the Black Country. As a proportion of all households, 7.4 per 1,000 are in temporary accommodation in Birmingham, nearly double the England rate (4.0 per 1,000) and 15 times the Black Country rate (0.5 per 1,000).

Figure 6.5 shows the number of households in temporary accommodation by the type of accommodation they are staying in. The problem is not just temporary accommodation itself but also its type and quality. Emergency bed & breakfast (B&B) accommodation is found to be the least suitable type of accommodation and is intended for very short stays only. Often there is a lack of facilities or these must be shared, and it is the most expensive type of accommodation for local authorities.

In Birmingham, half (1,600) of households in temporary accommodation were housed in local authority or housing association stock, another 870 households (28%) were housed in the private rented sector, 350 (11%) were in hostels and 280 (9%) were in B&Bs or nightly paid private accommodation. In the Black Country, the majority (150 households or 68%) were housed in local authority or housing association stock, with just 73 households (32%) in hostels, B&Bs or nightly paid private accommodation.

Figure 6.5

Number of households in temporary accommodation in Birmingham and the Black Country, by type of temporary accommodation, January to March 2020



Source: MHCLG, Statutory homelessness: Detailed local authority-level tables.

In general, the figures for the temporary accommodation provided in both Birmingham and the Black Country are better compared with England, where only 22% of households are in local authority or housing association stock and 43% are in hostels or B&Bs and nightly paid private accommodation.

The huge difference between Birmingham and the Black Country in the number of households in temporary accommodation comes about despite the similarity in the number of households found to be statutorily homeless. One reason may be that with more than 6,000 households on the housing waiting list, the council in Birmingham has more difficulty than the Black Country authorities in finding suitable properties for households to be transferred to from temporary accommodation.

HOUSING QUALITY

Across England, nearly one in five households (18%) are living in accommodation that falls below the standard for 'decent homes': 12% of those in the social rented sector, 17% of owner-occupiers and 25% of those in the private rented sector.^{113,114} As we do not have information about non-decent homes in Birmingham and the Black Country, this section uses data on overcrowding over the last 10 years as well as the latest data on fuel poverty.

Overcrowded housing

Figure 6.6 shows the proportion of overcrowded households in 2011; the data in the figure comes from the 2011 Census and cannot be updated until the 2021 Census results are available. Therefore, the figure also shows the difference between population and dwelling growth between 2010 and 2019 to give an indication of how the picture may have changed over the last decade.¹¹⁵ If the population and the number of dwellings increased at the same rate, we would expect the proportion of overcrowded households to have stayed the same.

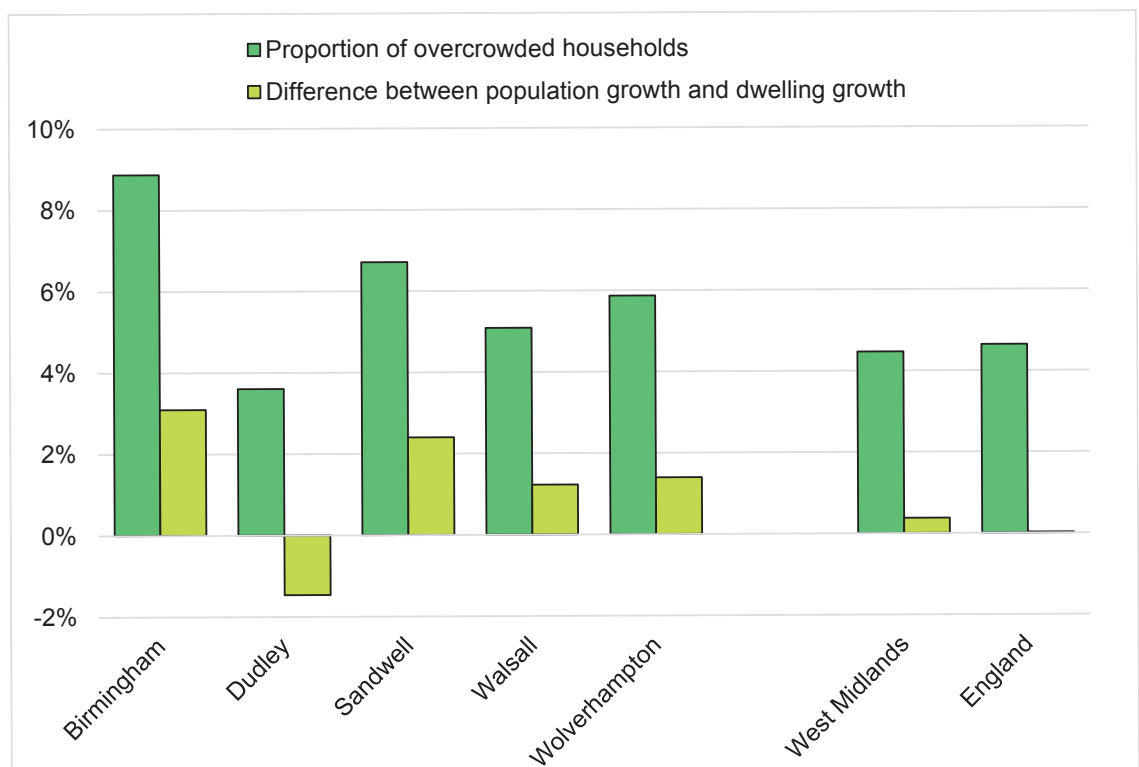
Over-crowding increased in last 10 years

