

The State of Economic Justice in Birmingham and the Black Country



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February 2019



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
Foreword by Sara Llewellyn	5
1 Introduction	8
List of Charts	10
2 Demography	11
2.1 Population: size, change and mix	12
2.2 Where people live and work	16
2.3 Commentary	18
3 Household and social resources	19
3.1 Local area deprivation	20
3.2 Income and financial resilience	23
3.3 Social security and local public spending	27
3.4 Commentary	30
4 Economic inequality	32
4.1 Prosperity and productivity	33
4.2 Jobs, qualifications and pay inequalities	35
4.3 Training and workforce qualifications	40
4.4 Commentary	42
5 Work and in-work poverty	44
5.1 Employment and employment inequalities	45
5.2 Insecure and poorly paid work	49
5.3 In-work poverty	51
5.4 Commentary	54
6 Housing	56
6.1 Housing affordability	57
6.2 Homelessness	60
6.3 Housing quality	65
6.4 Commentary	68
7 Concluding observations	70

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Finally, we would like to thank Clare Payne, Diana Ruthven and Debbie Pippard from Barrow Cadbury for the support, advice and encouragement they have given us throughout. It was the Trust's idea to focus on Birmingham and the Black Country. Having worked on this report, we now cannot conceive of one without the other.

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Foreword

by Sara Llewelin, Chief Executive
of the Barrow Cadbury Trust



In 2020, the Barrow Cadbury Trust will be 100 years old. 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.

Over many years, their direct descendants, along with staff at the Trust, have had the privilege through our grant-making and other work, of nurturing and supporting ideas and activities to improve the lives of those with less voice, influence and financial resilience. Some of our work and influencing is national, but many of our relationships and focus of our energy and commitment remain in Birmingham and the Black Country supporting organisations such as **Birmingham Settlement**, the **Refugee and Migrant Centre**, the **Birmingham Community Law Centre**, **Anawim**, **Localise West Midlands**, the **Centre for Household Assets and Savings Management (CHASM)** and **Birmingham Churches Together**.

The Trust has watched Birmingham and the Black Country evolve and grow and seen those within public and private institutions and the voluntary and social enterprise sector respond to new challenges and opportunities with energy, commitment and compassion. We supported Birmingham, with others, to become a City of Sanctuary and watched with satisfaction as the Places of Welcome initiative, established by **Thrive Together Birmingham**, extended across the city and the West Midlands. Local authorities in Birmingham and the Black Country have made use of new powers and opportunities created by devolution to be bold and innovative in public service design. Inclusive growth now sits at the heart of the West Midlands Combined Authority strategy and the city of Birmingham is becoming a beacon in the region for economic strategies that consider local societal and environmental benefits; an example of this being the network of Birmingham 'anchor institutions' supported by the **Centre for Local Economic Strategies (CLES)**.

This research by the **New Policy Institute (NPI)** is part of the Trust's continued offer and commitment to Birmingham, the Black Country and the wider West Midlands. In a period of global economic uncertainty, national political upheaval and prolonged austerity, it is unsurprising that many people are struggling. Cuts to social security, low pay, rising personal debt, the poverty premium, loneliness, insecure employment and

Foreword

underemployment are all contributing factors. We hope this fresh analysis and gathering of data in one place will support and deepen the good work already being delivered by local authority leaders and private, voluntary sector and social enterprise partners, whilst identifying gaps still to be filled. This is a tool that can be used by individuals and institutions to design and plan services, to target resources and thinking and to understand what is going on in peoples' lives behind the data. It will be immensely beneficial to us in our work, feeding into our thinking and grant making strategies for years to come. I hope that it is equally valuable to you and that you will join the Trust in working to tackle many of the challenges, but also to identify the opportunities, contained within these pages.

Sara Llewelin

February 2019

1 INTRODUCTION

This is a report about Birmingham and the Black Country – the local authority areas of Dudley, Sandwell, Walsall and Wolverhampton – and the economic outcomes for the people who live here.



1. Introduction

This is a report about Birmingham and the Black Country – the local authority areas of Dudley, Sandwell, Walsall and Wolverhampton – and the economic outcomes for the people who live here. The subjects covered are the local economy and jobs, work and employment, household resources and housing. Except when looking at the qualifications of the workforce, the report does not cover education. Poor health and disability are explored indirectly through their impact on social security benefits and life expectancy.

The research was supported by the Barrow Cadbury Trust, an independent charitable foundation with a longstanding connection to Birmingham and the Black Country. While London has its Poverty Profile,¹ Greater Manchester has had an Inclusive Growth Monitor², and the nations of the UK have their bespoke poverty reports, England's second city and its Black Country neighbours have had little in the way of focused data analysis in recent years. Whether this report fills that gap is for others to judge. But one thing it does show is that serious attention and action on a number of social justice issues are badly needed in the region.

The research had three main stages. The first was a series of interviews with people in Birmingham and the Black Country which helped us to identify subjects of particular concern and how they might be approached. Informed by this, the second was a programme of analysis of public datasets and administrative statistics, including some through the Office for National Statistics' Secure Research Service. The third stage was the writing of the report, which included review and further discussion with some of those who contributed to the first stage.

Economic justice and those who have the power to advance it

This report focuses on economic justice. The Institute for Public Policy Research (IPPR) recently published the findings of its Commission on Economic Justice, which defined economic justice as an economy that fairly generates and distributes its rewards.³ It outlined six principles for whether this is met or not, including minimum standards of living, dignity in economic life, and narrower inequalities in resources, between groups and places.

Our working definition is similar. In particular, we are concerned about the distribution of assets and people's opportunity to benefit from them. By this we do not just mean financial assets and property, but also 'human' assets such as skills and the provision of social resources and services, such as childcare and community amenities.

The evidence for economic justice that we present rests on comparisons between areas and between groups. Birmingham and the Black Country are compared with each other and – sometimes separately, sometimes together – with Greater Manchester, England and at times with Coventry and Solihull (the other two constituent parts of the West Midlands Combined Authority and referred to here as Coventry-Solihull). 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’ (LSOAs) – containing on average about 1,700 residents. Comparisons between groups use characteristics including age, ethnicity, household work-status and housing tenure.

Greater Manchester has been chosen as the comparator both because its population is similar in size (about one fifth larger than Birmingham and the Black Country in 2016) and because across the 10 local authorities that make up the area, its socio-economic conditions vary greatly. The area also has a Combined Authority.

Order of the Report

CHAPTER

2

Chapter 2 looks at the **POPULATION** of Birmingham and the Black Country. This includes a discussion of population growth and demographic changes, as well as where people live and where they work.

CHAPTER

3

Chapter 3 looks at **HOUSEHOLD RESOURCES**. Here we examine the private and social resources that households can draw upon. This starts with a discussion of the extent and depth of area deprivation and moves on to look at low household income, benefit receipt and financial resilience such as savings and debt.

CHAPTER

4

Chapter 4, on **ECONOMIC INEQUALITY**, reviews the state of the economies of Birmingham and the Black Country, including productivity and jobs. This chapter is about the type of work done in Birmingham and the Black Country, irrespective of where the people who do it live.

CHAPTER

5

Chapter 5, on **WORK AND IN-WORK POVERTY**, considers employment trends and inequalities, the quality of employment and the growth of in-work poverty and who experiences it. It is about the work that is done by people who live in Birmingham and the Black Country, irrespective of where they work.

CHAPTER

6

Chapter 6 looks at **HOUSING**, in particular, analysis on the tenure, conditions and cost of housing in Birmingham and the Black Country, as well as government support to meet such costs. It also looks closely at homelessness.

List of Charts

Demography

2.1	The five local authority areas and their populations, 2017.....	12
2.2	Population change between, 1982 – 2002 and 2002 – 2017.....	13
2.3	Population by age group in Birmingham and the Black Country, 2017.....	14
2.4	Population ethnic groups: shares by local authority, 2011.....	15
2.5	Where those Birmingham and Black Country residents work – and where Birmingham and Black Country workers live, 2014–16.....	16

Household and social resources

3.1	Lower Layer Super Output Area (LSOA) by level of deprivation, 2015.....	21
3.2	Wards with deep or widespread level of deprivation, 2015.....	22
3.3	Poverty trends in the West Midlands over time, 1996/97 to 2016/17.....	23
3.4	Poverty rates for West Midlands local authorities in 2013/14.....	24
3.5	Savings in the West Midlands, 2016/17.....	25
3.6	Types of arrears in the West Midlands, 2016/17.....	26
3.7	Individual insolvencies in Birmingham and the Black Country over time, 2010–17.....	27
3.8	Out-of-work benefit receipt, 2017.....	28
3.9	Local government spending in 2017/18 as a proportion of spending in 2009/10, adjusted for inflation.....	29

Economic inequality

4.1	Economic output ('gross value added') per resident in Birmingham and the Black Country over time, 2002–16 4.2.....	33
4.2	Economic output per job filled ('labour productivity') in Birmingham and the Black Country over time, 2002–16.....	34
4.3	Job density in Birmingham and the Black Country over time, 2002–16.....	36
4.4	Change in share of total jobs in parliamentary constituencies in Birmingham and the Black Country, 2009–11 and 2014–16.....	37
4.5	Jobs by required level of qualification Birmingham and the Black Country, 2007 and 2017.....	38
4.6	Hourly pay at the 10th, 50th and 90th percentiles of the pay distribution, 2018.....	39
4.7	In-work training in 2008, 2013 and 2018.....	40
4.8	Workforce qualifications averaged from 2015 to 2017: those whose highest level is NVQ2 or below, 25 to 64 year-olds and 25 to 29 year-olds.....	41

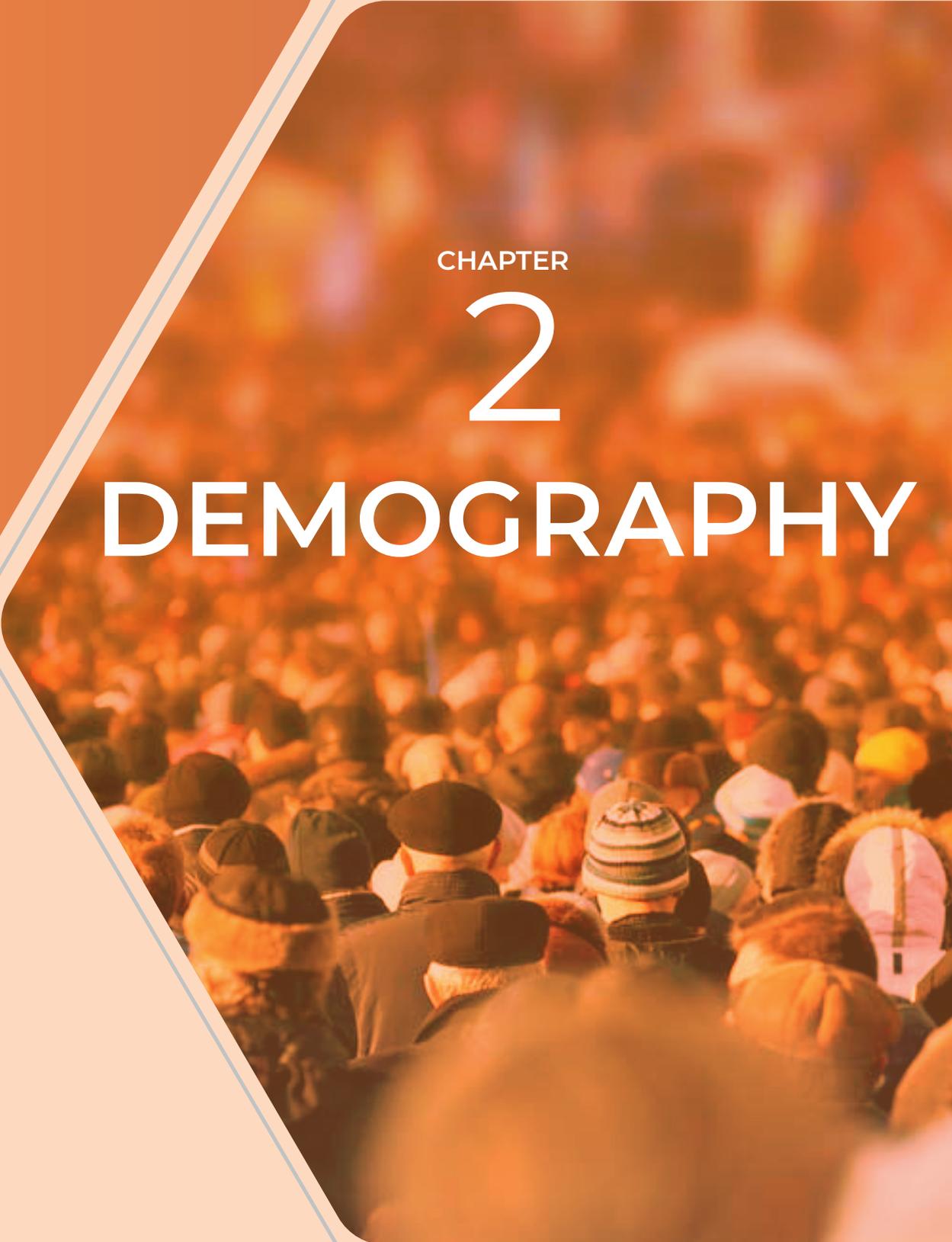
Work and in-work poverty

5.1	Local authority employment rates, 2004/05 to 2017/18.....	45
5.2	Duration of unemployment for those unemployed, 2017/18.....	46
5.3	The disability employment rate gap, 2017/18.....	47
5.4	Inequalities in employment rates by ethnicity, 2007/18.....	48
5.5	Insecure work, 2017/18.....	49
5.6	Low pay over time.....	50
5.7	Household work status, 2017.....	51
5.8	In-work poverty prevalence over time in the West Midlands over time, 1996/97 to 2016/17.....	52
5.9	Reasons why adults in mixed households are not working, 2017/18.....	53

Housing

6.1	Change in private and social rents, 2010/11 to 2016/17.....	57
6.2	The Local Housing Allowance (LHA) rent shortfalls in Birmingham and the Black Country's Broad Rental Markets areas (BRMAs), 2015 and 2018.....	58
6.3	The number of families affected by the bedroom tax and the benefit cap, 2016–18.....	60
6.4	Evictions and mortgage repossessions over time, 2003/04 to 2017/18.....	61
6.5	The ethnic composition of homeless acceptances, 2007/08 and 2017/18.....	63
6.6	Rates of households in temporary accommodation over time, 2008/09 to 2017/18.....	64
6.7	The proportion of households that are overcrowded, 2011.....	65
6.8	Fuel poverty by LSOA, 2016.....	66

CHAPTER
2
DEMOGRAPHY



2. Demography

The 21st century has seen the UK population grow faster than for many decades. Birmingham and the Black Country are no exception.

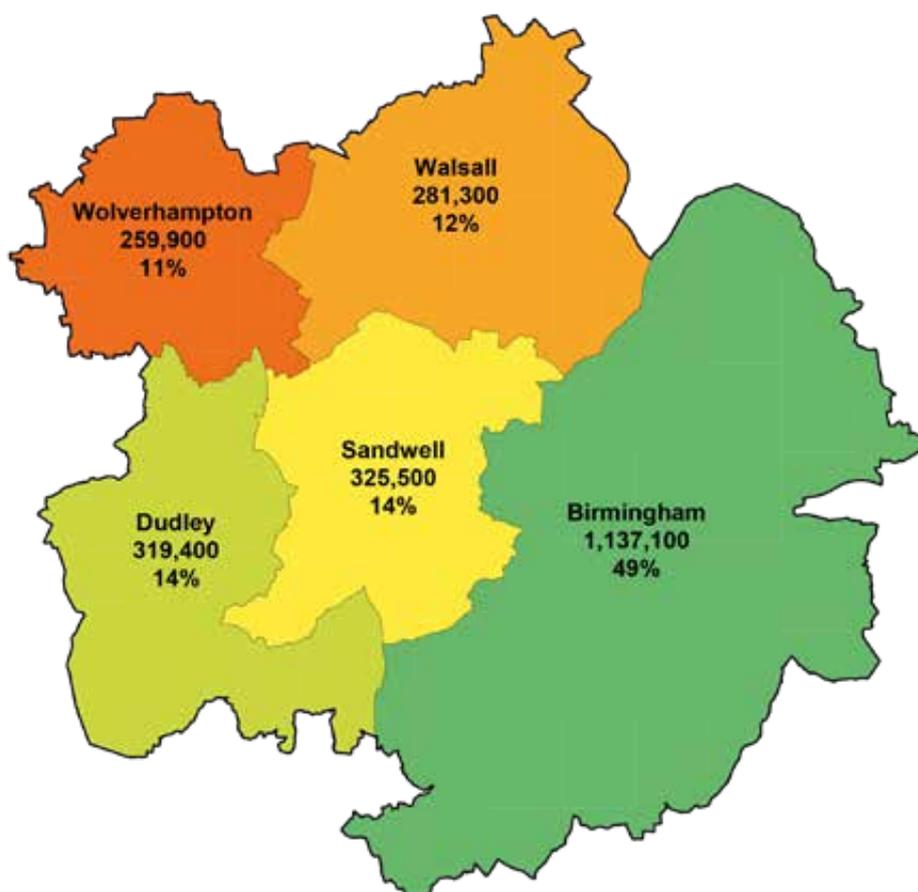
This chapter has two main sections. The first looks at **population**: how many people live in Birmingham and the Black Country, how this has changed, and the ethnic and age mixes of the residents. The second section looks at **where people work and live**, exploring the links between different areas. This report features analysis on both where people work and where they live, so it is important to set that out early on.

2.1 Population: size, change and mix

The size of the population

Figure 2.1 shows the boundaries of the five local authority areas in Birmingham and the Black Country. Along with Coventry and Solihull, they form the area of the West Midlands Combined Authority.

Figure 2.1
The five local authority areas and their populations, 2017



Source: Population estimates – local authority based by five year age band, ONS via Nomis. The data is for 2017.

Figure 2.1 shows how the 2.32 million people living in Birmingham and the Black Country in 2017 were spread across the five local authority areas, with 49% (1.14m) living in Birmingham and 51% (1.19m) in the Black Country.⁴ Of the four Black Country authorities, Sandwell was fractionally the biggest, while Wolverhampton was the smallest.

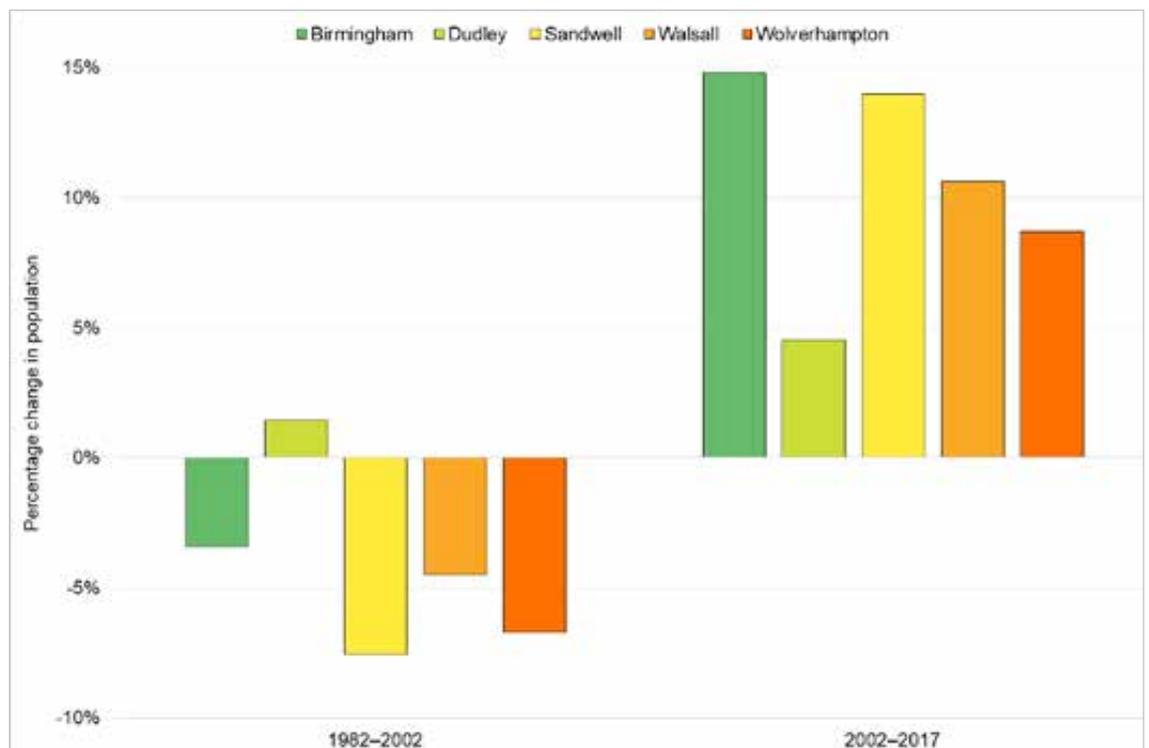
**12%
rise**
over last 15
years

The growth of the population

Over the last 15 years from 2002 to 2017, the population of Birmingham and the Black Country rose by 12%, representing an extra quarter of a million people, in line with England's population growth. By contrast, over the previous 20-year period, between 1982 and 2002, the population fell by 80,000 (4%), unlike England's that grew by 6%. Figure 2.2 shows how the size of the population of each of the five local authority areas changed in each of the two periods.

Figure 2.2

Population change between, 1982 – 2002 and 2002 – 2017



Source: Population estimates – local authority based by five year age band, ONS via Nomis. The data is for 2017.

Over the 20 years from 1982 to 2002, Sandwell (7.5%) and Wolverhampton (6.7%) saw the biggest falls while Dudley saw a small rise (1.4%). Over the 15 years from 2002 to 2017, Dudley stood out again, this time for the smallness of the rise (4.5%). The others areas grew rapidly, especially Sandwell (14%) and Birmingham (14.8%). Over 35-year period, Birmingham's population grew the most (10.9%) and Wolverhampton's the least (1.4%).

The net growth in the population every year was small compared with the turnover of the population due to births, deaths and migration. In 2016, the net growth in the population in Birmingham was 1.2%; Sandwell, Wolverhampton and Walsall each grew by 1%; and Dudley grew by 0.4%. The turnover of the population was many times higher: 6.8% of the people living in Birmingham in 2016 were not living there a year before. The figure for Wolverhampton and Sandwell was 6.3% while that for Dudley was 4.4%.⁵

Birmingham's population is younger than the Black Country

Half or more of the turnover was accounted for by in-migration from elsewhere in the UK (including from other local authority areas within Birmingham and the Black Country), from 3.8% in Birmingham and Sandwell to 2.9% in Dudley. The next largest component were births, from 1.5% in Birmingham and Sandwell to 1.2% in Dudley. International in-migration was highest in Birmingham (1.4%) and Wolverhampton (1.2%). International out-migration was also highest in those areas. Birmingham also had a lower death rate (0.75%) than elsewhere (close to 1.0%).

The age mix of the population

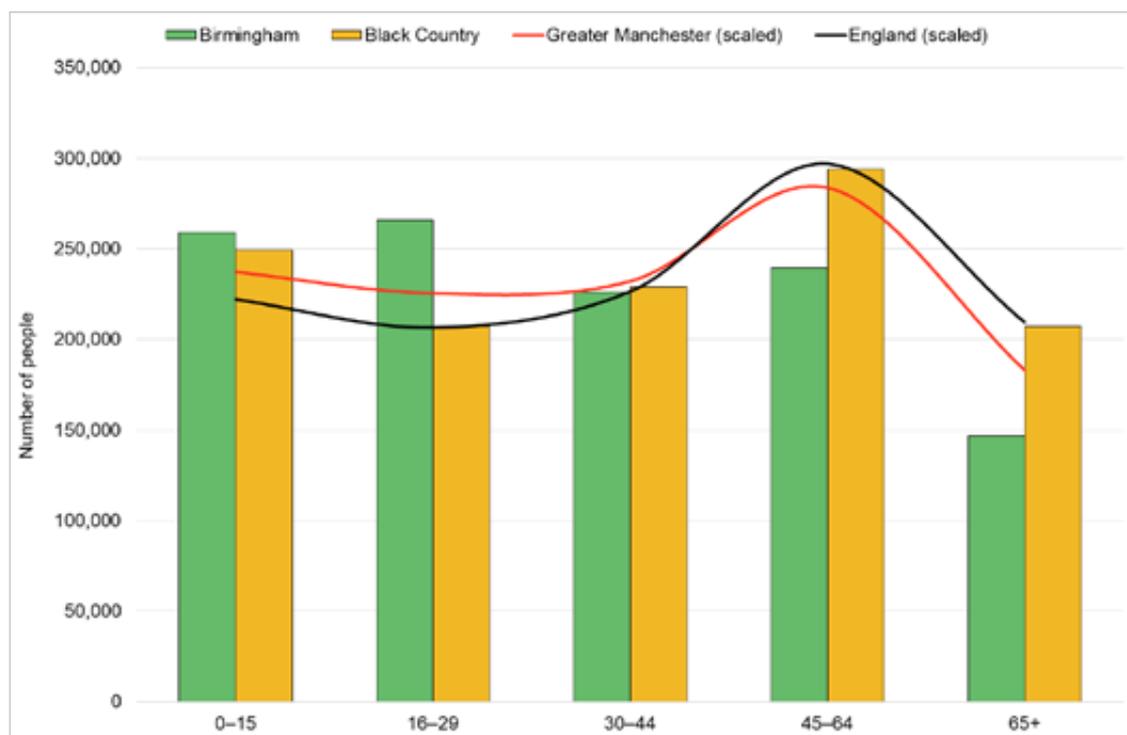
Figure 2.3 divides the 2.32 million people living in Birmingham and the Black Country in 2017 into five age groups: up to 15, 16 to 29, 30 to 44, 45 to 64 and 65 or over. As the four Black Country areas are quite similar to one-another in this case – and different from Birmingham (Sandwell least so, Dudley most) – they are shown together. It also shows what the age distribution would be like if it followed that of either Greater Manchester or England.

Figure 2.3 shows that Birmingham's population is younger than that of the Black Country with 10,000 more children (259,000 compared with 249,000) and 59,000 more teenagers and young adults (266,000 compared with 207,000) but 55,000 fewer people in the 45–65 age group and 60,000 fewer people aged 65 or over in 2017. To put this another way, there are four 16 to 29 year-olds in Birmingham for every three in the Black Country – and four people aged 65 or over in the Black Country for every three in Birmingham. Figure 2.3 also shows that the Black Country's age mix is close to that of England as a whole whereas Birmingham's is not.

Over the past 10 years, there have been big increases across England in the number of children and of those aged 45 or over, almost no change in the number of 16 to 29 year-olds and a fall in the number of 30 to 44 year-olds. The Black Country follows this pattern,

Figure 2.3

Population by age group in Birmingham and the Black Country, 2017



Source: Population estimates – local authority based by five year age band, ONS via Nomis. The data is for 2017.

although with a smaller growth in the pensioner population. With an extra 30,000 16 to 29 year-olds and an extra 11,000 30 to 44 year-olds, Birmingham is quite different.

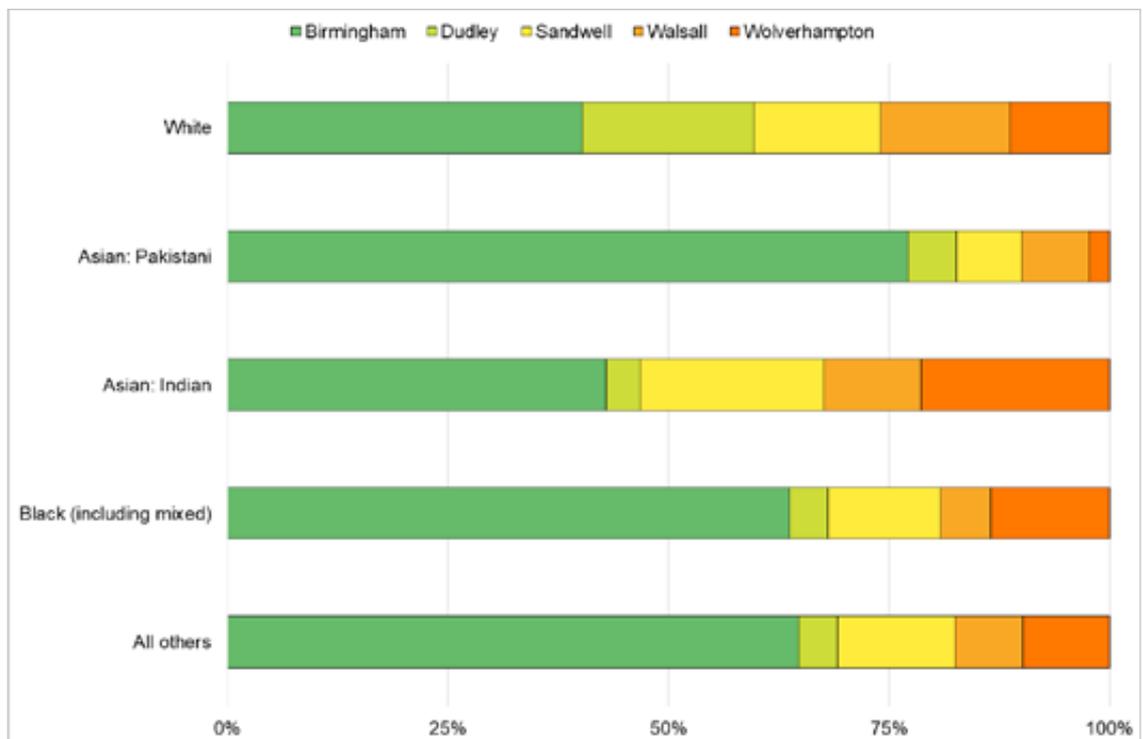
One consequence of this can be seen in what has happened to the 'dependency ratio'. This is a measure of the size of the population of non-working age – that is, children aged 15 or under and adults aged 65 or over – compared with the size of the population aged 16 to 64. Though crude, the basic idea is sound, namely, that the higher the ratio, the larger the non-working population that has to be supported by the population of working-age.

Over the 10 years to 2017, the dependency ratio across England rose from 0.54 to 0.59. Across the Black Country, the rise was almost as large, up from 0.58 to 0.62. This average contains a smaller rise in Sandwell – up 0.02 – and a larger one in Dudley – up 0.07. In Birmingham, though, the dependency ratio fell slightly, from 0.56 to 0.55. With Greater Manchester also recording a rise of 0.04, Birmingham is once more seen to be unusual in a national context.

The ethnic mix of the population

In the 2011 Census, 64% of the population of Birmingham and the Black Country declared their ethnicity to be either English, Welsh, Scottish, Northern Irish or British White. Of the 17 other groups reported in the Census, just two were larger than 5%, namely: Asian/Asian British Pakistani (8%) and Asian/Asian British Indian (7%). Of the rest, a combined Black African/Caribbean British (including mixed White/Black) accounted for 10%, leaving all others accounting for 11%. Figure 2.4 shows how these five groups were spread across the local authority areas in 2011.

Figure 2.4
Population ethnic groups: shares by local authority, 2011



Source: Census 2011 (QS201EW – Ethnic group), ONS via Nomis. The data is for 2011.

Figure 2.4 shows that in 2011, of the White English, Welsh, Scottish, Northern Irish or British population, 40% lived in Birmingham, 20% in Dudley, 14% in Sandwell, 15% in Walsall and 11% in Wolverhampton. These percentages are lower than the share of the

total population in Birmingham (48% of the total in 2011), higher in Dudley (14%) and Walsall (11%) and about the same in Sandwell and Wolverhampton.

Seventy-seven percent of the population of Pakistani ethnicity lived in Birmingham and were under-represented everywhere else, especially in Wolverhampton. Forty-three percent of the population of Indian ethnicity lived in Birmingham in 2011, closest of all the groups to the share of the total. This group was only under-represented in Dudley. The groups making up the 'Black' and 'other' populations were concentrated in Birmingham (64% and 65% respectively) but were represented in proportion to the total population in both Sandwell and Wolverhampton.

79%
living in
Birmingham
also worked
there

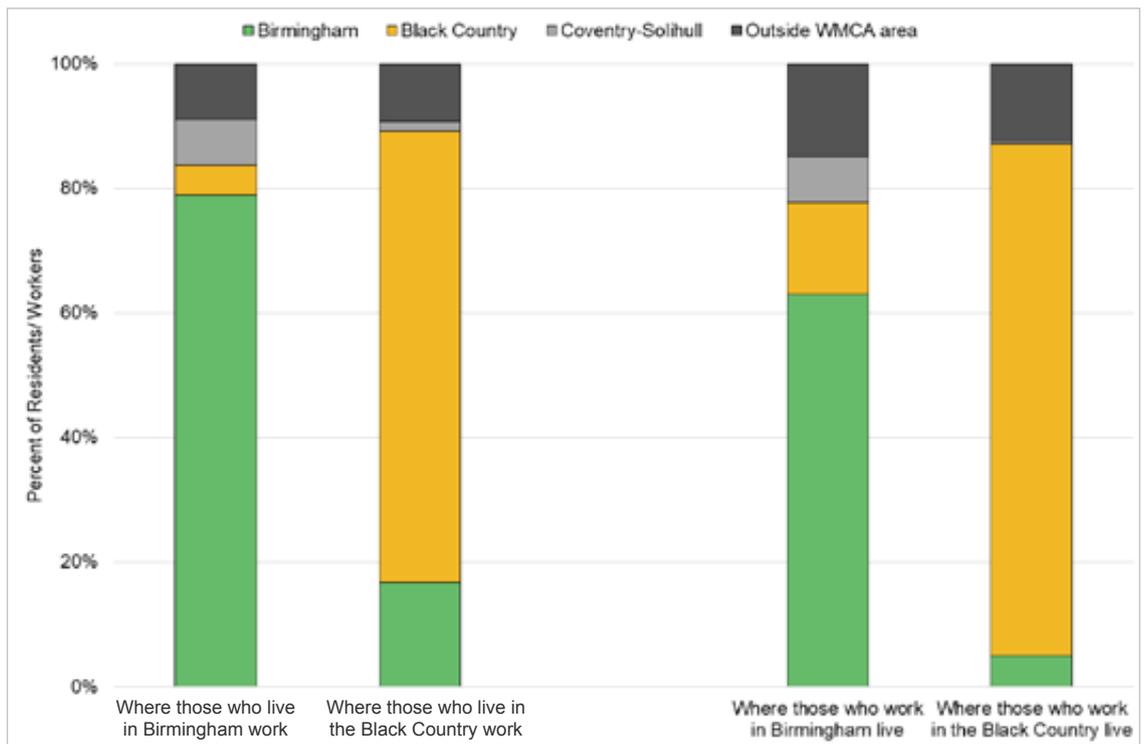
2.2 Where people live and work

The final indicator in this chapter presents the same set of numbers in two different ways, first to show where people who live in Birmingham and the Black Country work (the left-hand pair of columns), and second to show where those who work in Birmingham and the Black Country live (the right-hand pair). The Black Country is treated as a single unit. The left-hand pair of columns also show the proportions of Birmingham and Black Country residents who work in Coventry-Solihull or outside the WMCA area altogether. Likewise, the right-hand pair include those working in Birmingham and the Black Country who live either in Coventry-Solihull or outside the WMCA area.

Seventy-nine per cent of those living in Birmingham who have a job also worked in Birmingham (an average of 346,000 people over the period 2014 to 2016). Of the other working residents of Birmingham, 9% worked outside of the WMCA area, 7% worked in Coventry-Solihull and 5% worked in the Black Country.

Figure 2.5

Figure 2.5. Where those Birmingham and Black Country residents work - and where Birmingham and Black Country workers live, 2014-16



Source: Annual Population Survey via the Secure Research Service, ONS. The data is a three year average for 2014 to 2016.

72%
living in the
Black Country
also worked
there

Seventy-two per cent of those living in the Black Country who had a job also worked in the Black Country (some 350,000 people). Of the other working residents of the Black Country, 17% worked in Birmingham, 9% worked outside of the WMCA area and 2% worked in Coventry-Solihull. Sixteen per cent of those living in Coventry-Solihull who had a job worked in Birmingham. Less than 1% worked in the Black Country.

Figure 2.5 also shows that the 346,000 people living and working in Birmingham accounted for 63% of all those working in Birmingham. Of the others who worked in Birmingham, 15% lived in the Black Country, 15% lived outside of the WMCA area and 7% lived in Coventry-Solihull.

The 350,000 people living and working in the Black Country accounted for 82% of all those working in the Black Country. Of the others, 13% lived outside of the WMCA, 5% lived in Birmingham area and less than 1% lived in Coventry-Solihull.

Taken together, this pair of indicators says a lot about the extent to which the local economies of Birmingham and the Black Country depend on their local resident populations – and vice versa.

First, while both Birmingham and Black Country residents are heavily dependent on their local economies for work, this is even more so for Birmingham residents (79% of whom work locally) than Black Country residents (72%). By contrast, while both local economies draw heavily from their local residents for their workforce, the Black Country's economy (82% of whose workers live locally) is much more dependent on local workers than Birmingham's economy (63%).

Second, a much larger share of Black Country residents with a job work in Birmingham (17% or 81,000 people) than do working Birmingham residents in the Black Country (5% or 21,000 people).

Third, while Birmingham and Coventry-Solihull are connected with flows of residents from each area going to work in the other, there is almost no connection between the Black Country and Coventry-Solihull.

It is also possible to break down these totals according to the occupation level of the job. For example, while 63% of jobs in Birmingham are done by Birmingham residents, only 55% of professional and managerial jobs are done by Birmingham residents – 22% of these jobs are done by people living outside of the WMCA (compared with 15% for all jobs). The Black Country shows a similar pattern, although again, the level of local dependence is higher (71% of these senior jobs in the Black Country being done by Black Country residents).

Analysis of similar information in the 2011 Census shows that the degree to which women work in the same area as they live is higher, by around 10 percentage points, than men, and therefore higher, by about five percentage points than the total figures shown in **figure 2.5**.

CHAPTER

2

DEMOGRAPHY

2.3 Commentary

There has been a rapid growth in the population over the last 15 years, in contrast to the 1980s and 1990s. At the level of the headline numbers, Birmingham and the Black Country's recent population growth is not out-of-line. Over the 12 years from 2004 to 2016, the UK population went up 5.6 million people (9.5%). That growth rate was more than double that of the 12 years up to 1992 and more than four times the rate in the 12 years before that, starting in 1980. Although UK population growth grew rapidly in the 1950s and 1960s, we have to go back to the years before the First World War to find growth rates comparable to those of recent years.⁶

What is unusual about the population growth in Birmingham is that unlike most of the rest of the UK it has been marked (so far) not by a rise in the share of the

population aged over 65 (up over two percentage points in England between 2007 and 2017) but a fall. The official population projections suggest that Birmingham will retain a young population (without much change either way) at least through to the end of the 2030s.

The overall sizes of Birmingham's and the Black Country's population are comparable. However, Birmingham's population is younger than the Black Country's: 10,000 more children and 60,000 more teenagers and young adults but 55,000 fewer 45 to 65s and 60,000 fewer over 65s. For every four 16 to 29 year-olds in Birmingham, the Black Country has three. For every four over 65s in the Black Country, Birmingham has three. If its indicators of economic justice were otherwise average, Birmingham's youthfulness could be seen as, at least potentially, an advantage.

CHAPTER

3

HOUSEHOLD AND SOCIAL RESOURCES

ROOMS
TO LET



3. Household and social resources

This chapter looks at a range of resources available to households and the inequalities in these resources within Birmingham and the Black Country, relative to other areas. These resources include assets, such as savings, and liabilities (debt) as well as income. Social assets, such as services from the state, are also a component of the resources available to a household.

This chapter has three main sections to it. The first looks at **area deprivation**. Deprivation as a concept includes not just income and employment, but also health, education, and the local environment, making it a good fit with the broader definition of resources used in this chapter.

The second section looks at **income and financial resilience**. This includes the pattern and change in incomes, as well as debt and savings levels. Data for this is mostly only available at the West Midlands level, but other information can be used to understand how Birmingham and the Black Country compare with the national context.

The final section looks at state support. This includes both social security and spending on public services provided by local government.

3.1 Local area deprivation

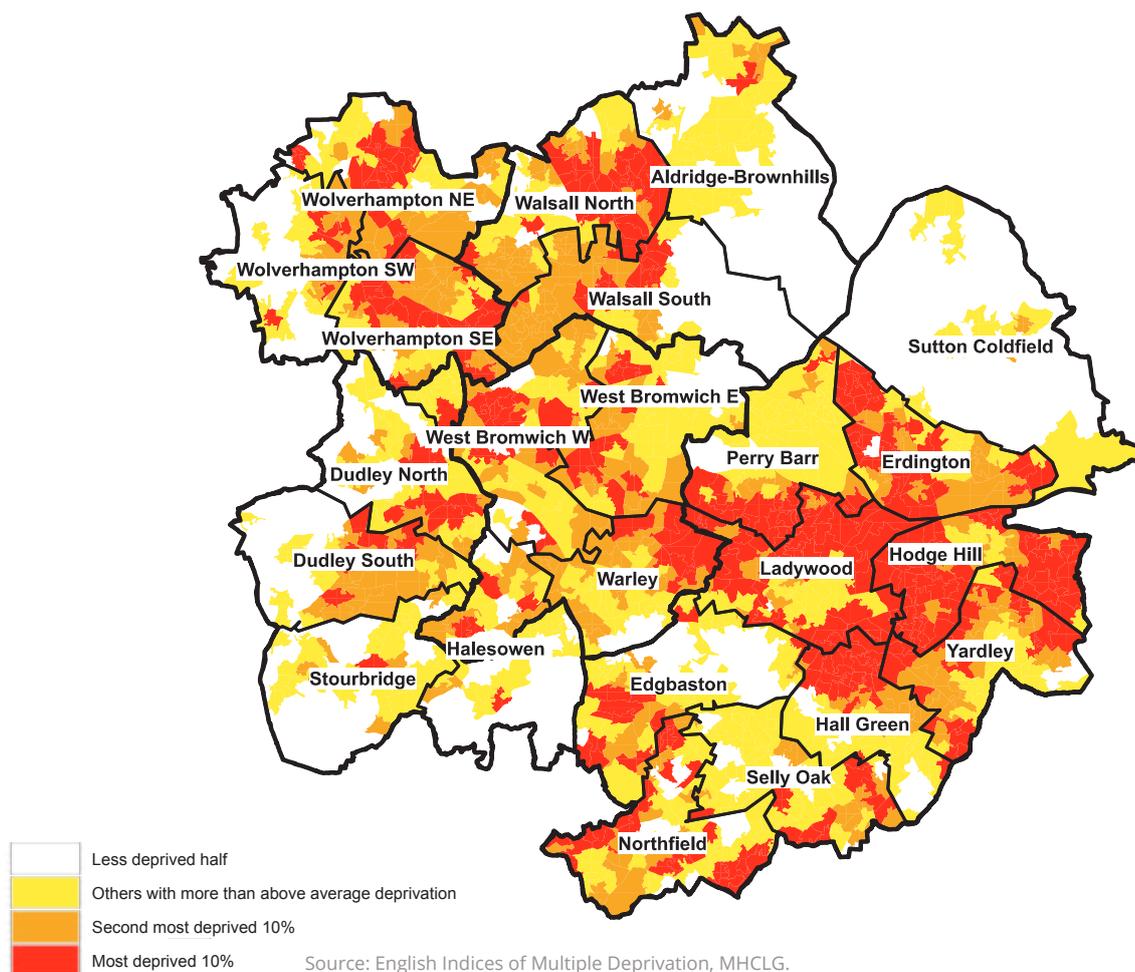
Understanding economic justice across any large area requires some assessment of the local areas facing particular challenges. The highly localised Index of Multiple Deprivation (IMD) is the best way to do this.

The IMD is constructed using official statistics on income, employment, education and skills, health and disability, housing, environment and crime. The index is calculated on the 'lower layer super output area' (LSOA), of which Birmingham and the Black Country have 1,351. They provide a fine-grained measure both of the differences within the area and how it compares with the rest of England.

Local area deprivation and parliamentary constituencies

Figure 3.1 shows a map of the LSOAs, coloured according to their rank in the England-wide list. Those shown in red are in the most deprived 10% (decile) of all LSOAs in England. Those shown in orange are in the second most deprived decile England-wide. Those shown in yellow are in the third, fourth and fifth deciles. Those shown in white are in the less deprived half nationwide. The map also shows the boundaries of the 23 parliamentary constituencies across Birmingham and the Black Country.

Figure 3.1
LSOAs by level of deprivation, 2015



What is striking about this map is the extent of the red and orange. Across England, 20% of local areas are, by definition, in the two most deprived deciles. In Birmingham and the Black Country, 29% of areas are red while another 20% are orange. This means that almost half the local areas are in the most deprived fifth decile nationwide. Only 21% of the local areas in Birmingham and the Black Country – the white on the map – are in the less deprived half of all English local areas.