In 2011, Dudley, Walsall and Wolverhampton had a similar proportion of overcrowded households (4%, 5% and 6% respectively) compared with England (5%).¹¹⁶ Birmingham and Sandwell had higher proportions at 9% and 7% respectively.

Birmingham and Sandwell also had the biggest difference between population and dwelling growth. In Birmingham, the population grew by 8% whereas the number of dwellings grew by 5%, a difference of three percentage points. In Sandwell, the population grew by 7% and the number of dwellings grew by 5%, a difference of two percentage points. In each of Walsall, Wolverhampton and Dudley, population growth and dwelling growth were within one percentage point of each other.

Figure 6.6

Overcrowding, 2011, and the difference between population and dwelling growth between 2010 and 2019



Source: ONS via Nomis (2011) Census – Occupancy rating (bedrooms); ONS (2020) Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland; and MHCLG, Live tables on dwelling stock (including vacants), 2019.

As England itself shows, overcrowding can still increase even if, on average, there is no difference between population growth and dwelling growth (overcrowding went up between 2010/11 and 2018/19, from 3.0% to 3.4%). The long-term trend (from the mid-1990s) is one of both increasing under-occupation (from 31.2% to 37.1%) and increasing overcrowding (from 2.7% to 3.4%).¹¹⁷ This is driven by growing under-occupation among owner-occupiers and growing overcrowding for those living in the private and social rented sectors.¹¹⁸ In addition to inequity by tenure, different ethnic groups have a different risk of living in an overcrowded household. The households with the highest rates of overcrowding were in the Bangladeshi (24%), Pakistani (18%), Black African (16%), Arab (15%) and Mixed White and Black African (14%) ethnic groups compared with 2% of White British households.¹¹⁹

There are many reasons why overcrowding is undesirable. It can negatively affect physical and mental health and can be particularly detrimental to children growing up in overcrowded households. However, at the moment it is a particular concern because

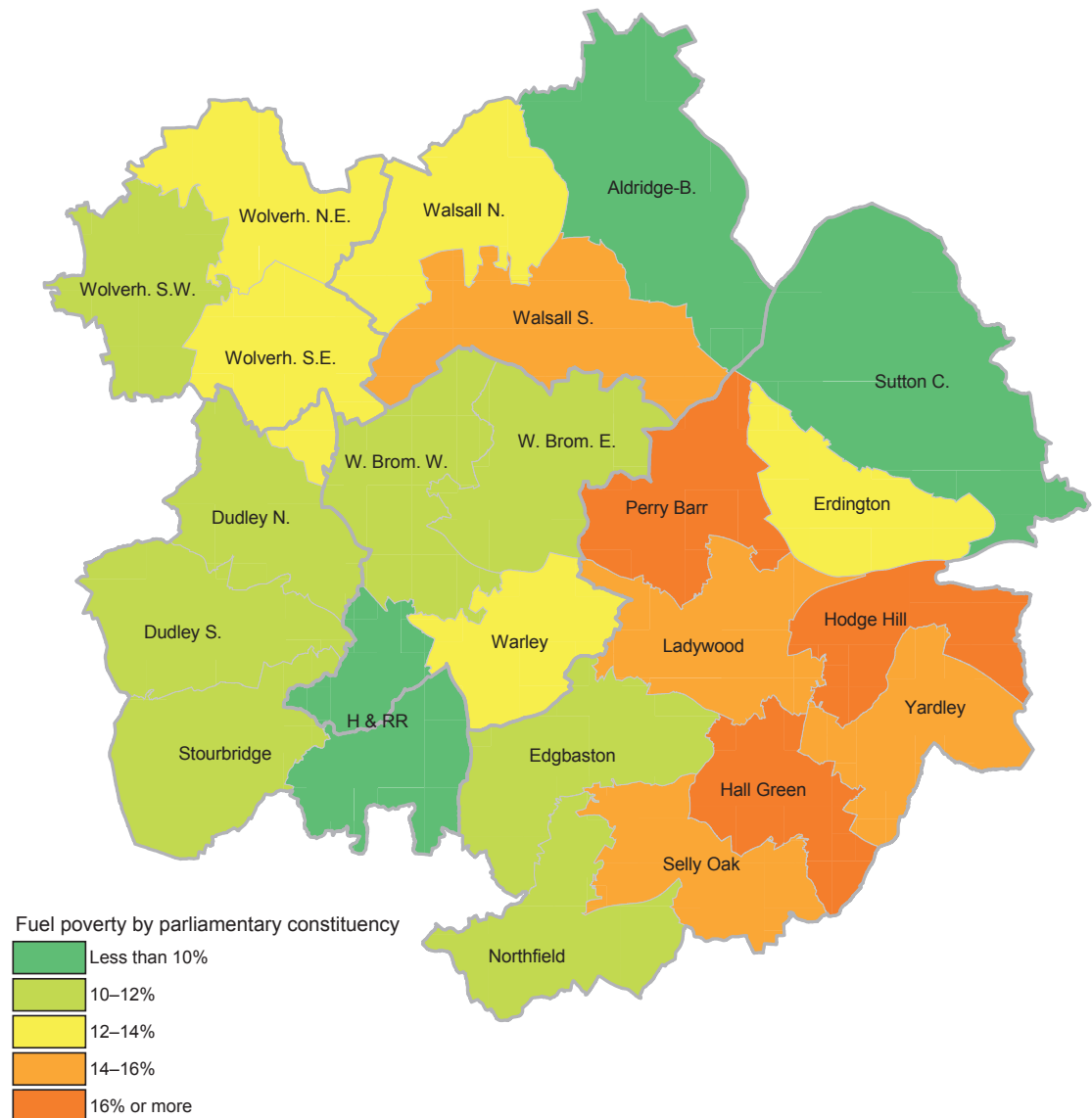
those living in overcrowded households may find it difficult to isolate themselves from the rest of the household if they have COVID-19 symptoms. This can be especially worrying for those of working-age living with people aged over 70. Aston University's initiative to re-purpose conference facilities to support key workers needing to self-isolate can be seen as a response to the problem where people believe they cannot safely self-isolate at home.¹²⁰

Fuel poverty

Just as having enough bedrooms for all members of the family is important for quality of life, so is the quality of the home itself. The focus here is on fuel poverty, both because it is measured at a more local level and because the way it is measured, using the Low Income/High Cost indicator, is closely tied to economic justice. A household is fuel-poor if *both* their required fuel costs are above average *and* if they spent that amount they would be left with an income below the poverty line.^{121,122} This makes it a measure of a home's energy efficiency, the cost of fuel and the household's income.

Figure 6.7

Map of fuel poverty in Birmingham and the Black Country, by parliamentary constituency, 2018



Source: BEIS, Sub-regional Fuel Poverty: England, 2018. Boundary data: Contains National Statistics data © Crown copyright and database right (2020)

Contains OS data © Crown copyright and database right (2020)

Figure 6.7 shows the proportion of fuel-poor households in Birmingham and the Black Country in 2018 by parliamentary constituency. The constituency with the highest proportion of fuel-poor households was Hodge Hill in Birmingham where one in five households were fuel-poor. The lowest was Sutton Coldfield where only 7% of households were fuel-poor. In Birmingham and the Black Country, 19 of the 23 constituencies had fuel poverty rates above the England average of 10.3%. The West Midlands region had the second highest proportion of fuel-poor households after the North West, at 11.4%.

The 'fuel poverty gap' is the reduction in their fuel bill that the average fuel-poor household would need so as not to be classed as fuel-poor. In 2018, the West Midlands region had the largest gap at £433. This means that those living in fuel poverty in the West Midlands would have had to spend more than fuel-poor households in any other region to keep warm.