High levels of deprivation are a common feature of urban and/or industrial rural areas. Some individual English local authorities have a higher share in the bottom decile than Birmingham and the Black Country, but the Liverpool City Region is the only large area to do so (31%). The North East (Tyneside, Wearside and Teesside) and Greater Manchester each have 21%. East London (inner and outer) has 11% – although its share in the second decile (26%) is higher than in figure 3.1.

All 23 of the parliamentary constituencies have at least one local area in the most deprived fifth nationally; eleven have more than half. The most deprived constituency on this measure – Birmingham Hodge Hill – has more than 90% of its local areas in the bottom fifth. The second – Birmingham Erdington – has more than 80%. They are followed by Birmingham Ladywood, Wolverhampton South East, Birmingham Yardley, Walsall North and West Bromwich West.

As noted above, the IMD is made up of a range of domains. Looking specifically at Birmingham, other research has found that it fares especially poorly on income, employment and barriers to housing.⁷

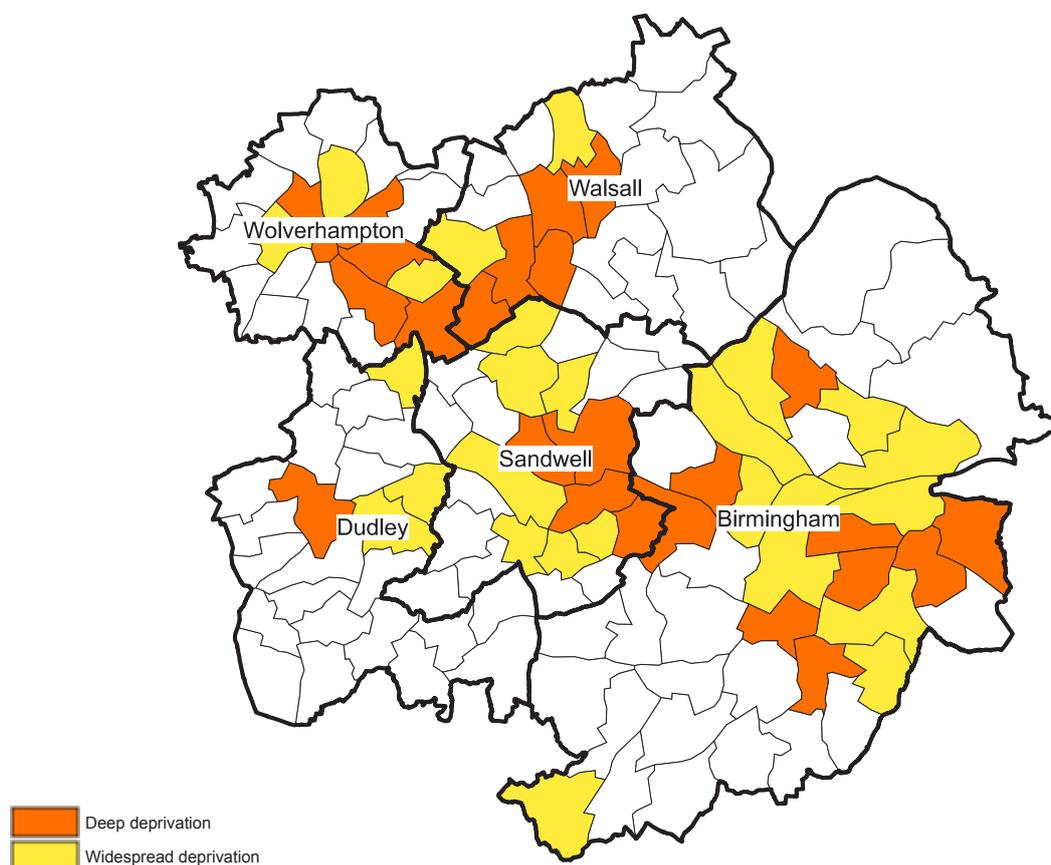
Local areas and their residents facing high levels of deprivation

The smallest geographical unit that has an official name is the ‘electoral ward’. Linking the local areas in figure 3.1 with the electoral wards to which they belong creates a picture of deprivation across Birmingham and the Black Country which can be put into words as well as drawn on a map. We have decided to classify a ward as ‘deprived’ if either it has no more than one of its local areas outside the bottom fifth nationally or it has none of its local areas outside the bottom half nationally. Twenty-four wards meet the first condition and another 25 meet the second. These wards are shown in figure 3.2, with the first group labelled ‘deep’ deprivation and the second group labelled ‘widespread’ deprivation. This labelling refers to the area covered by the ward. Not everyone – nor even necessarily most people – who live in a deprived area are deprived themselves.

Walsall and Wolverhampton have more wards with deep deprivation

Figure 3.2

Wards with deep or widespread level of deprivation, 2015



Source: NPI analysis of English Index of Multiple Deprivation, MHCLG.

Sandwell and Dudley have more wards with widespread deprivation

Figure 3.2 shows that of the 49 wards, 19 are in Birmingham,⁸ 11 in Sandwell,⁹ eight in Wolverhampton,¹⁰ seven in Walsall,¹¹ and four in Dudley.¹² The Birmingham wards are split almost evenly between deep and widespread. Walsall and Wolverhampton have more wards with deep deprivation while Sandwell and Dudley have more wards with widespread deprivation. Ten of the 19 Birmingham wards in figure 3.2. were named in the Kerslake review of the governance and organisational capabilities of Birmingham City Council in 2014 as those facing high deprivation and low skills.¹³

The 49 wards contained 890,000 residents at the time of the 2011 Census. Fifty seven per cent of the people in these wards were in Birmingham, divided almost exactly equally between deep (29%) and widespread (28%) deprivation. Sandwell came next with 16% of the total, Walsall (11%), Wolverhampton (10%) and Dudley (5%). Analysed by ethnicity, 50% of the people in these wards were white British, followed by Pakistani (15%), Black (12%), Indian (7%) and 'all other' (15%).

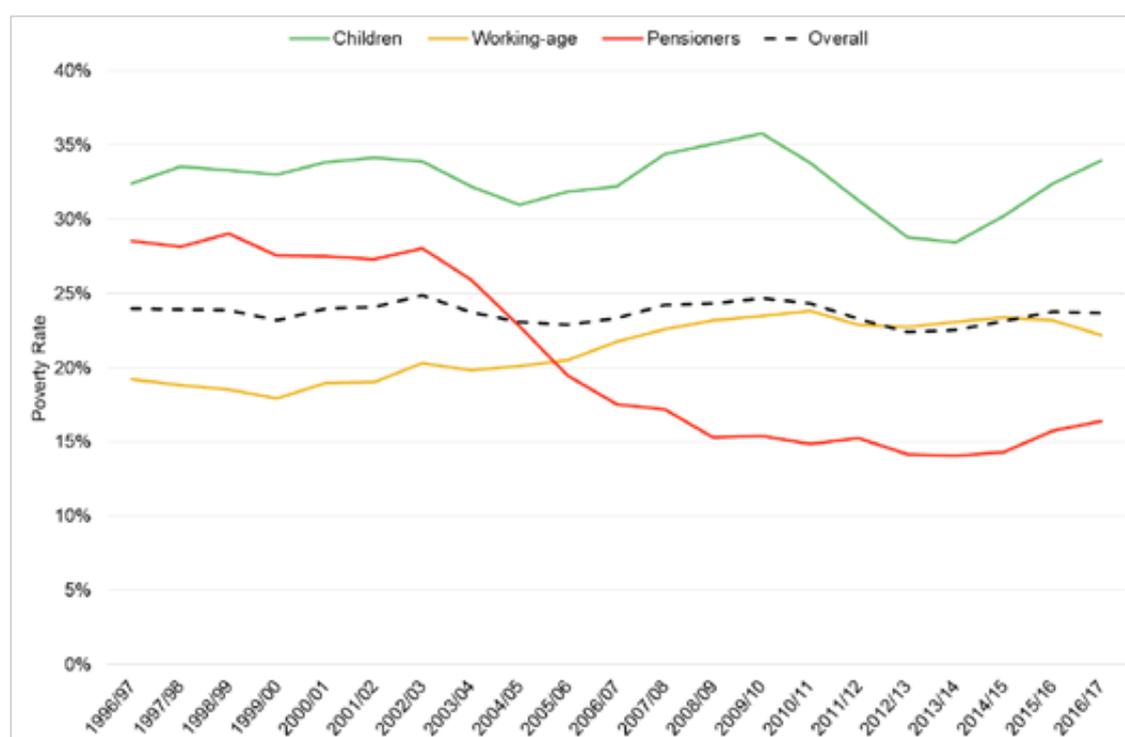
3.2 Income and financial resilience

Low incomes

This section looks at financial resources specifically: income and net assets. Not all of this data is available for Birmingham and the Black Country specifically, so some inferences need to be made from regional trends.

Figure 3.3 looks at the proportion of different age groups in households in poverty in the West Midlands. Poverty is measured by low household income, after housing costs (AHC). In the three years to 2016/17, around 24% of people in the West Midlands were in a household in poverty, above the England-wide poverty rate of 22%. In 2016/17, there were around 1.3 million households in poverty in the West Midlands.

Figure 3.3
Poverty trends in the West Midlands over time, 1996/97 to 2016/17



Source: Households Below Average Income, DWP. The data uses three-year averages.

Child poverty has gone up by around five percentage points since 2013/14

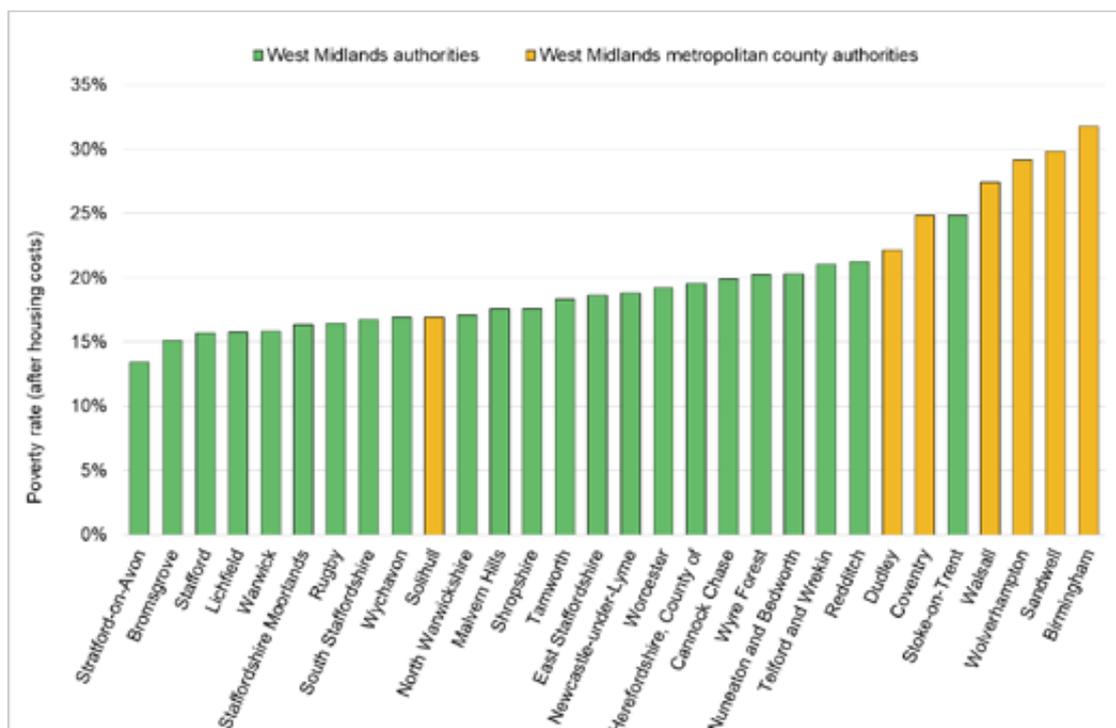
Since the late 1990s, the proportion of people in a household in poverty in the West Midlands has seen little change: between 23% and 25% over the 20 years.

But there have been big shifts in the proportions within different groups who are in poverty. In 2016/17, 34% of children, 22% of working-age adults and 16% of pensioners were in poverty. The working-age poverty rate has drifted up since the late 1990s when it was still below 20%. In 2012/13, the pensioner poverty rate fell to half of what it had been in the late 1990s (around 28%), although it has since risen slightly, in line with the UK-wide trend. Pensioner poverty fell thanks to a big rise in the value of means-tested pension credit and to the increasing prevalence of private pension provision.

The child poverty rate in the West Midlands has increased by around five percentage points since 2013/14. For an area with a young population, the rise in child poverty will have a larger effect on the overall numbers in poverty in the area.

Figure 3.4 shows the poverty rates for local authorities in the West Midlands using a one-off dataset for 2013/14. With the exception of Dudley, Birmingham and the rest of the Black Country had poverty rates above the West Midlands average. Birmingham's rate was 32%, around 10 percentage points higher than the England average. Much of the Black Country also had high poverty rates: 30% for Sandwell, 29% for Wolverhampton, and 27% for Walsall.

Figure 3.4
Poverty rates for West Midlands local authorities in 2013/14



Source: Small area model-based households in poverty estimates, England and Wales, ONS. The data is for 2013/14.

The only other areas in the West Midlands with comparable poverty rates were Coventry and Stoke-on-Trent.

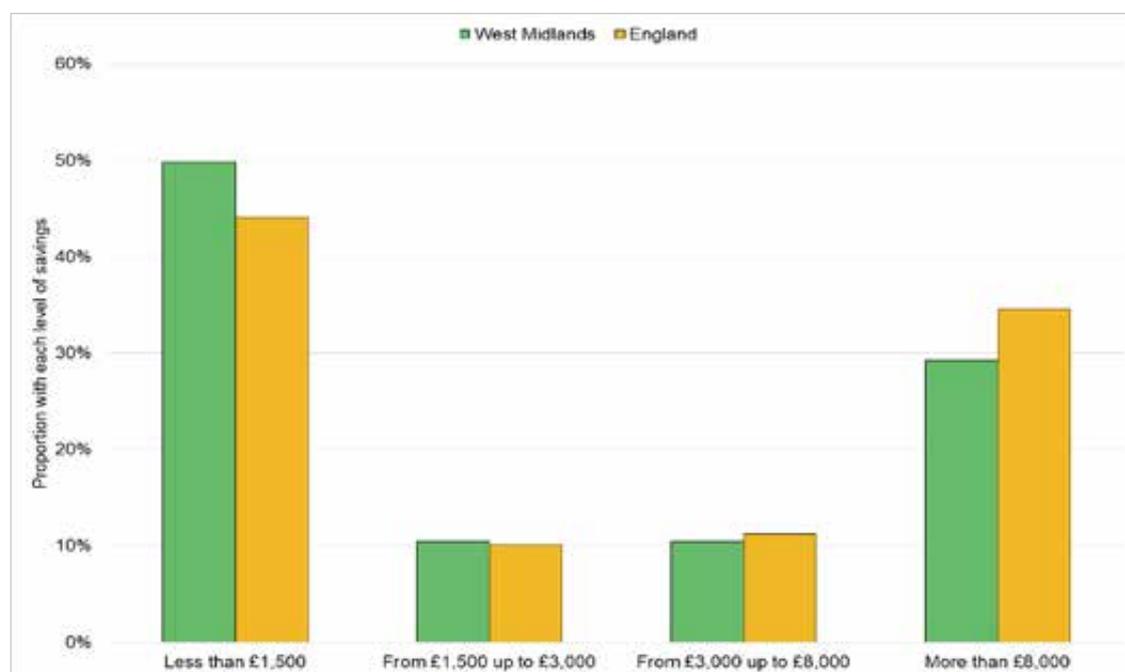
Birmingham and the Black Country contain 40% of the population of the West Midlands region, but 50% of those in poverty in it. A range of factors contribute to higher levels of poverty, many of them discussed later in this report. These include the relatively low employment rates, high housing costs, relatively low wages, and a young population with

a high representation of demographics with higher poverty rates, such as lone parents and ethnic minorities. For the UK as a whole, the poverty rate for households headed by a white person is 20%. For households headed by someone of Pakistani origin, the poverty rate is 48%.

Financial resilience

Income is just one resource available to households, albeit the one that generally matters the most. But incomes can fluctuate and for many reasons. For example, excluding households where the adults in the household changed, 40% of households saw an increase of more than 10% of their income and 23% a fall of 10% from one year to the next.¹⁴ Other estimates suggest even higher levels of earnings volatility.¹⁵ In these cases, the level of savings held by the household can smooth income fluctuations. Figure 3.5 looks at the level of savings held by households in both the West Midlands and England.

Figure 3.5
Savings in the West Midlands, 2016/17



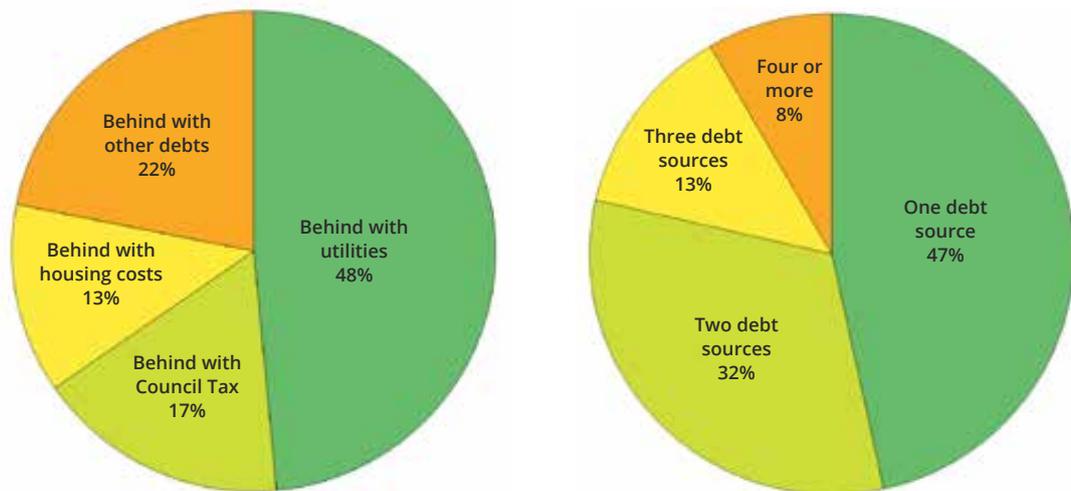
Source: Family Resources Survey, DWP. The data is a three-year average to 2016/17.

Level of savings in the West Midlands lower than England as a whole

Generally, the level of savings in the West Midlands was lower than in England as a whole: 50% of people in the West Midlands had less than £1,500 in savings across their family, compared to 44% in England as a whole. In contrast, 35% of people were in families with more than £8,000 in savings in England, while this figure was 30% for the West Midlands. There is a strong relationship between income levels and savings. For the UK as a whole, 79% of those in the bottom fifth of the income distribution had less than £1,500 in savings, compared to 52% for the middle fifth.¹⁶

Turning to debt, while taking on some types of debt can help smooth income fluctuations, it also represents a burden on households through repayments plus interest. Figure 3.6 looks primarily at arrears: being unable to keep up with regular payments for things such as rent, utilities or council tax. In the three years to 2016/17, around 180,000 West Midlands households had been behind with a debt in the last 12 months. This is about 5.9% of all households in the West Midlands, slightly lower than the England average of 6.3% and down 2% compared with 10 years earlier.

Figure 3.6
Types of arrears in the West Midlands, 2016/17



Source: Family Resources Survey, DWP. The data is for 2016/17 and uses a three year average

48%
of households in the West Midlands in arrears with utilities

Figure 3.6 shows the type of arrears (to the left) and how many debts were in arrears (to the right) for households in the West Midlands. The most common type of debt to be behind with was utilities, which represented 48% of the total. This includes relatively high priority debts such as gas and electricity, as well as water supply (which cannot be cut off). Thirteen per cent were behind with housing costs such as rent or mortgage payments and 17% were behind with Council Tax. Across England, Council Tax arrears have been growing as a debt category since the abolition of Council Tax Benefit in 2013.

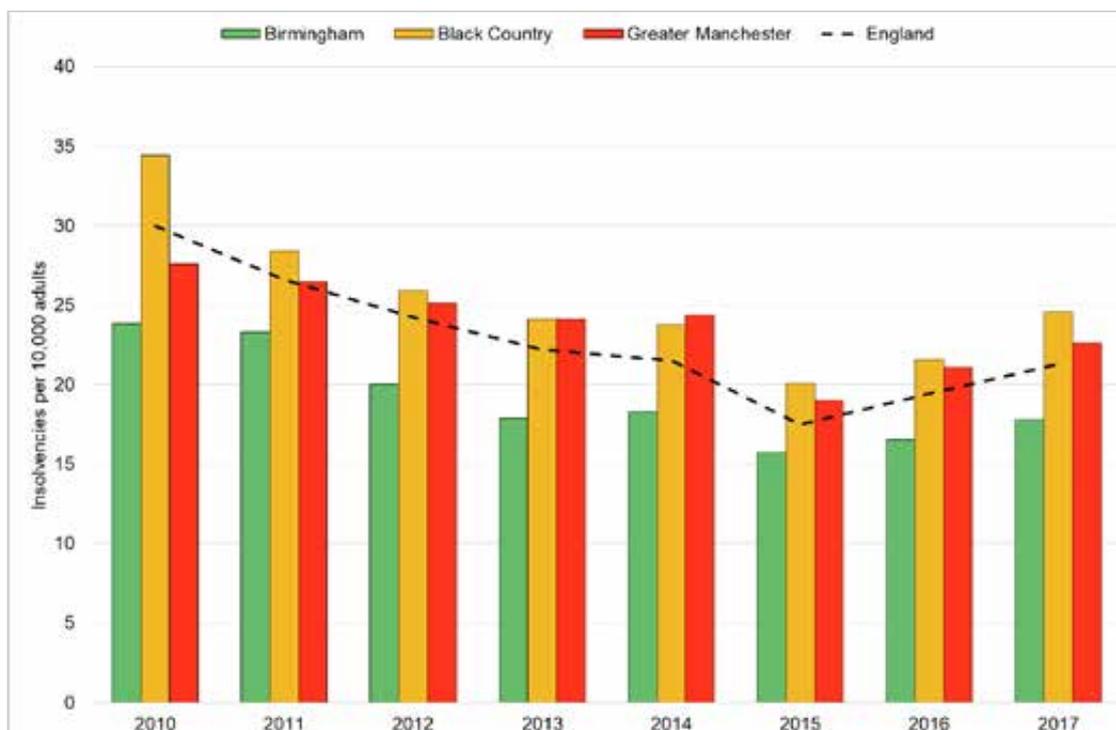
Over half of households who were currently behind with such bills, had multiple sources of debt (53%), with 21% having three of more sources.