DISCUSSION

Birmingham has the highest projected housing requirement in the West Midlands and the highest unmet housing need.¹²³ Despite being one of the largest local authority housebuilders in the country, the Birmingham Municipal Housing Trust Delivery Plan for 2019 to 2029 expects to deliver around 3,000 new homes for rent and sale over that 10 year-period – roughly equal to the number of households in temporary accommodation at the moment.¹²⁴

On top of the sheer shortage of housing, the consistently higher levels of fuel poverty across much of Birmingham underline deficiencies in the quality of its housing stock, with carbon emissions from the heating of homes being a major component of the UK's carbon footprint. Improvements in the energy efficiency of buildings – to improve comfort levels, lower energy bills and prepare the building stock for a switch to low-carbon heating – is one of the key items on the official Committee on Climate Change's list of actions to meet 2050 net-zero targets.¹²⁵

Birmingham also has a problem of housing unaffordability. The change to the rules on the LHA in April 2020 will have been of great benefit to some tenants in Birmingham, given the previously rising level of rents. Nevertheless, with so many tenants now dependent on UC, it is inevitable that there will still be many tenants who have lost their jobs but are not entitled to full support with their rent. Either some of the money meant for everyday necessities has to go on meeting the rent – or the household falls into arrears on its rental payments. Although held back for now by the ban on evictions and eased by the extra £20 a week added to UC and Working Tax Credit, both of these measures are temporary. If or when they end, a surge in homelessness can be expected, especially in Birmingham.

It would take sustained and substantial increases in the resources available to local authorities to do much about most of these problems. The situation of those at high risk of losing their home is, however, more easily fixed, on the principle that early action to stop debt spiralling out of control is crucial to keeping people in their homes. People who are newly claiming UC are obviously known to the DWP and, if they apply for Council Tax Support, they are known to the local authority too. People renting their home from a private landlord, or buying it with mortgage, who have made a new claim for UC and/or Council Tax Support since the start of the lockdown in March 2020 could be recognised as a new, vulnerable group in their own right, with schemes to support them designed as a matter of urgency.

Chapter 6 Endnotes

92. The LHA was introduced in 2008 but it was in 2010 that LHA rates were changed so that they were set at the 30th percentile of local market rents rather than the median (50th percentile).
93. McInnes R and Kennedy S (2020) [Benefits Uprating 2020](#), House of Commons Library.
94. GOV.UK (2020) 'Chancellor announces workers' support package', GOV.UK, news release, 20 March.
95. The average of the LHA rate for a room with shared facilities and one-bedroom properties.
96. The average of properties with two, three, four or more bedrooms.
97. Families are not affected by the cap if they receive Working Tax Credit, are affected by disability or earn more than £604 a month net.
98. A number of other conditions apply too: <https://www.gov.uk/benefit-cap/how-earnings-affect-when-benefit-cap-starts>.
99. Homeowners with a mortgage may be able to get help towards their interest payments through Support for Mortgage Interest (SMI). However, this only covers the interest on the mortgage and it is paid as a loan, which a claimant must repay with interest. In general, claimants are not eligible for SMI until they have claimed a qualifying benefit for nine months.
100. Judge L and Pacitti C (2020) *Housing Outlook*, Resolution Foundation.
101. Citizens Advice (2020) '[Demand for Citizens Advice rent arrears advice up 332%](#)', Citizens Advice, press release, 23 July.
102. Judge L (2020) *Coping with Housing Costs during the Coronavirus Crisis: Flash findings from the Resolution Foundation's coronavirus survey*, Resolution Foundation.
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104. Judge L (2020) *Coping with Housing Costs during the Coronavirus Crisis: Flash findings from the Resolution Foundation's coronavirus survey*, Resolution Foundation.
105. UK Finance (2020) '[Lenders commit to ongoing support for mortgage borrowers impacted by COVID-19](#)', UK Finance, press release, 2 June.
106. HM Treasury (2020) 'Help with mortgages to continue for homeowners affected by coronavirus', HM Treasury, press release, 22 May.
107. Households must be in 'priority need'. This excludes most healthy households without children.
108. Haringey Council (2020) '[About the Homelessness Reduction Act \(HRA\)](#)', Haringey Council website.
109. Ministry of Housing Communities and Local Government (2020) '[English Housing Survey 2018 to 2019: sofa surfing and concealed households – fact sheet](#)', GOV.UK website, 9 July.
110. Ministry of Housing, Communities and Local Government (2020) '[Dame Louise Casey writes to local authority homelessness managers and rough sleeping coordinators](#)', GOV.UK website, 23 April.
111. Kenway P, Street C, Holden J, Tunstall B, Chandran C and Ayrton C (2020) *People and Places in London Most Vulnerable to COVID-19 and its Social and Economic Consequences*, NPI.
112. Wilson W and Barton C (2020) *Households in Temporary Accommodation (England)*, House of Commons Library.
113. MHCLG (2020) *English Housing Survey DA3201: Decent Homes – dwellings*.
114. English Housing Survey 2019: stock condition: for a dwelling to be 'decent' it must: (1) meet the statutory minimum standard for housing under the housing health and safety rating system (HHSRS) – homes with a Category 1 hazard under the HHSRS are considered non-decent; (2) be in a reasonable state of repair; (3) have reasonably modern facilities and services; and (4) provide a reasonable degree of thermal comfort.
115. The last available year of data.
116. The 'bedroom standard' is used by the government as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/partnership status composition and the relationship of the members to one another. This notional standard number of bedrooms is then compared with the actual number of bedrooms (including bedsitters) available for the sole use of the household, and differences are tabulated. Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be 'under-occupying' if they have two or more bedrooms more than the notional number needed.
117. 'Under-occupation' is defined here as having two or more spare bedrooms. It is no more adequate a standard of what is needed (or reflective of what people who have a choice, do) than is the standard for overcrowding.
118. MHCLG (2020) [English Housing Survey 2018 to 2019: Section 1 households tables](#). MHCLG.
119. GOV.UK (2020) [Ethnicity facts and figures: Overcrowded households](#). English Housing Survey.