These figures are for the West Midlands region: how might Birmingham and the Black Country compare? Acquisition of debts such as personal loans or credit cards is partly dependent on having a high enough income to acquire them, which may reduce their prevalence in Birmingham and the Black Country. Analysis of personal loan figures from Finance UK by the Guardian newspaper suggests that, at the end of 2016, the average level of debt across Birmingham, Dudley and Wolverhampton postcode areas was slightly below the national average (£603), ranging from £558 to £602 per person. The Walsall post code area had a per capita debt of £651, significantly above the national average.¹⁷ Experian's mapping of credit card debt did not find Birmingham or Black Country areas to be particular hotspots.¹⁸

Figure 3.7 looks at individual insolvencies: cases of problem debt where people have sought to make an arrangement as they are unable to maintain repayment schedules. These can include bankruptcy, debt relief orders, and individual voluntary arrangements.

Figure 3.7

Individual insolvencies in Birmingham and the Black Country over time, 2010-17



Source: Individual Insolvencies by Location, Age, and Gender, Insolvency Service.

Birmingham has a relatively low level of individual insolvencies at 18 per 10,000 adults, below England and Greater Manchester (21 and 23 per 10,000 adults respectively). The Black Country level was higher at 25. For the individual authorities, Dudley had a rate of 21 per 10,000, Sandwell 26, Walsall 28, and Wolverhampton 24.

Individual insolvencies have increased since their 2015 low point: up two per 10,000 adults for Birmingham and nearly five per 10,000 for the Black Country. Despite this, individual insolvencies remain lower than in 2010: Birmingham's rate was around six per 10,000 lower than then, and the Black Country's was 10 per 10,000 lower.

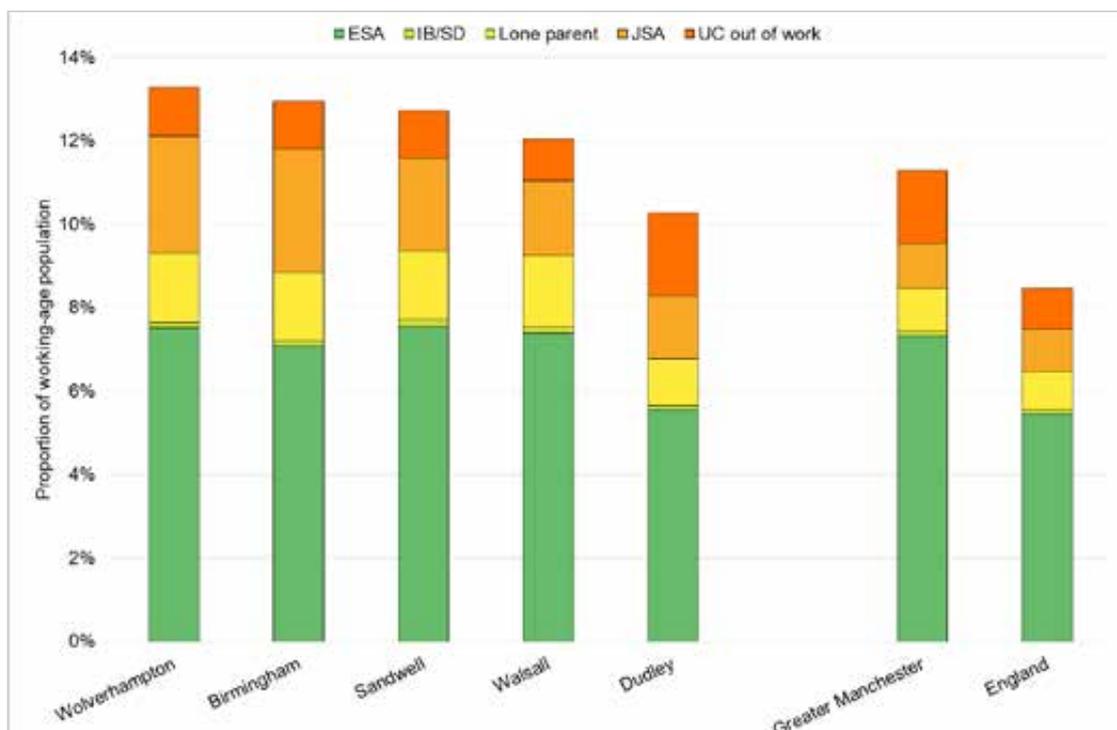
3.3 Social security and local public spending

Working-age residents in receipt of out-of-work social security benefits

This last part of this chapter looks at the role of the state in providing resources, both in terms of direct support through the social security system and indirectly through local spending on public services. Figure 3.8 shows the proportion of the working-age population in receipt of various out-of-work benefits. The total in each of the five local authorities is above the England average of 8.5%: 13% for Birmingham, Sandwell, and Wolverhampton; 12% for Walsall, and 10% for Dudley.

Figure 3.8

Out-of-work benefit receipt, 2017



Source: Benefit payments – Jobseeker’s allowance, Income Support and Incapacity benefit/ severe disablement, DWP via Nomis; Annual Population Survey, ONS via Nomis; and People on Universal Credit, DWP via Stat-Xplore. The data is for November 2017.

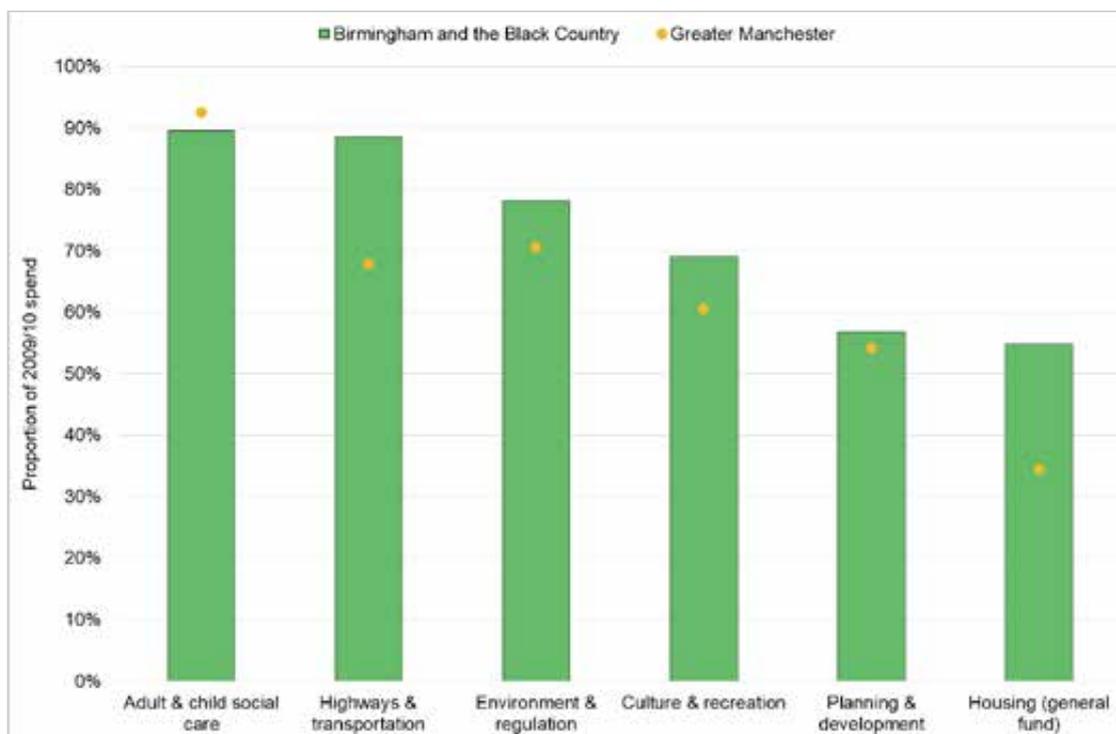
In each area, the largest single out-of-work benefit was Employment and Support Allowance (ESA), which is for those who are ill or have a disability which affects their ability to work. With the exception of Dudley, over 7% of the working-age population in each local authority in the Black Country and Birmingham received ESA. The equivalent value for England was 5.5%. Birmingham and the Black Country councils had a much higher share of the population on each out-of-work benefit, with the exception of Universal Credit (UC). In terms of the proportion of benefit recipients who are receiving UC, Dudley is quite advanced while the other local authorities are further back. This reflects the phasing of the start dates for the different stages of UC rollout.

Current expenditure by local government on services

Figure 3.9 looks at the assets made available to households through public spending by local authorities. The graph shows the level of local public spending in 2017/18 as a percentage of its (pre-austerity) level in 2009/10, after allowing for inflation for the five local authorities. Six categories of spending are shown, namely: adult and child social care; highways and transportation; planning and development; environment and regulation; cultural and related (including parks, sports facilities and open spaces); and housing (including homelessness and housing welfare). Education is excluded because when an academy is created and responsibility for it shifted to central government, local spending shows a fall and central spending shows a rise. The graph also shows the comparable figure for the ten Greater Manchester authorities.

Figure 3.9

Local government spending in 2017/18 as a proportion of spending in 2009/10, adjusted for inflation.



Source: Revenue outturn – service expenditure summary 2009/10 and 2017/18, MHCLG.

After allowing for the effects of inflation (14% over the period), spending on social care was 11% lower in 2017/18 than eight years earlier. Although it has been rising steadily since 2013/14, those rises have still not offset the falls in the first half of the period and the effects of inflation. The level of spending in the other five service areas ranged from 89% (that is, an 11% fall) for highways and transportation to just 55% (a 45% fall) for housing.

Sharp though these falls have been, figure 3.9 shows that with the exception of social care, the falls in Birmingham and the Black Country were smaller than in Greater Manchester. The large drop in spending on highways and transportation in Greater Manchester – if due to the powers and budgets assumed by the Greater Manchester Combined Authority after 2011 – may not be directly comparable.

As it happens, the average for the four Black Country authorities was the same as the figure for Birmingham, both for social care (down 11%) and for the other five 'neighbourhood' service areas together (down 29%). Although the figures for individual authorities for individual years have to be treated with caution, Sandwell saw the deepest fall across social care and neighbourhood services combined while Walsall saw the shallowest fall.

To give an indication of the scale of the costs required, over the eight years, restoring spending in 2017/18 across the six service categories to the 2009/10 levels would have required an extra £480m. Birmingham's share of that would have been just over half (53%).

CHAPTER

3

HOUSEHOLD AND SOCIAL RESOURCES

3.4 Commentary

Birmingham and the Black Country face considerable challenges in responding to levels of deprivation. Nearly half of their small local areas

are in the most deprived 20% nationally. Poverty rates and levels of receipt of out-of-work benefits are high. In a list of local authority poverty rates across the West Midlands, Birmingham, Sandwell, Wolverhampton and Walsall occupy the top four spots.

Greater understanding of the levels of deprivation and geographical spread of poverty across Birmingham and the Black Country can be used within local economic and inclusive growth strategies being explored by the West Midlands Combined Authority and used to measure the impact of them on those within deprived wards. A 'deprivation impact assessment' using, for example, the list of deprived wards here, could put pressure on 'top down' developments to set out the wider benefits they will bring to people across Birmingham and the Black Country.

In the short term, there are two significant social policy risks which could deepen deprivation within Birmingham and the Black Country. The first is the roll-out of Universal Credit. With the exception of Dudley, where it is slightly more advanced, the roll-out is still at a relatively early stage in Birmingham and the Black Country. This means the consequences in terms of five-week waiting periods, monthly payments, and problems associated with transitioning from legacy benefits

are still only beginning to be felt. These problems are likely to be more widely-felt in Birmingham and the Black Country than in other areas. Birmingham City Council's Financial Inclusion Partnership should explore how best to work with voluntary sector organisations such as Citizens Advice, housing associations and private landlords to prepare families for the impact of the wider roll out of Universal Credit.

The other is around the role of local government. The reductions in spending on local government services since 2011 show how hard Birmingham and the Black Country local authorities have been hit by cuts from central government. Councils can be both protective (such as maintaining local welfare assistance schemes, as all five of the councils have) and active in terms of undertaking preventive work or attracting investment. Central government funding reductions have made both of these more difficult, and reform means that councils will increasingly be responsible for raising their own revenue. This is a challenge for a lot of authorities which contain many areas of multiple deprivation, especially if the number of businesses based in the area grows slowly. Birmingham may do slightly better, but the rest of the Black Country will face greater challenges. The West Midlands Combined Authority Inclusive Growth Unit presents opportunities for city leaders across the region to share and develop strategies for skills development, industrial growth and employment opportunities which can match areas of need.



CHAPTER
4
ECONOMIC
INEQUALITY

4. Economic inequality

This chapter, which looks at the economy of Birmingham and the Black Country, differs from the others in several ways. First, whereas the focus in the other chapters is on the people who live in Birmingham and the Black Country, the focus here is mainly on the workplaces and the people who work there, wherever they live (with the exception of the third section on training and qualifications). Chapter 1 showed that while there is lots of overlap between where people live and work, they are not the same.

Second, since the economic fortunes of the different parts of the WMCA area are a key issue for the Mayor, this chapter regularly includes Coventry and Solihull as an additional comparator which is especially relevant for the Black Country.

The chapter is divided into three main sections. **Prosperity and productivity** looks at economic output per resident and economic output per job (productivity) to give a sense of Birmingham and the Black Country's overall economic strength.

The second section, **jobs, qualifications, and pay inequalities**, looks at some of the place-based inequalities in employment in Birmingham and the Black Country, as well as the differences in the level of skills required for work over time. It finishes by looking at changes in pay inequalities, i.e., between high and low paying work.

The third section, **training and workforce qualifications**, looks at the levels of training offered to employees and at the levels of qualifications of the workforce. Unlike the rest of the chapter, these two indicators measure outcomes for those who live in Birmingham and the Black Country rather than those who work there.

4.1 Prosperity and productivity

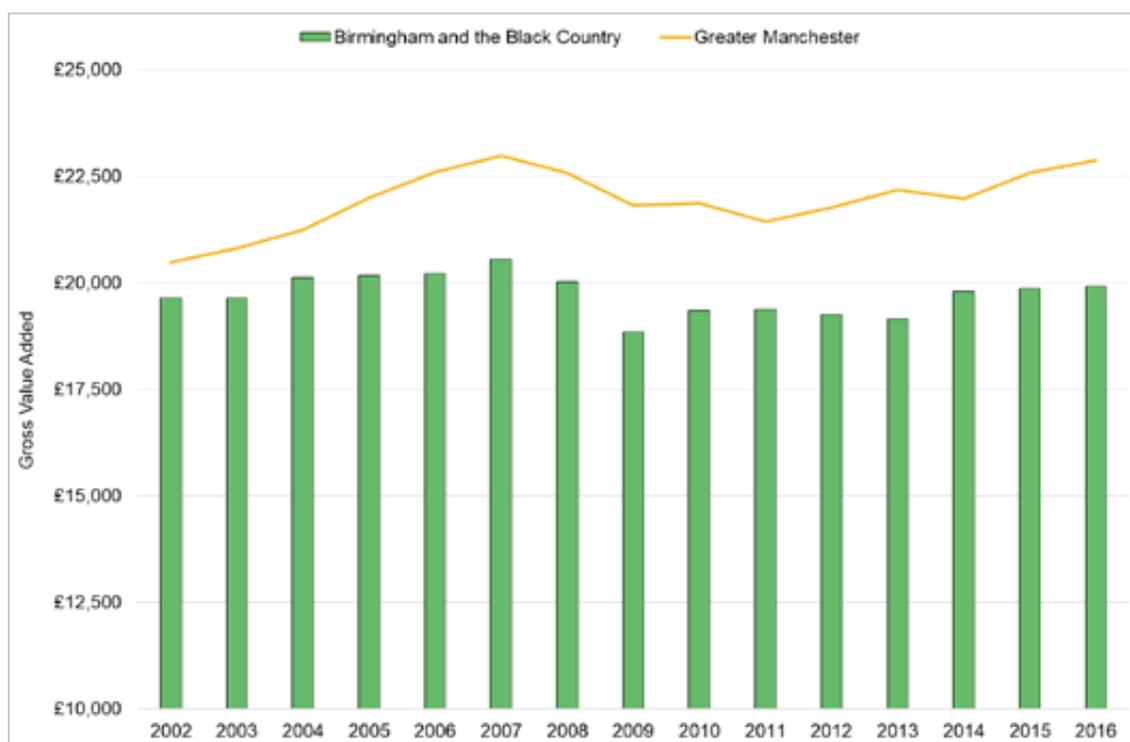
GVA
per resident
is behind rest
of England

Prosperity: economic output per resident

'Gross Value Added' – GVA – is the standard measure of the value of economic output at the regional or local level. In turn, GVA per resident is the measure most often used to compare the economic prosperity of one area with another. Figure 4.1 shows how the value of GVA per resident for Birmingham and the Black Country as a whole has changed year by year since 2002, after allowing for inflation. GVA per resident for Greater Manchester is shown for comparison.

Figure 4.1 shows that GVA per resident in Birmingham and the Black Country in 2016 was just under £20,000 (£19,930), 13% below Greater Manchester (£22,890) and 36% lower than England (£27,110). Although the gap with Greater Manchester has been about 13% since 2006, it was only 5% in 2002. In a few years in the first half of the past decade, the gap between Birmingham and the Black Country, and Greater Manchester widened rapidly. Compared with England, Birmingham and the Black Country have been falling behind consistently since 2002 when the gap was already 20%.

Figure 4.1
Economic output ('gross value added') per resident in Birmingham and the Black Country over time, 2002–16



Source: Subregional Productivity: Labour Productivity (GVA per hour worked and GVA per filled job) indices and Regional gross value added (balanced) by local authority in the UK, ONS. Figures are in 2016 prices.

Figure 4.1 also shows that GVA per resident in Birmingham and the Black Country peaked in 2007 at £20,570, still 3% above the latest, 2016, value. By contrast, Greater Manchester has just about recovered to its 2007 peak. Over the longer period, Birmingham and the Black Country are still only 1% up on its 2002 value whereas Greater Manchester is 12% up.

GVA per head is also published for the individual local authority areas. In 2016, the value ranged from £15,600 in Dudley to £22,870 in Birmingham. The other three Black Country

areas – Walsall (£16,890), Wolverhampton (£17,940) and Sandwell (£18,140) – were all well below Birmingham. By contrast, Coventry (£23,190) was 2% above Birmingham while Solihull (£33,000) was 45% above it.

Dudley’s GVA per resident was the sixteenth lowest out of the 326 English local authorities. Walsall, Wolverhampton and Sandwell were 44th, 68th and 71st respectively. The Birmingham and Black Country average (£19,930) would put it about one third of the way up the local authority league table.

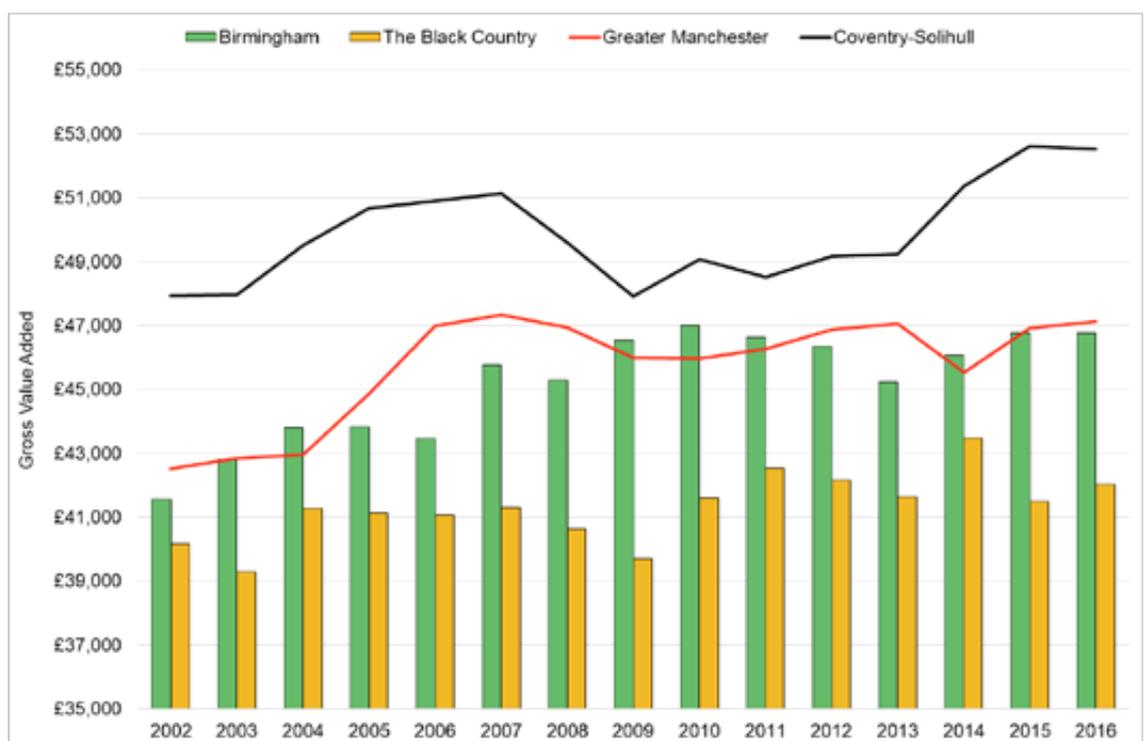
Birmingham and the Black Country’s economic weakness can be attributed to, in part, the relative economic decline of the West Midlands region over several decades. West Midlands’ GVA per head was about the same as the North West in 2001. Ten years later (2011) it had fallen to 7% below. Ten years earlier (1991), it had been nearly 10% above. Although older statistics are only loosely comparable, it was around 20% ahead of the North West in 1971 – and about 20% behind Greater London.¹⁹

Productivity: economic output per worker

Economic output per resident is a valid measure of a local area’s economic prosperity, but not such a good indicator of economic performance as it combines a statistic about work (GVA) with one about residents. To understand what lies behind the weakness of the economy in Birmingham and the Black Country, it is sensible to firstly consider GVA per job done and secondly, jobs per resident.

Figure 4.2 shows GVA per job filled, separately for Birmingham and the Black Country and with both Greater Manchester and Coventry-Solihull as comparators. Like the last indicator, GVA has been adjusted for inflation and shows annual figures from 2002 to 2016. ‘Real’ (that is, inflation adjusted) GVA per job filled is a measure of economic productivity.

Figure 4.2
Economic output per job filled (‘labour productivity’) in Birmingham and the Black Country over time, 2002–16



Source: Subregional Productivity: Labour Productivity (GVA per hour worked and GVA per filled job) indices, ONS. Figures are in 2016 prices.

Figure 4.2 shows that GVA per job filled in Birmingham in 2016 (£46,780) was within half of 1% of its 2010 peak. Apart from a dip in the three years 2012 to 2014, productivity has been at about the same level since 2009. It is insignificantly different from Greater Manchester, which it has tracked closely since 2009 and rather more loosely since at least 2002. Over the period 2002 to 2009, productivity per job rose 9% in both Birmingham and Greater Manchester.

Birmingham's manufacturing productivity is just above England average

Figure 4.2 also shows productivity per job in the Black Country (£42,025) in 2016 to be 10% below that of Birmingham. Over the three years 2014 to 2016, the gap, which averaged 9%, grew. While the gap has narrowed since 2009, it is still higher than it was at the start of the period, averaging 6% between 2002 and 2004.

The difference between the Black Country and Coventry-Solihull was greater still. Although Coventry-Solihull recorded a sharp fall in labour productivity after 2007 and a sharp rise after 2013, the enduring feature was the gap, with productivity per job 19% lower in the Black Country than Coventry and Solihull over the three years 2014 to 2016, up from 17% in 2002 to 2004. The gap between Birmingham and Coventry-Solihull was 12% in 2002 to 2004 and 11% in 2014 to 2016. While Coventry-Solihull looks strong here, it was still 2% below the England average in 2016 (and Birmingham 12% below).

There are, of course, differences in productivity between Coventry and Solihull, with the latter having the higher level. However, Coventry has the second highest productivity in the region, and has also grown the fastest since 2009.

Productivity can be further broken down by industrial sector. Manufacturing accounts for 15% of all jobs in the Black Country, a bigger share than either Coventry-Solihull or Birmingham. Since manufacturing is usually a high productivity sector, this ought to be an advantage. However, while Birmingham's manufacturing productivity is just above (103%) the England average and well above Greater Manchester's (89%), manufacturing productivity in the Black Country is just 79% of the England average, little more than half of the manufacturing productivity in Coventry and Solihull (137%).

Another aspect of the Black Country's productivity problem can be seen in professional services, another higher productivity sector, the problem here being that its share of employment is low (21%) compared with Birmingham (28%) and Coventry-Solihull (30%).

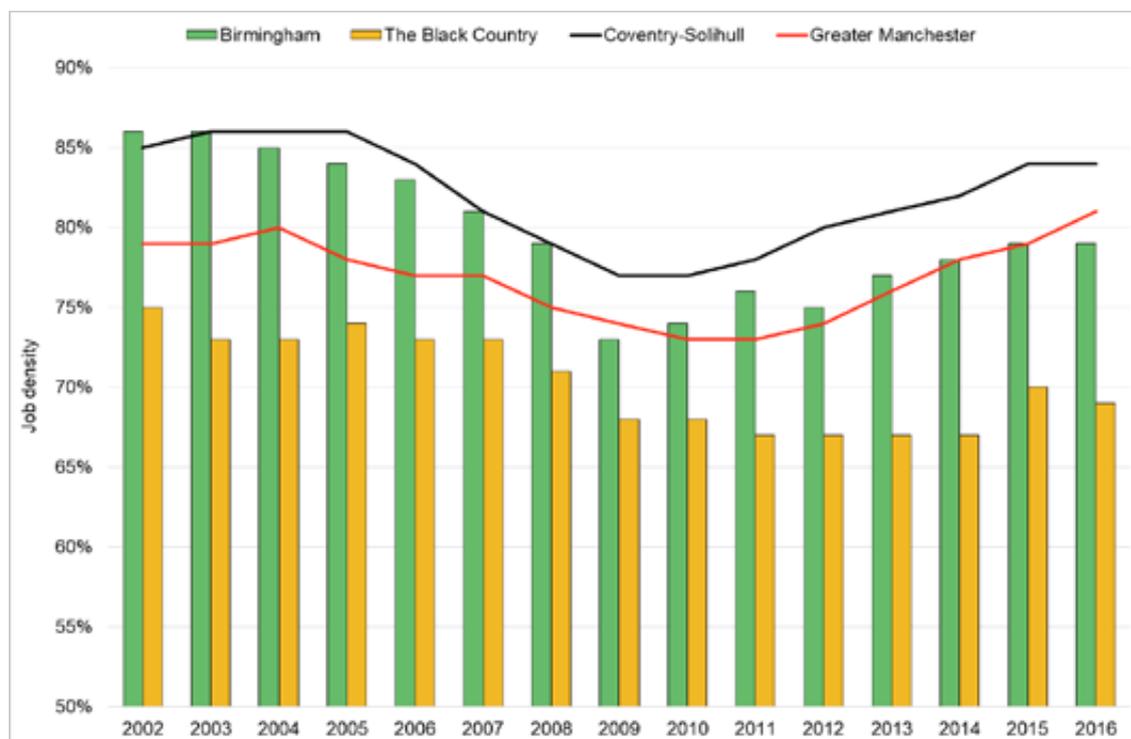
4.2 Jobs, qualifications and pay inequalities

The ratio of jobs to residents

If low productivity per job in the Black Country is one factor behind Birmingham and the Black Country's lower GVA per resident than Greater Manchester, the other is what has happened to the total number of jobs relative to the growth of the resident population. Jobs density, measured as the ratio of jobs in an area to the number of residents of working-age, is shown in figure 4.3, year by year from 2002 to 2016, for both Birmingham and the Black Country.

Figure 4.3

Job density in Birmingham and the Black Country over time, 2002-16



Source: Jobs density, ONS via Nomis.

Figure 4.3 shows that Birmingham had a similar jobs density (86%) as Coventry-Solihull, at the start of the period: six percentage points above Greater Manchester. Faring badly in the recession, Birmingham slipped below Greater Manchester's level in 2009. Since then, the two have recovered in line with one another. While the latest figure for Greater Manchester (81%) exceeds its 2004 high point, Birmingham's (79%) is 7% points below its high point and no further forward than it was in 2008.

Jobs density in the Black Country suffered a smaller fall during the recession than Birmingham but with a much weaker recovery, it too remains below its 2008 peak (71%). The dominant feature, however, is that jobs density in the Black Country is usually far below that of Birmingham (for example, an average of 10 percentage points over the four years 2013 to 2016). By 2016, the gap between the Black Country and Coventry-Solihull had reached 15 percentage points.

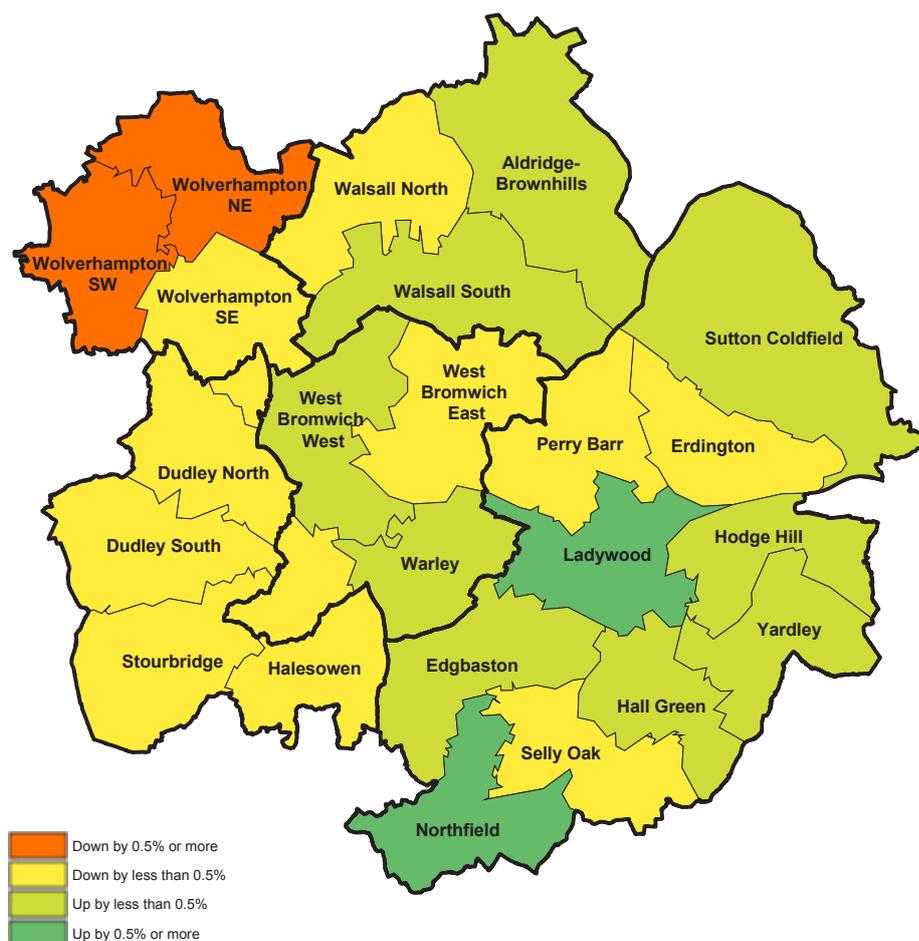
The overall conclusion here is simply that Birmingham and the Black Country are short of jobs. Both areas would have needed 9% more jobs in 2016 than they had in order to achieve 2002's jobs density. Bringing the Black Country's jobs density up to Birmingham's would have required 25% more jobs.

Faster and slower jobs growth

The statistic mapped in figure 4.4 is the change over five years in each constituency's share of the total number of jobs in Birmingham and the Black Country overall. With the total number of jobs rising over the period, a constituency can increase jobs but still see its share of jobs fall. As a result, while only four constituencies have seen an absolute fall in the number of jobs, 12 have seen a fall in their share of all jobs in Birmingham and the Black Country.

Figure 4.4

Change in share of total jobs in parliamentary constituencies in Birmingham and the Black Country, 2009–11 and 2014–16



Source: Jobs density, ONS via Nomis. The data is a three year average for 2009–11 and 2014–16.

Figure 4.4 shows that two constituencies – Birmingham Ladywood and Northfield – saw an increase in their share of jobs by more than half a percentage point. Ladywood, covering the city centre, contains one in five of all the jobs in Birmingham and the Black Country and almost two in five of all jobs in Birmingham.

Another nine constituencies saw a smaller increase in their share of total jobs (five in Birmingham, four in the Black Country). Only three Birmingham constituencies – Perry Barr, Erdington and Selly Oak – saw a fall in their share of total jobs.

Two constituencies – Wolverhampton North East and South West – saw a fall in their share of total jobs by more than half a percentage point. Along with Halesowen and Rowley Regis, and Dudley North, they also saw an absolute fall in job numbers.

Against the wider background of greater economic strength in Coventry-Solihull evidenced in its jobs density indicator, it is clear that employment growth across the combined authority area is skewed towards the east. Employment is strong in Birmingham's city centre and weak across the western half of the Black Country.

Jobs by level of qualification required and by rate of pay

The next two indicators look in more detail at some key characteristics of the jobs being done. Figure 4.5 looks at the qualifications necessary for the jobs being done and how the share of total jobs, according to the required qualification level, varies across time and between places.

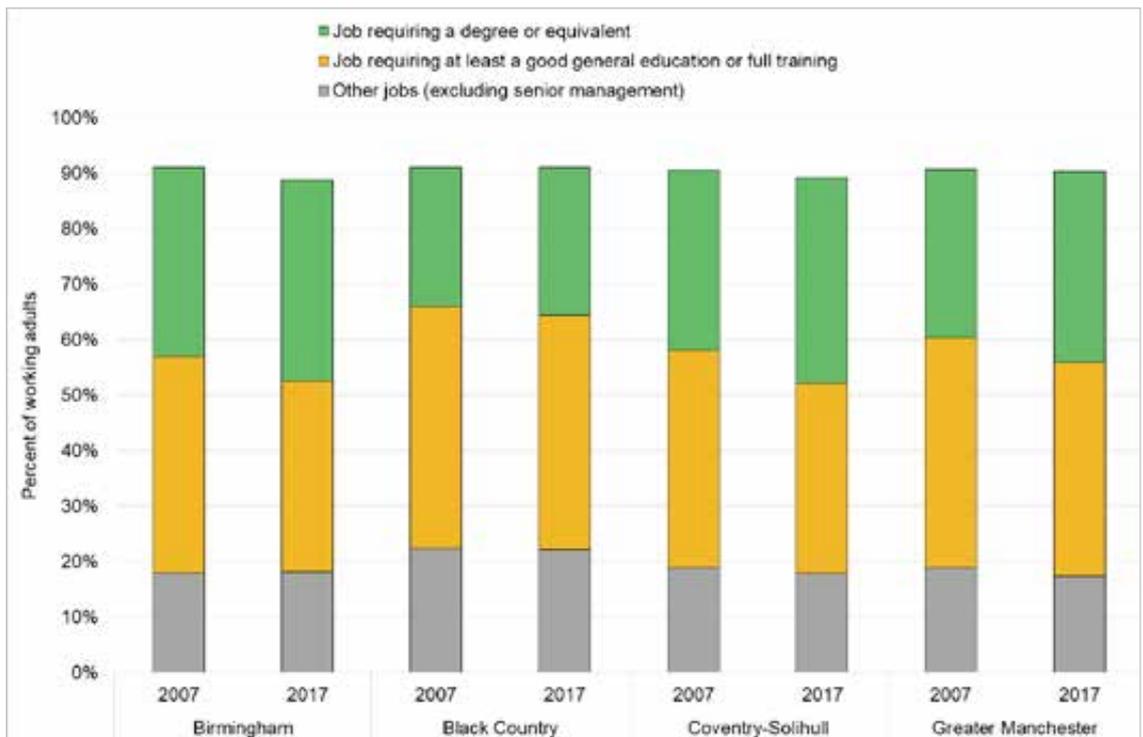
Jobs are allocated to the three groups according to the Standard Occupational Classification (SOC 2010). The SOC's nine major groups have been allocated to the broader groups here using a classification based on the nature of qualifications, training and experience required. The groupings are as follows:

- 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; 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; elementary occupations (SOC groups 8 and 9).

Managers, directors and senior officials (SOC group 1) have been excluded from the groupings although the size of this group can be inferred from the indicator – a pretty steady 10% of all jobs, across both time and place. The indicator, showing statistics for 2007 and 2017, compares both Birmingham and the Black Country with Coventry and Solihull and Greater Manchester.

Figure 4.5 shows that Birmingham had a much higher share of its jobs requiring a degree or equivalent (36% in 2017) than the Black Country (27%). Birmingham's share is similar to Coventry and Solihull's (37% in 2017) and a little higher than Greater Manchester's (34%). The Black Country had the highest share (22% in 2017) of other jobs. Its share of jobs requiring a good general education or substantial training (42% in 2017) was much higher than elsewhere.

Figure 4.5
Jobs by required level of qualification Birmingham and the Black Country, 2007 and 2017



Source: Annual Population Survey, workplace analysis, via Nomis. The data is a three year average for 2005-07 and 2015-17.

Share of jobs requiring a degree or equivalent has gone up

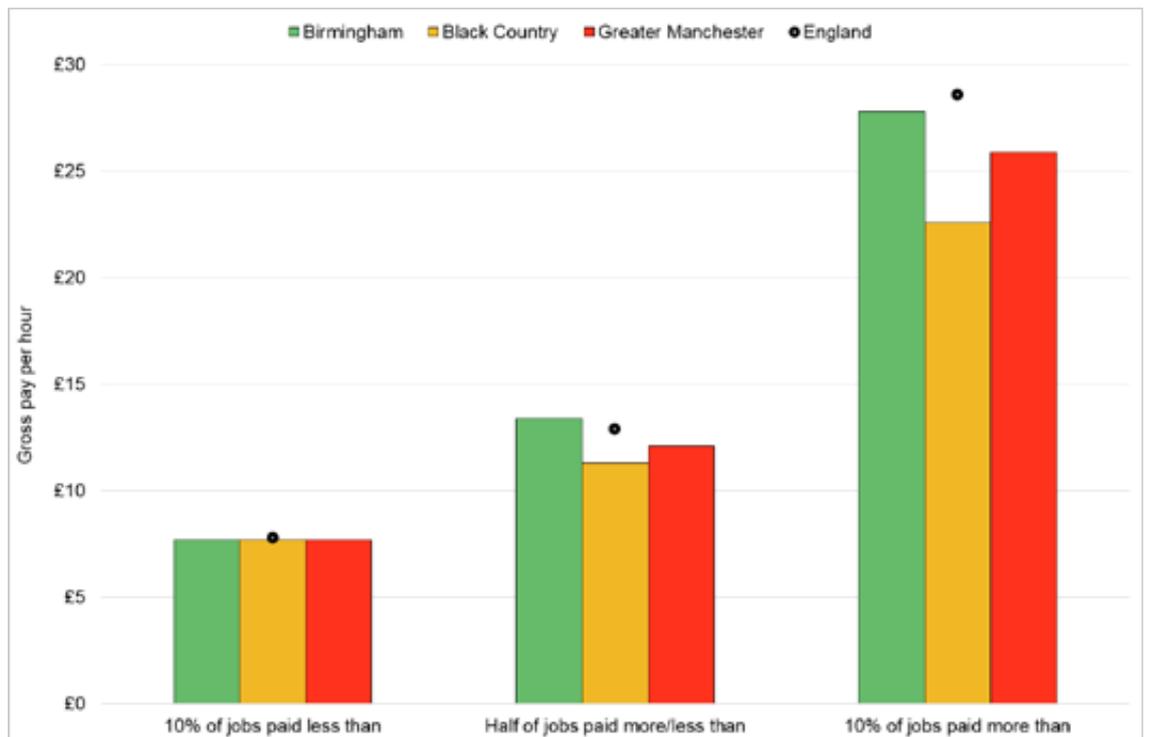
Over the past 10 years, the share of jobs requiring a degree or equivalent has gone up everywhere, by between two and five percentage points. The kind of jobs whose share has gone down to accommodate the rise in the requirement for degrees are – in Birmingham and the Black Country – those requiring a good general education or substantial training. The share taken by other jobs has remained unchanged.

Figure 4.6 looks at the differences between jobs when these are measured by hourly pay. Besides the midpoint (the median, or fiftieth percentile), values are shown for the lower and upper ends of the pay distribution (namely the tenth and ninetieth percentiles), separately for Birmingham, the Black Country, Greater Manchester and England. The tenth percentile is the value of hourly pay below which 10% of jobs are paid. The ninetieth percentile is the value above which 10% are paid. Half of jobs get paid less than the median or fiftieth percentile value; half get paid more.

Figure 4.6 shows that the pay threshold below which 10% of jobs fall (£7.70) is the same in Birmingham, the Black Country and Greater Manchester – and within 10p of the England average. By contrast, the mid-point of the pay distribution in Birmingham (£13.40) is £2.10 higher than the Black Country, £1.30 higher than Greater Manchester and 50p higher than England.

Figure 4.6

Hourly pay at the 10th, 50th and 90th percentiles of the pay distribution, 2018



Source: Annual Survey of Hours and Earnings, Workplace Analysis, via Nomis. The figure shown for the Black Country for the 90th percentile is for Sandwell only.

The pay threshold above which 10% of jobs in Birmingham are paid (£27.80) is 80 pence below the England average (£28.60), £5.20 above the figure shown for the Black Country (Sandwell only) and £1.90 above the figure for Greater Manchester.

There are two conclusions here. First, the distribution of pay among jobs in Birmingham is close to the England average. Using the 90:10 ratio as a measure of inequality, Birmingham (3.61) is almost the same as England (3.67) and a lot higher (more unequal) than Greater

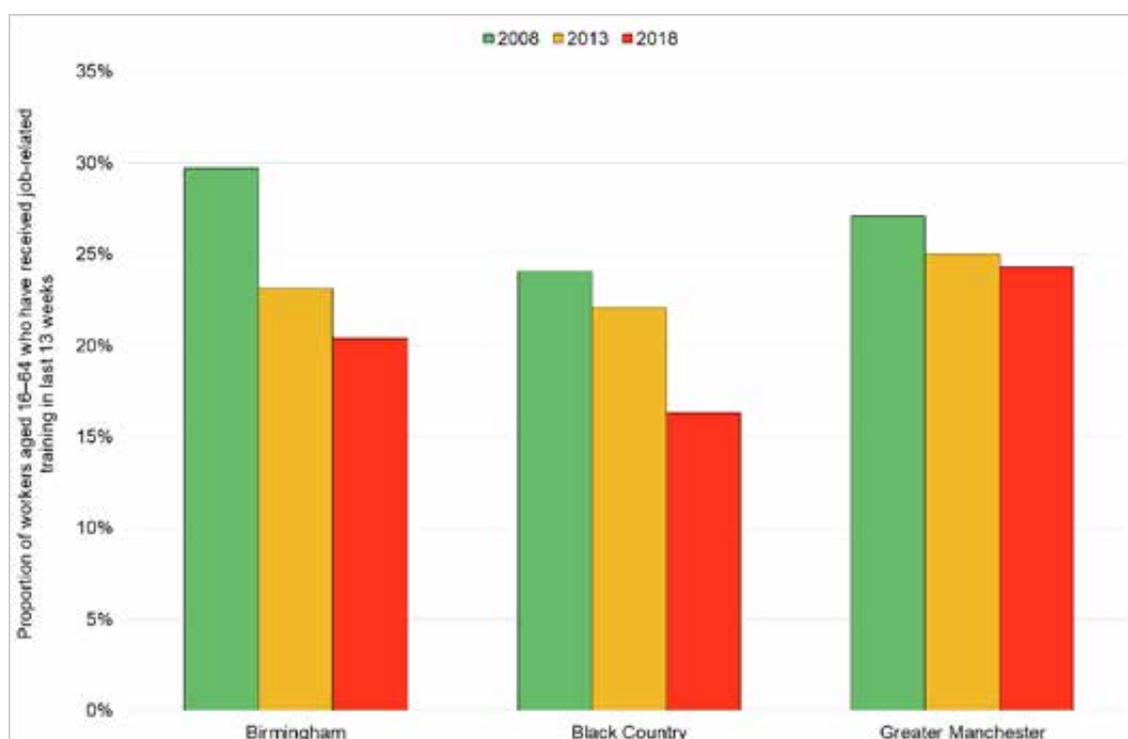
Manchester (3.36). Second, inequality in the Black Country is much lower (2.94), not because the bottom of the pay distribution is higher but because the middle and the top of the pay distribution are lower.