Chapter 6 Endnotes

120. Birmingham Anchor Network Leadership Group (2020) *Birmingham Anchor Network Response to the COVID-19 Pandemic*, Birmingham Anchor Network Leadership Group.
121. Required fuel costs are those costs that need to be incurred in order to have a warm, well-lit home with hot water and running appliances.
122. For full details see: Department for Business, Energy & Industrial Strategy (2020) *Annual Fuel Poverty Statistics in England, 2020: Headline statistics*, BEIS.
123. Birmingham City Council (2019) *Greater Birmingham and Black Country Housing Market Area (GBBCHMA): Housing Need and Housing Land Supply Position Statement*, Birmingham City Council.
124. Birmingham City Council (2019), [Birmingham Municipal Housing Trust Delivery Plan 2019-2029](#), Birmingham City Council.
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7 CONCLUSION



Particular areas of Birmingham and the Black Country have long been disadvantaged

Conclusion

The question that a report on economic justice tries to answer is how fairly an economy generates and distributes its rewards. Who gets the fruits of Birmingham and the Black Country's economic success is rarely discussed. This report, which highlights the gap between how well the economy is working overall and how well it is working for residents, shows why that discussion is needed. Having that discussion would also make it clear that policymakers are not just assuming that the economic benefits will somehow 'trickle down' to local residents.

Levels of deprivation across Birmingham and the Black Country are the highest in England for an area of this size. Over recent years, this disadvantage has, at least in relative terms, worsened, and it is not spread evenly, with some populations faring much worse than others. The deep and chronic disadvantage described in this report can, however, be alleviated if those with their hands on the economic levers – regional and local authorities, local enterprise partnerships and large employers – explicitly address the question of how economic benefits are distributed.

Some areas of the WMCA are doing well if judged by productivity per hour (Coventry and Solihull). Birmingham is not so far behind them and not so far from the England average. However, gains from the last 10 years have not been translated into an improvement in living standards for many of Birmingham's residents. Levels of employment are low compared with the rest of England and there are parliamentary constituencies in Birmingham where a high proportion of employee residents are paid below the Real Living Wage. All of these issues apply across much of the Black Country too but here there is an additional concern due to the Black Country economy's high dependence on Black Country residents with their relatively low level of qualifications.

The challenge here is to make sure that all residents are able to share the benefits of the economy.

In both Birmingham and the Black Country, residents need more skills and training to take advantage of jobs created, especially 'better' jobs (for example, those that are permanent, flexible, pay the Real Living Wage or provide good conditions including job training and the possibility of progression). Around a fifth of jobs require neither higher education nor any substantial training, and half of Birmingham residents and more than half of Black Country residents have a level of qualifications that would seem to restrict them to these 'poorer-quality' jobs. Residents are less qualified compared with the rest of England and it is especially the middle level of qualifications that is 'missing', that is, just below degree level.