4.3 Training and workforce qualifications

Figure 4.7 looks at the support for progression offered by employers through job-related training. In-work training is protective against losing employment and, if employer- or government-funded, is associated with higher increases in wages.²⁰ Due to limitations on the data that is available, this graph refers to employees who live in Birmingham and the Black Country, rather than those who work there.

Figure 4.7

**In-work training
in 2008, 2013
and 2018**



Source: Annual Population Survey, ONS via Nomis.

20% of workers in Birmingham and 16% in the Black Country received job-related training in the last three months in 2018, compared to 24% in Greater Manchester. This proportion has fallen quite considerably in Birmingham and the Black Country. Ten years earlier in Birmingham, the figure was 30% of workers, higher than Greater Manchester's rate of 27%. The proportion also fell in the Black Country, from 24% in 2008.

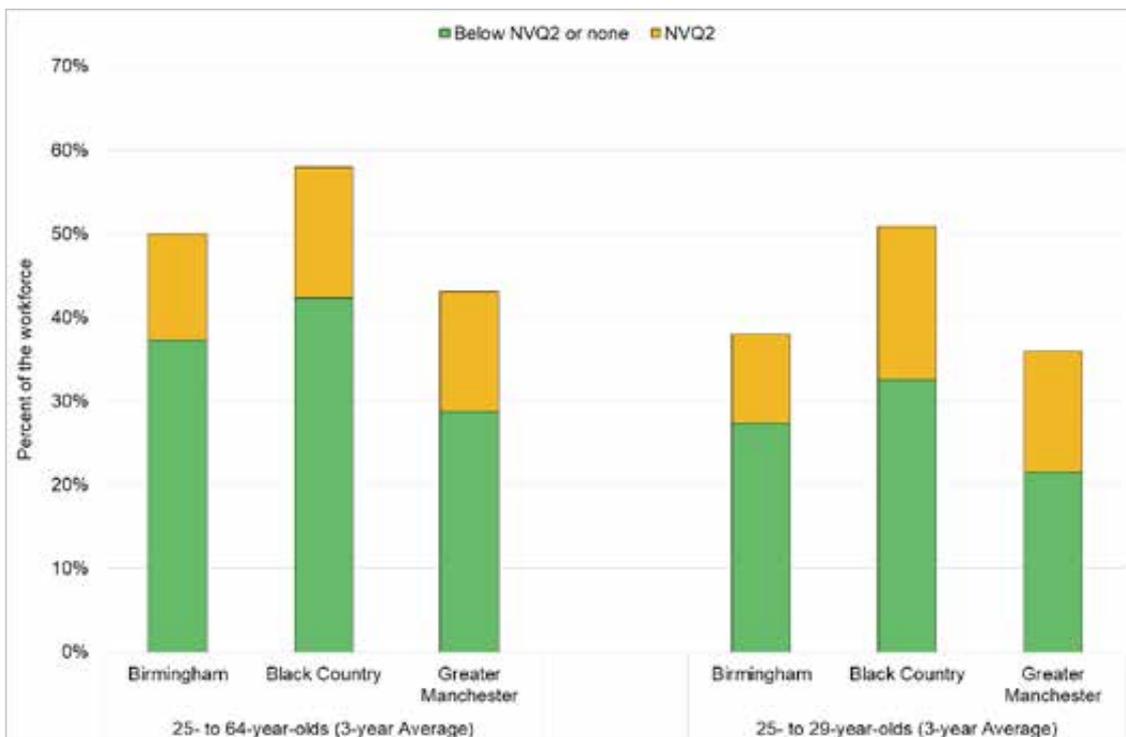
In Birmingham, there have been large reductions in the proportion of workers in all major industry groupings receiving training, but particularly in private sector services (down by 12 percentage points between 2008 and 2018). In the Black Country, the major reduction has been in the public sector, down by 14 percentage points.

Figure 4.8 shows the proportion of the workforce of the given ages living in Birmingham or the Black Country whose highest level of qualification is an NVQ2 (or equivalent) or below. In academic terms, an NVQ2 corresponds to five GCSEs at grade C or above. Other equivalents include Intermediate GNVQ and BTEC 1st Certificate.

In 2017, 50% of the working-age population of Birmingham aged 25 or above had no more than an NVQ2 as their highest level of qualification. The figure for the Black Country was 58%. By contrast, the figure for Greater Manchester was 42% (and for England as a whole, 40%). 37% of Birmingham’s workforce and 42% of the Black Country’s lacked even the basic NVQ2. This compared with 29% for Greater Manchester (and 26% for England).

Figure 4.8

Workforce qualifications averaged from 2015 to 2017: those whose highest level is NVQ2 or below, 25 to 64 year-olds and 25 to 29 year-olds



Source: Annual Population Survey, ONS via Nomis.

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

It is assumed that younger workers are, on average, better qualified than older ones. Comparing the figures for 25 to 29 year-olds with those for 25 to 64 year-olds shows this is true for Birmingham and the Black Country – but not by much. Even among these young workers, 27% of those in Birmingham and 33% of those in the Black Country lack an NVQ2. More than half of those in the Black Country lack qualifications above an NVQ2. The figures for Greater Manchester show the extent of the problem nationwide (the figures for England are within a percent of those for Greater Manchester). As things stand, Birmingham, and even more the Black Country, face the prospect of a seriously underqualified workforce long into the future.

CHAPTER

4

ECONOMIC INEQUALITY

4.4 Commentary

The headline statistic for measuring the strength of a local economy – gross value added per resident – is hard to interpret when the resident population

has been growing rapidly, as it has been in Birmingham and the Black Country.

To get round that, this assessment of economic inequality has focused instead on productivity, which measures economic output per job.

As figure 4.2 showed, while productivity per job in Birmingham is weak compared with the average for England (12% lower in 2016) and for Coventry and Solihull (11% lower), it is at least on a par with Greater Manchester. By contrast, productivity per job in the Black Country is much weaker, 10% below Birmingham and 20% below Coventry-Solihull. With relatively few people in the Black Country having jobs in Coventry or Solihull, these stark economic inequalities within the West Midlands Combined Authority area, especially in manufacturing which still employs a lot of people in the Black Country, must be a central economic challenge for the combined authority.

The distribution of hourly pay for jobs in Birmingham is close to the England average. In particular, it is neither unduly

short of mid-pay jobs nor overprovided with high paid ones. By contrast, the Black Country has a preponderance both of lower paying jobs and of jobs needing only a basic level of qualifications. It is correspondingly short of higher and mid-paying jobs. This assessment of jobs reinforces the conclusion from the assessment of productivity, that if the Birmingham economy shows few signs of strength, the Black Country economy shows multiple signs of weakness in productivity, employment, and growth.

Relative to the size of their working-age populations, both Birmingham and the Black Country still have fewer jobs than they had in 2008. To return to the ratio of jobs to people that it had at the start of the 2000s, Birmingham would need around 10% more jobs than it has now. The Black Country would need 10% more jobs just to draw close to the level Birmingham has at the moment. As with their productivity record, both compare unfavourably with Coventry-Solihull and with Greater Manchester. If Birmingham needs ‘more and better jobs’ to become a better than average economy, then the Black Country needs ‘more and better jobs’ to get closer to that average.

CHAPTER

5

WORK AND
IN-WORK
POVERTY



5 Work and in-work poverty

Whether an economy can be considered inclusive and fair depends to a large part on people's ability to participate in it equally and be rewarded fairly in the labour market and through public services. The chance to participate in work can be denied or impaired by a range of factors for different groups, such as discriminatory attitudes, high entry costs such as unpaid internships, or low levels of qualifications.

The nature of the work also matters. Good work with labour protection can be a positive force for health and well-being, whereas insecure work can remove financial security and affect the ability of an individual or household to plan and manage a budget.

This chapter looks at these dimensions of economic justice, and possible consequences in terms of in-work poverty. Although not wholly reducible to just labour market participation and wages, these play a dominant role in determining whether a household is in poverty or not. Earnings represent the main source of income for almost all households outside the bottom fifth of the income distribution.

In contrast to Chapter 4, the figures in this chapter look at employment for those who live in Birmingham and the Black Country, regardless of where they work.

The chapter has three main sections to it. The first looks at trends and **inequalities in employment**, as well as a measure of inadequate employment. Not everyone has equal opportunity to participate in the labour market. This can apply to Birmingham and the Black Country as a whole, as well as individual groups within them.

The next section looks at the **quality of employment**. This category covers the growth of insecure forms of employment, where working hours are not guaranteed from week to week or over the longer term, as well as looking at low pay, and the opportunities for progression in work.

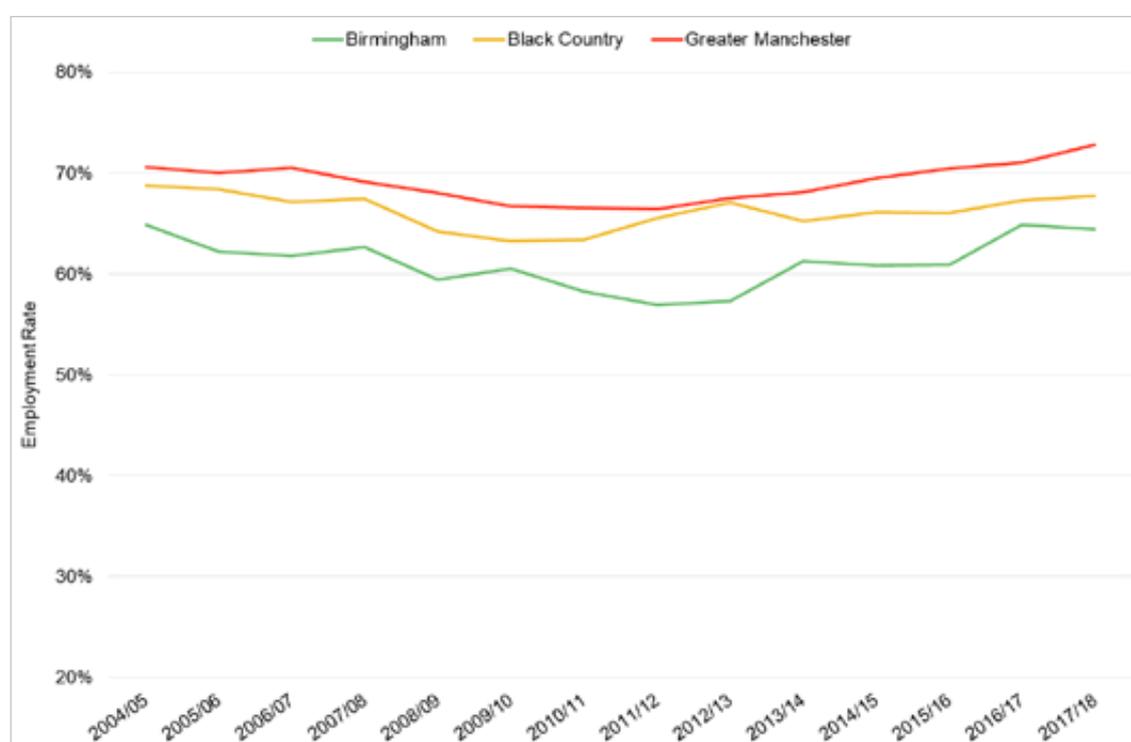
The final section looks at **in-work poverty**, including how this has grown in the wider region and how Birmingham and the Black Country compare. In-work poverty also depends on the circumstances of the household, so this section looks at household employment and the barriers that people out of work face.

5.1 Employment and employment inequalities

Employment, under-employment and unemployment duration

Figure 5.1 looks at the trend in employment rates for Birmingham, the Black Country and Greater Manchester. The UK as a whole is currently experiencing record working-age employment rates, with 74.8% of 16-64 year olds in work in the year to March 2018, though Birmingham, the Black Country and Greater Manchester are below this. Both Birmingham (65%) and the Black Country (68%) have lower working-age employment rates than Greater Manchester (73%).

Figure 5.1
Local authority
employment rates,
2004/05 to 2017/18



Source: Annual Population Survey, ONS via Nomis.

Compared with 2004/05, the employment rate gap between Birmingham and the Black Country and Greater Manchester has grown: from six to eight percentage points for Birmingham, and from two to five for the Black Country. Greater Manchester has not just recovered from its post-recession low point of 66%, but has exceeded its earlier highpoint. In contrast, the Birmingham employment rate at 65% is the same as in 2004/05, and the Black Country is one point lower.

All five Birmingham and the Black Country councils are in the bottom 20% of English councils for employment rates, and three are in the bottom 10%. All have a working-age employment rate below 70%. There are some mitigating factors, for example, Birmingham has a relatively large student population who are economically inactive. Even after accounting for these, it remains in the bottom 10% of English local authorities.

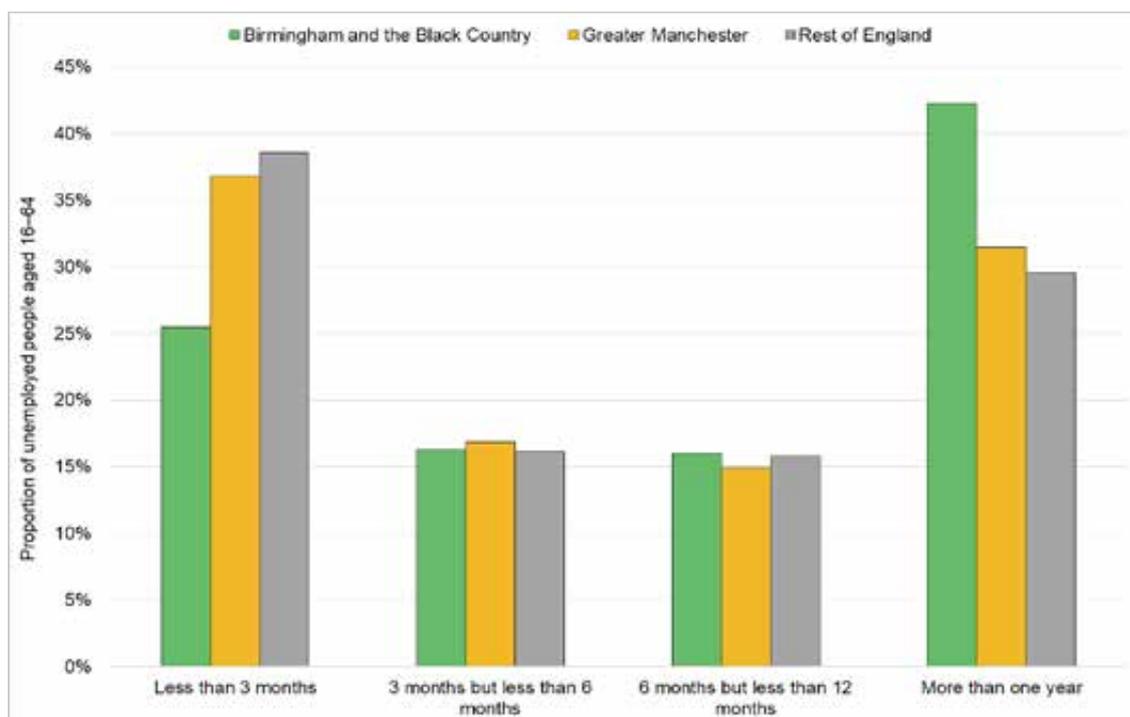
This report is concerned with economic justice, and so in particular we are interested in those excluded from employment. One way of looking at this is through a measure of ‘underemployment.’ As well as those who are unemployed – that is, those who are actively looking for, and available to start, work – it also includes those who do not meet one or both of these criteria but who would still like to work. The measure also includes those who are working part-time because they are unable to find full-time employment.

On this measure, 12.2% of the working-age population of Birmingham and the Black Country were underemployed in 2017/18 (180,000 people). This compares with just under 19% five years earlier. Underemployment in Greater Manchester in 2017/18 was the same as in Birmingham and the Black Country (12.3%). Among those who are underemployed in Birmingham and the Black Country, a bigger proportion are unemployed than in Greater Manchester while a smaller proportion are either inactive or working fewer hours than they would like.

Compared with 2012/13, the largest fall in underemployment has been within the unemployed, falling by almost half from 9.7% of the working-age population in 2012/13. This is a big reduction in unemployment, from a high starting level.

Not all experiences of unemployment are the same: for example, economists make a distinction between ‘frictional’ unemployment and ‘structural’ unemployment, with even a healthy economy having some of the former whereby people are simply temporarily between jobs. In contrast, several of the people we interviewed for this project expressed concerns around long-term unemployment in Birmingham and the Black Country, often at a very localised level.

Figure 5.2
Duration of unemployment for those unemployed, 2017/18



Source: Annual Population Survey via the Secure Research Service, ONS.

There is inequality in employment between different ethnic groups

Figure 5.2 looks at the duration of unemployment across Birmingham and the Black Country as a whole, comparing it with Greater Manchester and the rest of England. Unemployed people in Birmingham and the Black Country have generally been unemployed for longer than those in Greater Manchester or the rest of England. A quarter of the unemployed have been unemployed for less than three months, much less than Greater Manchester (37%) and the Rest of England (39%). At the same time, 42% of unemployed people in Birmingham and the Black Country have been unemployed for over a year, compared with 31% and 30% for Greater Manchester and the rest of England respectively.

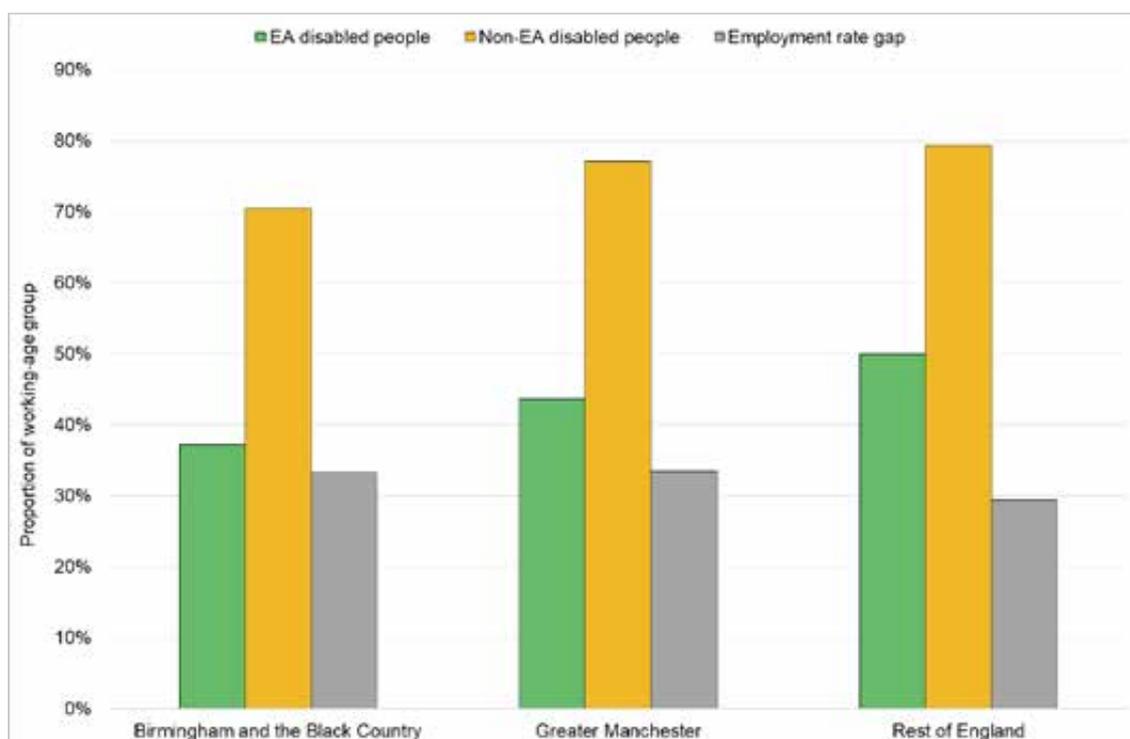
Long-term unemployment can have a range of negative impacts: as well as having adverse consequences for mental and physical health, it also reduces future employment and earnings prospects. This suggests reducing long-term unemployment might need to be a particular priority for the region.

Employment inequalities

The previous section discussed the poor employment situation overall across Birmingham and the Black Country. There are considerable inequalities in employment between different groups. These are as a result of the higher barriers some groups face, such as lacking established professional networks, discriminatory attitudes, or employers unwilling to make necessary adjustments. In the case of disabled people, research by the Equality and Human Rights Commission found that disabled people were more likely to report difficulty with transport, facilities, and support, as well as evidence of discrimination and negative attitudes.²¹ Barriers such as transport were also found by the WMCA Leadership Commission.²² Figure 5.3 looks at the working-age employment rate for disabled and non-disabled people.

Figure 5.3

The disability employment rate gap, 2017/18



Source: Annual Population Survey via the Secure Research Service, ONS.

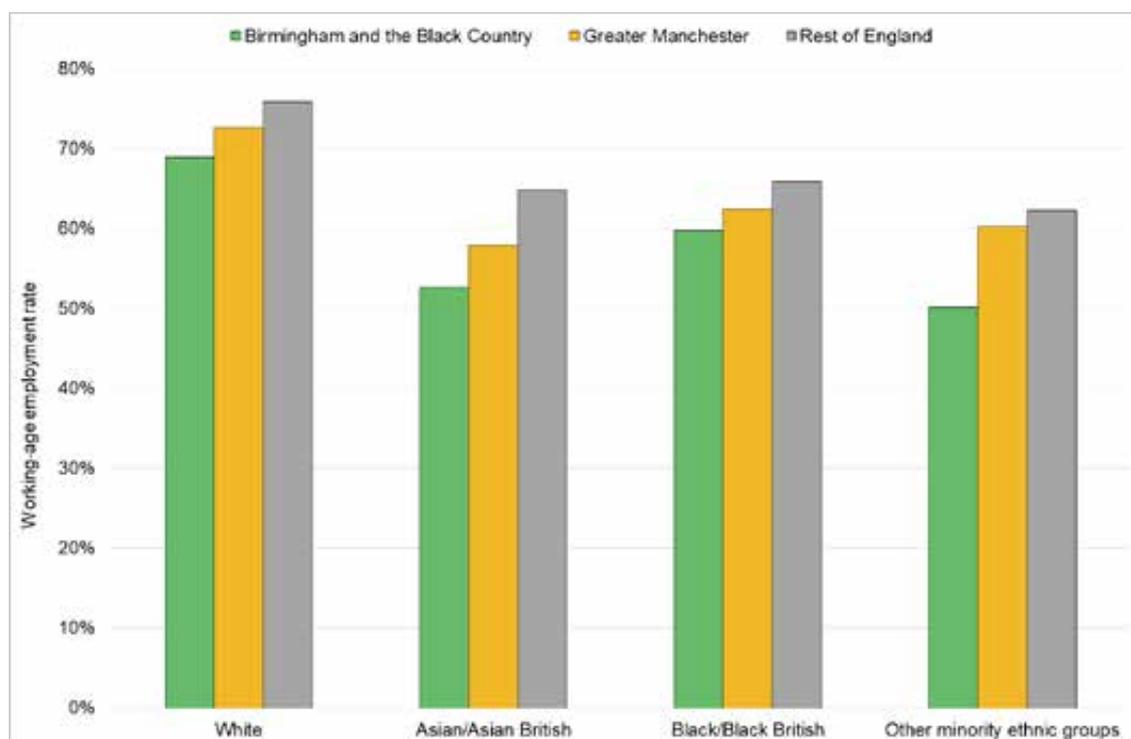
In 2017/18, only 37% of working-age disabled people were in employment in Birmingham and the Black Country, lower than the 44% of working-age disabled people in work in Greater Manchester and the 50% in the rest of England. However, since the overall employment rate is lower too, the 33% gap between the employment rates for disabled and non-disabled people in Birmingham and the Black Country is the same as Greater Manchester's. This is slightly higher than the gap of 30 percentage points in the rest of England.

For Birmingham and the Black Country, both the low employment rates of disabled people generally, and the gap relative to the rest of England, should be areas of concern. The UK government has a target of halving the disability employment rate gap: as it stands this would mean increasing the employment rate for disabled people in Birmingham and the Black Country to almost 54%.

Beyond employment, other research shows that disabled people in work are more likely to be low-paid even with the same levels of qualification as non-disabled people.²³

Figure 5.4 looks at differences in working-age employment rates for different ethnic groups across Birmingham and the Black Country, Greater Manchester, and the rest of England.

Figure 5.4
Inequalities in
employment
rates by ethnicity,
2007/18



Source: Annual Population Survey via the Secure Research Service, ONS.

There are two ways of looking at inequalities in this graph. The first is how ethnic minority groups in Birmingham and the Black Country are faring compared to white people, who generally have the highest employment rate. This gap is 16 percentage points for Asian/Asian British people, nine points for Black/African/Caribbean/Black British people, and 19 points for other ethnic minority groups. There is thus considerable inequality in employment between different ethnic groups in Birmingham and the Black Country.

Another way of looking at the inequalities is by comparing with the equivalent groups outside of Birmingham and the Black Country. White employment is around seven percentage points lower than in the rest of England. Asian/Asian British employment is 12 percentage points lower than in the rest of England, as is that for other ethnic minority groups. Black/African/Caribbean/Black British employment is six percentage points lower, smaller than the overall gap.

These categories are necessarily broad and themselves mask a lot of variation. For example, as of the 2011 Census, 57% of those of Asian/Asian British extraction in Birmingham were either Pakistani or Bangladeshi, compared to 33% in England as a whole. Black/African/Caribbean people in Birmingham were much more likely to be Caribbean than African.

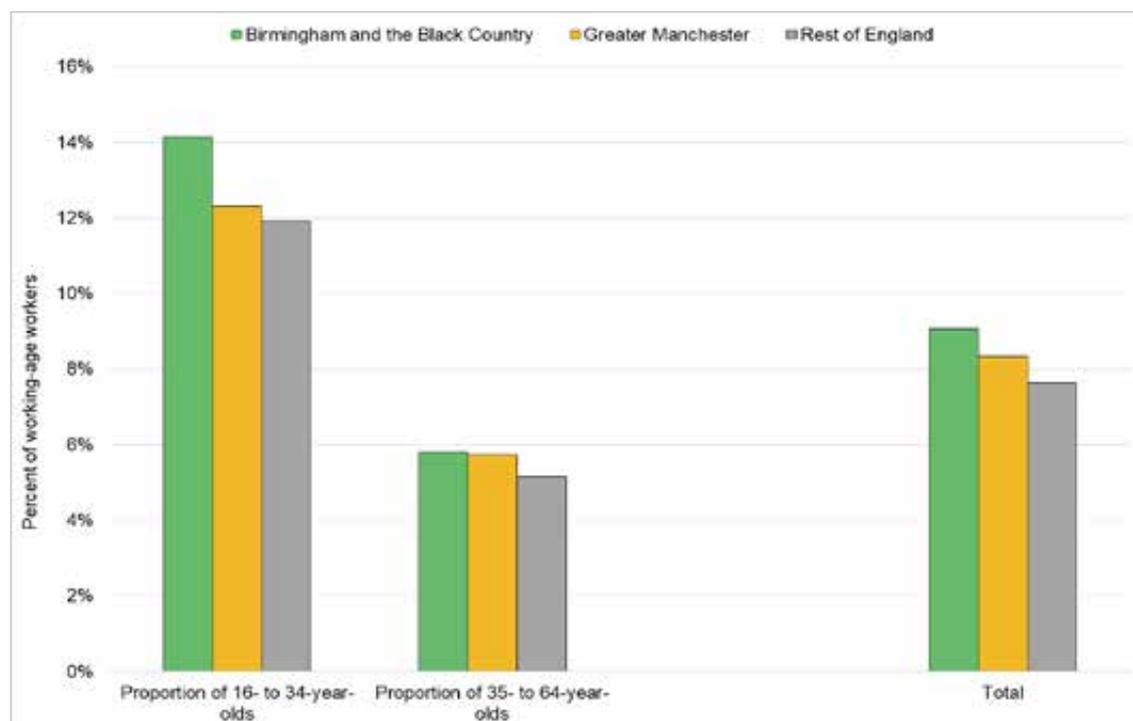
Several factors lie behind this. Some are compositional: ethnic minority groups have a higher proportion of younger adults, who are generally less likely to be employed, or a higher share of migrants from non-labour market routes. But more important are the other disadvantages at play: coming from a lower income background, lacking professional networks, and structural problems such as discrimination.

Inequality in employment goes beyond simply having a job or not: other research shows an ethnic minority 'pay gap', particularly for those born abroad,²⁴ and other problems in work progression.²⁵

5.2 Insecure and poorly paid work

The previous section looked at inequalities in access to employment, as well as the relatively low levels of employment in Birmingham and the Black Country. Low quality employment – poorly paid, unpredictable hours, or few chances to progress also captures attention as a policy problem and as an area of further inequalities.

Figure 5.5
Insecure work,
2017/18



Source: Annual Population Survey via the Secure Research Service, ONS.

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

Figure 5.5 looks at workers who are ‘at risk’ of insecure employment. Our measure of this includes those on temporary contracts, on zero-hours contracts, and/or those carrying out agency work. All of these have some risk of non-continuation of employment or unpredictable hours.

As a whole, 9% of working-age workers in Birmingham and the Black Country are in insecure types of work, higher than Greater Manchester (8%) and the rest of England (8%).

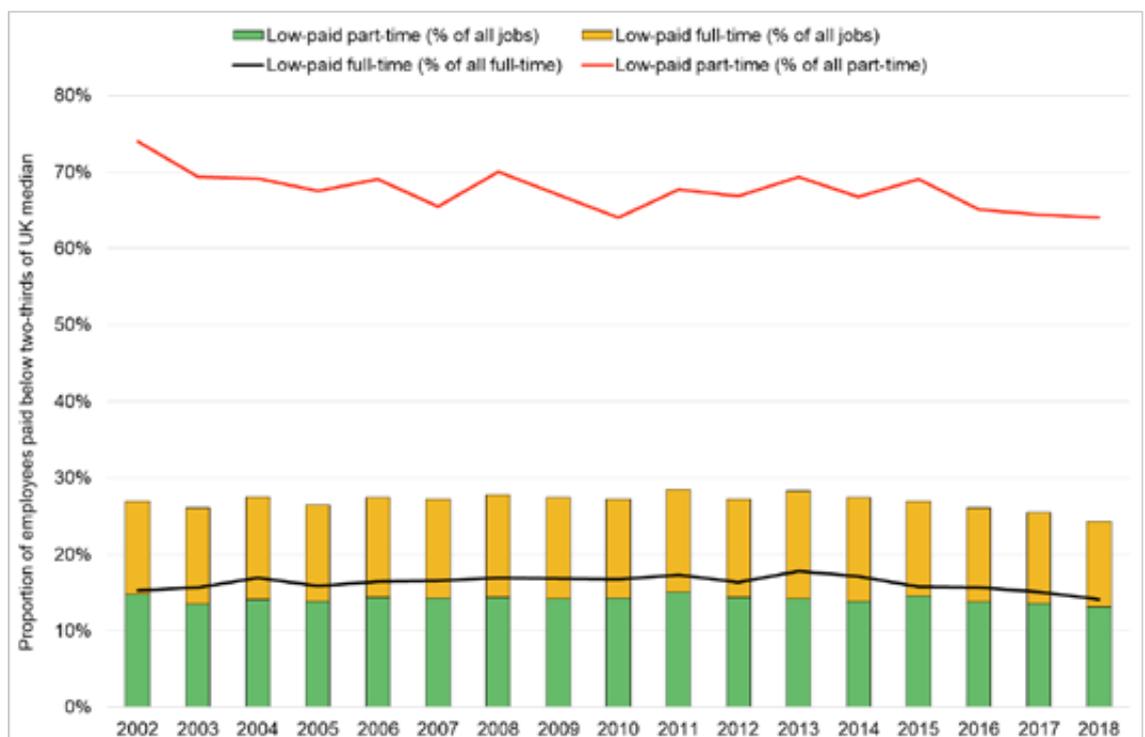
Potentially insecure types of work such as these are more prevalent among younger workers, but particularly so in Birmingham and the Black Country. Fourteen per cent of those aged 16-34 are on such a contract in the region, compared with 12% in Greater Manchester and the rest of England. In contrast, the prevalence of potentially insecure contracts is about the same for those aged 35-64 in the three areas.

Another way of looking at this is that in Birmingham and the Black Country, a 16-34 year-old is 2.4 times as likely to be on a potentially insecure contract as a 35-64 year-old. In Greater Manchester, this figure is 2.1 and in the rest of England, 2.3.

Figure 5.6 looks at low pay: the proportion of employees who live in Birmingham and the Black Country who are paid below two-thirds of the UK median hourly wage. For 2018, this value was £8.49. This compares to a ‘real’ living wage value of £8.75 for 2018, but using this threshold allows a longer time series.

In 2018, 22% of employees who live in Birmingham and the Black Country were low-paid, down from 24% the previous year. This is 170,000 employees. The proportion of employees who are low-paid is 22% in both Birmingham and the Black Country separately in 2018. Historically, the Black Country has had a higher prevalence of low pay.

Figure 5.6
Low pay over time.



Source: Annual Survey of Hours and Earnings via NOMIS, Office for National Statistics

The proportion of employees who are low paid has fallen in recent years across the board: it was 26% in Birmingham in 2014, and around 28% in 2011 for the Black Country. Low pay has been falling generally, particularly since the introduction of the 'National Living Wage' in April 2016: since then, there has been a two percentage point fall for Birmingham and the Black Country.

Birmingham in particular has performed poorly in terms of low pay since the early 2000s. In 2002, it had the same proportion of employees who were low-paid as England as a whole, both at 23%. But over the course of the 2000s, the two diverged. As of 2018, the proportion of employees who were low-paid was five percentage points higher in Birmingham than in England as a whole. The gap between England and the Black Country has remained fairly constant.

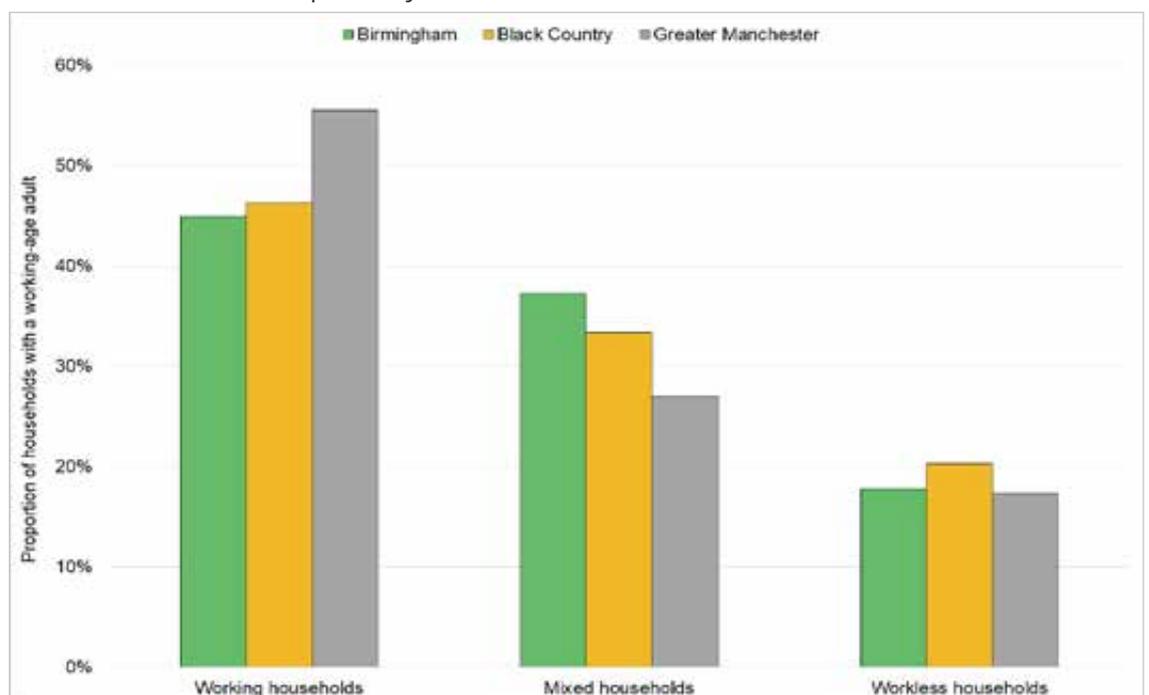
5.3 In-work poverty

This section looks at in-work poverty and some of the factors associated with it. We define poverty in this report as having insufficient resources to meet needs, and measure it as having a household income, adjusted for household size, below 60% of the median after deducting housing costs. It is also important to note that in-work poverty is not simply determined by the position in the labour market: there are also roles for housing costs, dependants, and benefit income. This section, however, focuses on the labour market dimension of in-work poverty and specifically on work intensity.

Work status and its implications for poverty

Figure 5.7 looks at the proportion of households that are 'working' (all adults are in employment), 'mixed' (at least one in work but not all), and 'workless' (none in work). Households with every adult in employment are much less likely to be in poverty than those where some are in work and some are not: for the West Midland region, poverty rates of 7% and 30% respectively²⁶

Figure 5.7
Household work
status, 2017



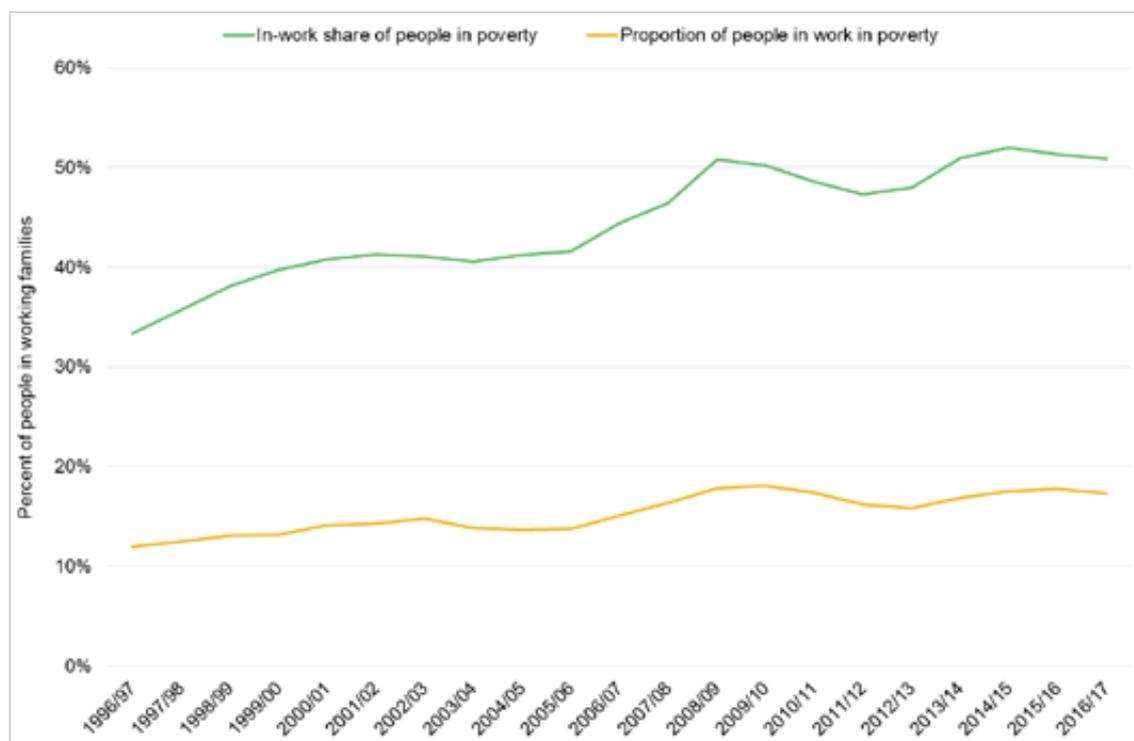
Source: Annual Population Survey via NOMIS.

A majority of people in poverty are in a family with at least one person working

Less than half of households in Birmingham and the Black Country (45% and 46% respectively) were fully working. For Birmingham, this was a recovery from a 2012 low point of 40%, but both regions had a smaller proportion of working families than in the mid-2000s. In contrast, Greater Manchester is now at or exceeding its previous 2004 high point with 55% of households fully working in 2017.

The main difference between Birmingham and the Black Country and Greater Manchester is not that the former areas have a lot more workless families. Their share is higher, but this does not explain much of the gap. Instead, Birmingham and the Black Country both have relatively more 'mixed' households, which have only one adult in employment. Thirty-seven per cent of households in Birmingham, and 33% in the Black Country are of this nature. With only one set of earnings across multiple adults and any children, these families are particularly susceptible to in-work poverty.

Figure 5.8
In-work poverty prevalence over time in the West Midlands, 1996/97 to 2016/17



Source: Households Below Average Income, DWP. The data uses three-year averages.

The last section looked at how Birmingham and the Black Country have relatively high levels of mixed activity households. This section looks at in-work poverty levels in the West Midlands (the lowest level of available geography), and what household economic activity suggests about what in-work poverty looks like for Birmingham and the Black Country specifically.

Figure 5.8 shows at the rising levels of in-work poverty (the proportion of all workers who are in poverty) and employment rates of those who are in poverty (the proportion of people in poverty who are in work). In the three years to 2016/17, 51% of people in poverty in the West Midlands were in a family with at least one person in work. This has been rising steadily over time: 10 years earlier, it was 44%, and twenty years earlier, it was 33%. Now a majority of people in poverty in the region are in a family with at least one person working.

Another way of looking at this is that 17% of people in working families in the region are in poverty. This rate has also increased over time: it was 12% in 1996/97, and 15% in 2006/07. Both these figures, the 'share' of poverty that is in-work poverty, and the 'risk' that a working family will be in poverty, are broadly similar to England as a whole. Fifty-five per cent of people in poverty in England are in a working family, and 17% of people in working families are in poverty. Given that the 'risk' is the same, the difference in the share can be attributed to the higher employment rate in England as a whole.

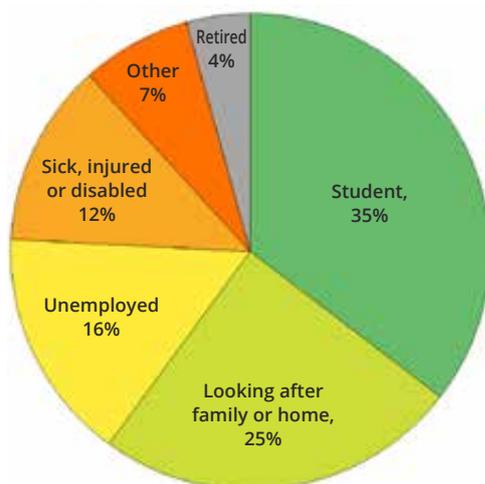
How do Birmingham and the Black Country compare with the West Midlands as a whole? Local administrative data on housing benefit and tax credit data can be used to gain some sense of this. First, the likelihood of receiving a benefit while in work is marginally higher for housing benefit (one percentage point for Birmingham and two percentage points for the Black Country), and considerably higher for in-work tax credit receipt (seven percentage points for Birmingham and five for the Black Country). This suggests that the proportion of working families in Birmingham and the Black Country in poverty is higher than in the rest of the West Midlands.

The second is that the share of housing benefit and tax credit recipients who are in work is lower in both Birmingham and the Black Country than the rest of the West Midlands. This suggests that a higher share of those in poverty are workless. This is in line with the lower employment rates.

Barriers to work

The work status of the *household* is important because those where all adults are working are much less likely to be in poverty than those where some are in work and some not ('mixed'). Figure 5.9 looks at the reasons that non-working adults in mixed households give for not being in paid work.

Figure 5.9
Reasons why adults in mixed households are not working, 2017/18



Source: Household Labour Force Survey, ONS. The data is a four-quarter average up to April-June 2018.

These households in which not all adults are working are part of the reason in-work poverty has been rising. Figure 5.9 shows that just 16% of the non-working adults are unemployed while 35% are students, 25% are looking after the family or home and 12% are sick, injured or disabled. Although the graph shows all households, not just those in poverty, it does highlight the barriers to work faced by many non-working adults in mixed households. Assuming that it is matter of choice, to which 'encouragement' to enter paid work is the only necessary policy, would simply be wrong.

CHAPTER

5

WORK AND IN-WORK POVERTY

5.4 Commentary

Chapter 4 showed that the Black Country's economy is weaker – fewer jobs and less value-added – than the economy of Birmingham. This chapter

has shown that when it comes to the employment outcomes these economies create for local residents, both the Black Country and Birmingham do poorly. This can be seen across a range of measures: low employment rates, large inequalities between different groups, relatively high levels of potentially insecure work, and longer durations of unemployment.

This does not mean that there have been no improvements. Employment rates have been increasing and are near their recent high levels set in the early- to mid-2000s. Underemployment has gone from being higher than in Greater Manchester to about the same. The incidence of low pay has been falling over the past few years in

both Birmingham and the Black Country. The problem is, though, that improvement has been faster elsewhere. For example, Birmingham previously had the same low-pay prevalence as England as a whole, and previously had higher rates of employees undertaking job-related training; in neither case is this now so.