These weaknesses are long-standing but must now be faced in a new situation where, first, the UK is moving to a zero-carbon economy. The WMCA declared a climate emergency in 2019 and has set a target of zero-carbon for the West Midlands by 2041. This means new technologies taking over in traditional industries. Will manufacturing, which is not as advanced in the Black Country as in Solihull

and Warwickshire, be able to adapt? Does the Birmingham and Black Country workforce have the skills to deliver the programme of retrofit that its energy-inefficient housing stock now requires?

Second, what will replace the hitherto growth sectors now in decline due to services moving online – retail everywhere and finance based in Birmingham – a decline the pandemic has sped up? Third, where is the workforce needed to staff a rejuvenated health and care sector? And how will these challenges be met in a way which reduces the inequalities in employment by ethnicity, sex, disability and locality?

Devolution of funds and control to the WMCA offers a chance for the region to focus on its strategic priorities. The WMCA Strategic Economic Plan recognises and has responses to many of the issues highlighted in this report. Action is beginning to happen, but is needed at every level of government in Birmingham and the Black Country, and within the voluntary and community sector and across businesses.

Local examples illustrate how key players in Birmingham and the Black Country are finding ways in which economic benefits can be shared. With the creation of the Birmingham Anchor Institution Network, seven large organisations in Birmingham are collaborating to ensure that their economic influence is able to shape a more equitable economy in the city. The Network contains examples of good practice, such as seeking to recruit staff from one of the most deprived areas of the city. The Network is also seeking to leverage its collective weight as employers of more than 50,000 people to influence conversations at a city level on the Real Living Wage and employment pathways for young people. Such activity has also influenced Sandwell Council's interest in, and leadership in exploring, its own anchor institution network.

Another area of opportunity involves people working in health and social service jobs. The Birmingham Living Wage City Group, which sits within the council, is advocating for a Real Living Wage – currently paid to its direct employees – to be extended to all those working as carers in the city. The Council has

also shown leadership in promoting the Real Living Wage as an important aspect of its Social Value Policy and Birmingham Business Charter for Social Responsibility.

Other organisations have adopted new ways of working, responding quickly to the challenges thrown up by COVID-19. For example, local charity Sandwell Advocacy worked with the Sandwell Council of Voluntary Organisations and Sandwell Council to set up Sandwell Together during the first lockdown. This new service coordinated befriending and emotional support to older or isolated people who were unable to leave their home.

Existing community projects have been able to respond to increased need too. For example, the West Midlands network of Your Local Pantry, a member-run food club initiated by Church Action on Poverty, was already working with Sandwell Council to deliver local pantries in its six towns, and in parts of Birmingham, and was able to apply its sustainable model to addressing food poverty during the pandemic.

Even with the devolution of powers and resources to the WMCA, there are policy areas which remain national; Birmingham and the Black Country need a strong sense of which national policies are in their interest. For example, this report shows that temporary increases to UC and Working Tax Credit have helped more than one in four of its residents. The increase in the LHA rate is especially important in Birmingham where rents have been rising sharply and where the amount of financial support available has been falling relative to rents. Besides being income that families need, this money then flows into the local economy. Local and city-wide activities to capture the first-hand experience of those struggling on low incomes, such as the Birmingham Poverty Truth Commission, could be shared with the WMCA and central government as evidence of the impact of and the need for sustained and targeted financial support.

A further challenge, especially for Birmingham, is around increasing the supply of affordable housing. Although local authorities across the country have begun building homes, the lack of grants available and the Right to Buy policy make it difficult for them to provide the number of social rented homes that are needed. Local authorities must provide help to homeless households but many of the solutions to the growing number of homeless households are beyond their remit. Birmingham, like London, where rents and housing demand are high, is at the sharp end of this. A focus on affordability and quality is as important as quantity.

The WMCA's Strategic Economic Plan provides a vision and targets, with a focus on higher economic output and the skills of the local people – ensuring these are tailored to employer demand – as well as providing many more homes, which if achieved, will improve the quality of life and living standards of residents of Birmingham and the Black Country.

As they consider how the economy of the region is performing, the central message of this report for the WMCA and the leaders of the Birmingham and Black Country local authorities is that the situation of the Black Country in particular, but at times Birmingham too, needs to be considered separately from the rest of the WMCA area. Average economic performance for the area as a whole is greatly boosted by the strength of Solihull, Coventry and Warwickshire more generally. There is no evidence, however, that this strength has benefitted the Black Country economy, with the inequalities between the eastern and western sides of the WMCA region having widened further in recent years. If there is to be more economic justice in future than there is now, 'levelling up' within the WMCA region will be every bit as important as levelling up between the WMCA region and other parts of England.



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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