The risk is that the scale of the challenge is overwhelming and begets inaction. Many of the trends in this report are influenced by policy decisions beyond the gift of local policymakers, such as the minimum wage or the regulation of insecure work. Rather, the focus should be on how to tackle other injustices such as reviewing how procurement and recruitment can better consider the access and inclusion of ethnic minorities and/or disabled people, and how support to those who have been unemployed for an extended period of time can be better designed and delivered.



CHAPTER
6
HOUSING

6 Housing

Our understanding of 'economic justice' includes the assets people have. 'Assets' are not just financial: in the broad sense of an asset, a home is one too. This chapter therefore looks at the availability, affordability and quality of housing across Birmingham and the Black Country.

This chapter has three main sections. The first section focuses on **housing affordability**. Whether housing is affordable depends on the cost of housing and on a family's ability to pay for it. The first indicator looks at how the cost of housing has changed across Birmingham and the Black Country for those who are renting by showing the change in private and social rents. The next two look at government policies which have affected families' ability to pay for housing.

The second section looks at the consequences of a **lack of access to affordable and secure housing** and who is most affected. This includes evictions and mortgage repossessions over time, households accepted as homeless and the rates of households in temporary accommodation.

The third section considers **housing conditions and quality**. The first indicator looks at households who are overcrowded; the second looks at those experiencing fuel poverty.

6.1 Housing affordability

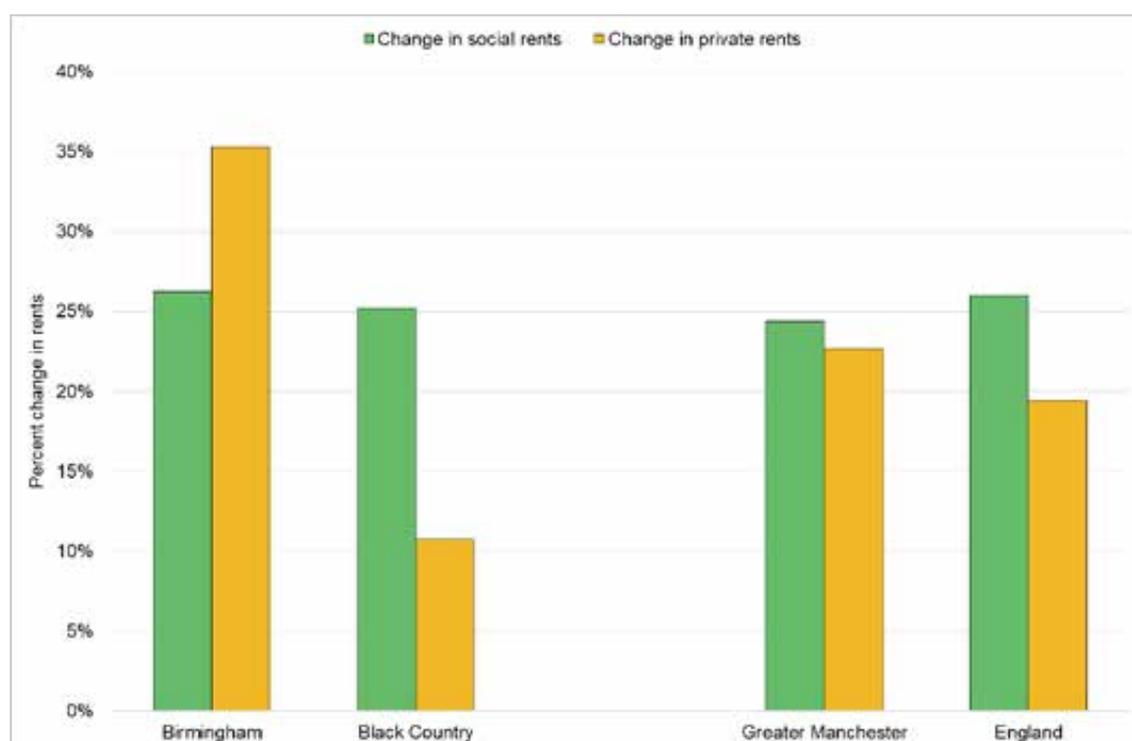
'Housing costs are one of the largest costs that families have to bear. If housing costs rise relative to household income, families can find themselves in difficulty making the availability of affordable housing key for a family's wellbeing. Figure 6.1 shows the change that took place in the average levels of social and private rents between 2010/11 and 2016/17 across the five local authorities of Birmingham and the Black Country, with Greater Manchester and England for comparison.

The average social rent is the weighted average of the rents charged by registered social landlords and the local authority or authorities. By contrast, the average private rent is calculated using data only from properties where a new letting has occurred. This means that the two measures, for private and social rents, are not directly comparable. It should also be noted that rents have not been adjusted for inflation.

Over the six years to 2016/17, average social rents in Birmingham and the Black Country rose by almost identical amounts (26% and 25% respectively). The averages for Greater Manchester and England as a whole rose similarly.

Figure 6.1

Change in private and social rents, 2010/11 to 2016/17



Source: Private rental market statistics, VOA and live tables on rents lettings and tenancies, MHCLG.

Private rents rising faster than social rents in Birmingham

By contrast, there was far greater variation in the changes in private rents: up 35% in Birmingham, 23% in Greater Manchester, 19% across England as a whole and just 11% in the Black Country. This variation could in part be a distributional effect: instead of all private rented properties becoming more expensive over the time period, a large number of more expensive, new rental homes may have been added to the housing stock.

Housing and the social security system

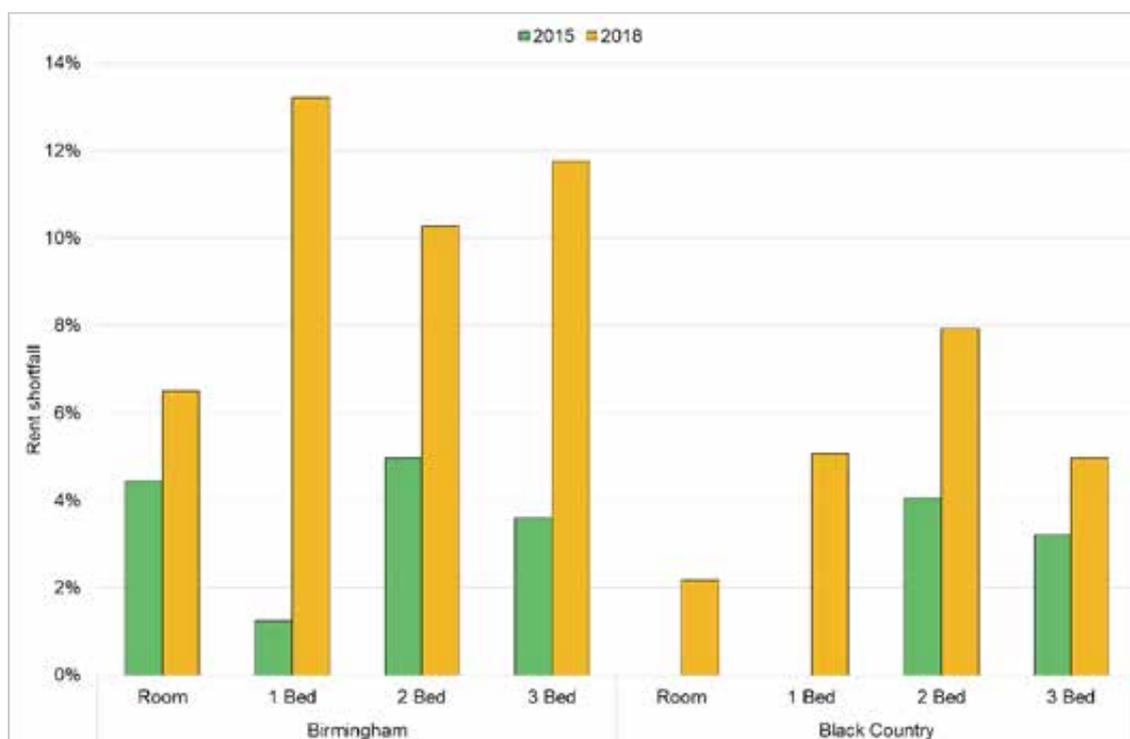
Households with low incomes can get help to pay their rent with Housing Benefit or Universal Credit. There are various rules that govern how much of their housing costs can be paid. Those in the private rented sector can claim up to the Local Housing Allowance (LHA) for the Broad Rental Market Area (BRMA) that they live in. There are two BRMAs which cover Birmingham and the Black Country – one for Birmingham and one for the Black Country.²⁷

In 2010, changes were made to how LHA rates were calculated. They were set at the 30th percentile of local market rents for each property type. For example, the LHA rate in Birmingham for a two bed property would be set at the 30th percentile for all two beds in the area. A national cap was also introduced. Since then LHA rates have not increased as fast as rents. In some areas this has led to a growing discrepancy between the amount of housing benefit received by families (controlled by LHA rates) and the actual rent they may be paying. Families have no choice but to use income not designated for housing on the shortfall, meaning that they have less available income for other essentials, or may fall behind with the rent or other bills.

Figure 6.2 looks at the gap, or shortfall, between LHA rates and rents in Birmingham and the Black Country in 2015 and 2018. To take two bed homes as an example, the LHA rate in the Black Country was 4% below the rent at the 30th percentile for such a home in 2015. By 2018, the shortfall had risen to 8%. In Birmingham, the shortfall for two bed homes rose from 5% in 2015 to 10% in 2018. In both areas, the difference between LHA rates and actual rents (at the 30th percentile) rose between 2015 and 2018. The figures for four beds (not shown) were the same as three beds in the Black Country but slightly higher than three beds in Birmingham.

Figure 6.2

The LHA rent shortfalls in Birmingham and the Black Country's Broad Rental Markets areas (BRMAs), 2015 and 2018 (BRMAs), 2015 and 2018



Source: LHA rates and rents at the 30th percentile, VOA.



LHA
not covering
private rent
shortfalls

Although the LHA rates in Birmingham are higher than in the Black Country for all types of home apart from a room in a shared house, the shortfalls in Birmingham are always larger. All the shortfalls in Birmingham (apart from for a room in a shared house) were on average at least 10% of the rent. These shortfalls, for one, two or three bedroom homes, ranged from £14.20 to £17.60 a week. This means that there will be very few homes available to rent where the amount of housing benefit a family is entitled to will cover their rent.

In the Black Country, the shortfall was slightly lower. No type of home had a shortfall of more than 10%. A room in a shared house had the smallest shortfall at 2% and homes with one and three bedrooms had a shortfall of 5%. The type of home with the largest shortfall was two beds where it was 8%.

Nationally the difference between the LHA rates and cost of available homes has been identified as a cause of increasing homelessness. In a report on homelessness in 2016/17, Birmingham City Council found that this was also the case in Birmingham. There is a growing private rented market with high demand and competition but a relatively low LHA rate.²⁹

The number of families affected by the shortfall in both Birmingham and the Black Country is increasing as a growing number of households find themselves in the private rented sector (PRS) due to a fall in home ownership and the lack of availability of homes in the social rented sector (SRS).

This change in tenure, which is also happening across England, continues. In 2001 the proportion of households in Birmingham and the Black Country who were owner-occupiers was 63% but by 2011 it had fallen to 59%.³⁰ The proportion of households in the SRS (both local authority and registered social landlord properties) had fallen from 27% to 24%. The PRS had grown from 6% of households in 2001 to 15% in 2011. Within this there was a divergence across the five local authorities. In Birmingham, close to one in five households lived in the private rented sector (18%); in Wolverhampton, Sandwell and Walsall the proportion was between 12% and 13%; while in Dudley it was 9%. These figures come from the 2011 Census and the trend has not slowed since, it is therefore likely that in 2019 the proportion of families in the PRS is even higher.

LHA rates affect families living in the private rented sector but since 2010 there have also been policy changes that have affected those claiming housing benefit living in the social rented sector. These are the benefit cap and the removal of the spare room subsidy also known as the 'bedroom tax'.

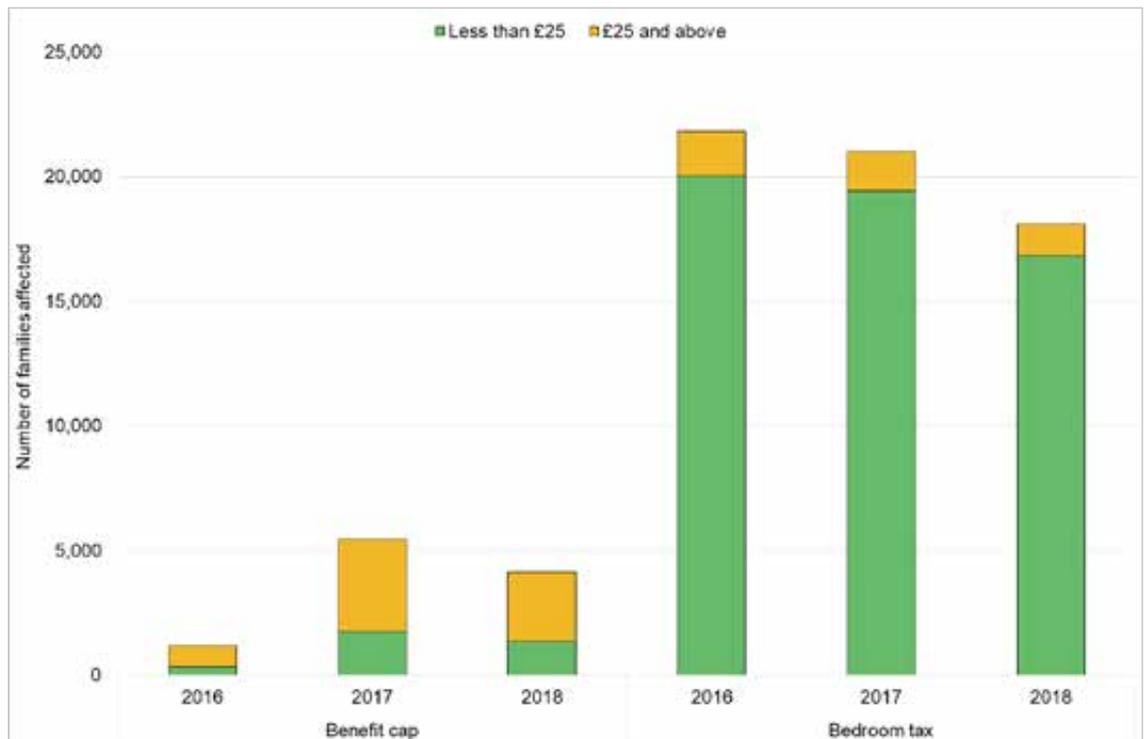
The benefit cap means that the overall amount of benefit a family can claim is capped at £20,000 a year.³¹ This was lowered in November 2016 and it is £6,000 lower than when it was first introduced in mid-2013. This is applied to families living in both the private and social rented sectors.³² It typically affects larger households as they would be entitled to more benefits and to private sector tenants because their rents tend to be higher.

The bedroom tax means that if families are found to have one or more spare rooms the amount of housing benefit they are entitled to falls. The rent they are eligible for falls by 14% for those with one spare room and 25% for those with two or more spare rooms.

Figure 6.3 looks at the number of people affected by the bedroom tax and the benefit cap in Birmingham and the Black Country. A small number of people were affected by the benefit cap in August 2016. However, in 2017, after a lower cap was introduced, there were 1,800 families who lost up to £25 a week and 3,700 who lost more than £25 a week. By 2018 this had fallen slightly to 1,300 and 2,900 respectively.

Figure 6.3

The number of families affected by the bedroom tax and the benefit cap, 2016-18



Source: Stat-Xplore, DWP. The data is for August of the year shown.

In 2018, 18,100 families were affected by the bedroom tax, down from 21,800 in 2016. More than 90% of them lived in Birmingham. In 2018, nearly 17,000 families lost up to £25 a week while 1,300 lost more than £25 a week.

The majority of capped households (58%) are in Birmingham. Birmingham City Council has identified reduced housing options for households affected by the benefit cap as one of the pressures leading to increased homelessness.³³

6.2 Homelessness

The previous section discussed housing affordability and policy changes over the past few years which may make it harder for families to access housing and afford a home. This section looks at some trends in the data on homelessness. The causes of homelessness are complex often with multiple factors playing a role so it is hard to attribute the increase in homelessness solely to the lack of affordable housing even if it does have an important role to play.³⁴

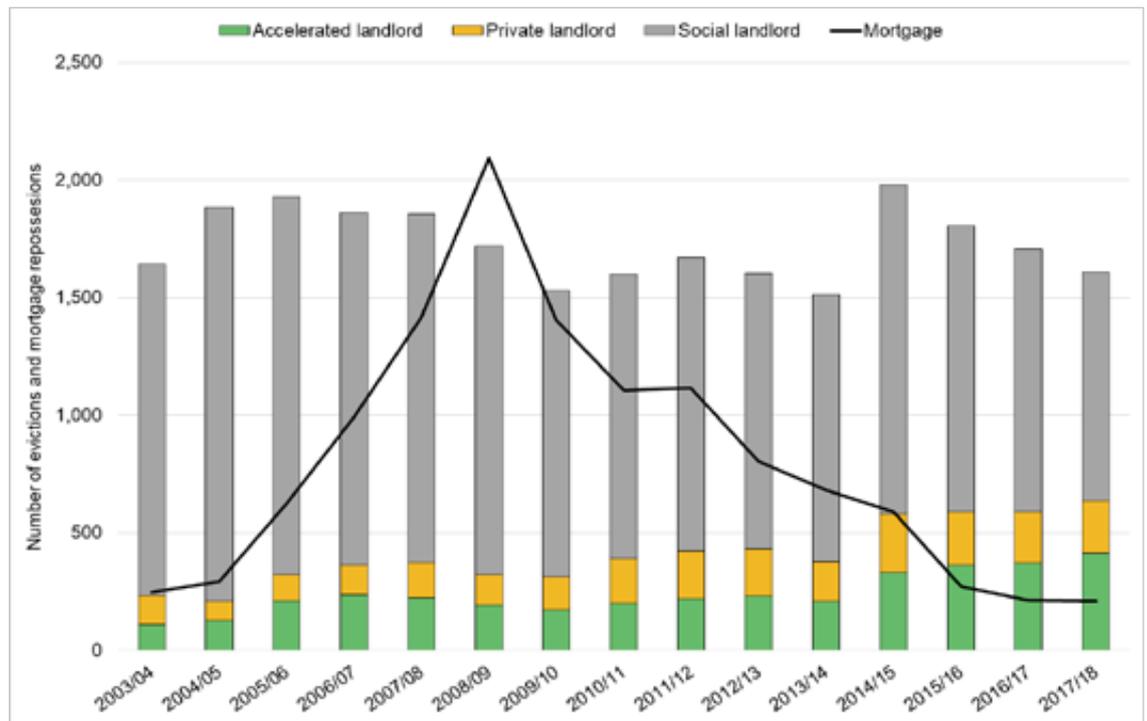
Figure 6.4 shows the number of evictions and mortgage repossessions over time in Birmingham and the Black Country. The bars show the number of evictions by social and private landlords and via accelerated orders. Although accelerated orders can be used by

both private and social landlords once a shorthold tenancy has gone beyond its initial fixed period (usually six or 12 months), they are mainly used by private landlords.³⁵

The number of evictions was lower between 2009/10 and 2013/14 than the mid-2000s. The number increased considerably in 2014/15 but has begun to fall since then. The jump in 2014/15 was mainly due to higher numbers of evictions in Birmingham and Sandwell, with smaller increases in Dudley and Walsall. This is different from the national pattern, where there was a steady increase from 2009/10, which continued until a peak in 2014/15.

Figure 6.4

Evictions and mortgage repossessions over time, 2003/04 to 2017/18



Source: Mortgage and Landlord Possession Statistics, MOJ.

Number of evictions by social landlords is falling

The number of evictions by social landlords fell every year (except in 2014/15), from a high of 1,700 in 2004/05 to 970 in 2017/18. The number of evictions by private landlords increased to 250 in 2014/15 and has since fallen back to 230. The number of accelerated eviction orders remained around 200 until 2013/14, but has since doubled. Although the number of evictions has been falling, there were still 1,600 families evicted across Birmingham and the Black Country in 2017/18.

Mortgage repossessions peaked in 2008/09 at around 2,000. They are now at a 15-year low with 200 mortgage repossessions in 2017/18. Around half were in Birmingham. The number of mortgage repossessions has fallen across England over the past 10 years. Two factors have contributed to this, namely the low interest rates since the financial crisis and lender forbearance policies³⁶.

This graph may underestimate the number of households evicted from their homes due to the way these statistics are compiled. When an outright order for possession is granted, the person living there should vacate it. If they do not comply with the order, the landlord or mortgage lender can apply for a warrant for repossession. We have used the number of repossessions because when an order has been granted, the parties can negotiate a compromise to prevent eviction. While this means that not all possession orders end

in evictions, some people issued with a possession order leave 'voluntarily', avoiding the need for 'repossession'.³⁷ Besides evictions and mortgage repossessions, other reasons for becoming homeless include friends and family no longer being able to offer accommodation and relationship breakdown.

Statutory homelessness

59%
of households
accepted as
homeless in
Birmingham
were BME

Local authorities have a duty to provide accommodation for households found to be 'statutory homeless'. To be accepted as such, a household must be unintentionally homeless and in a 'priority need' category (for example, with children or vulnerable for some reason, usually because of their age or health). Local authorities do not have a duty to groups such as single adults not deemed vulnerable. Statutory homelessness therefore underestimates the full extent of homelessness.

In 2017/18 the number of homeless acceptances in Birmingham was 7.8 per 1,000 households whereas in the Black Country it was 2.6. Although this is below the peak of 10.4 in 2010/11, only a few London boroughs and Peterborough have higher rates than Birmingham.³⁸ Some of this is may be due to local authority policy, with Birmingham accepting a higher proportion of households as homeless (66%) than the England average (52%). In the Black Country the rate of homelessness acceptances has fallen below the level ten years ago and is now only just above the England rate.

Statutory homelessness has risen across England since 2010, with the numbers made homeless due to the loss of a private tenancy having quadrupled, accounting for the great bulk of the increase. Much of the rise occurred after 2011 and since the LHA reforms.³⁹ Figure 6.2 showed the growing disparity between LHA rates and private sector rents, especially in Birmingham. The proportion of those becoming statutorily homeless due to the loss of a private tenancy has increased in Birmingham.⁴⁰

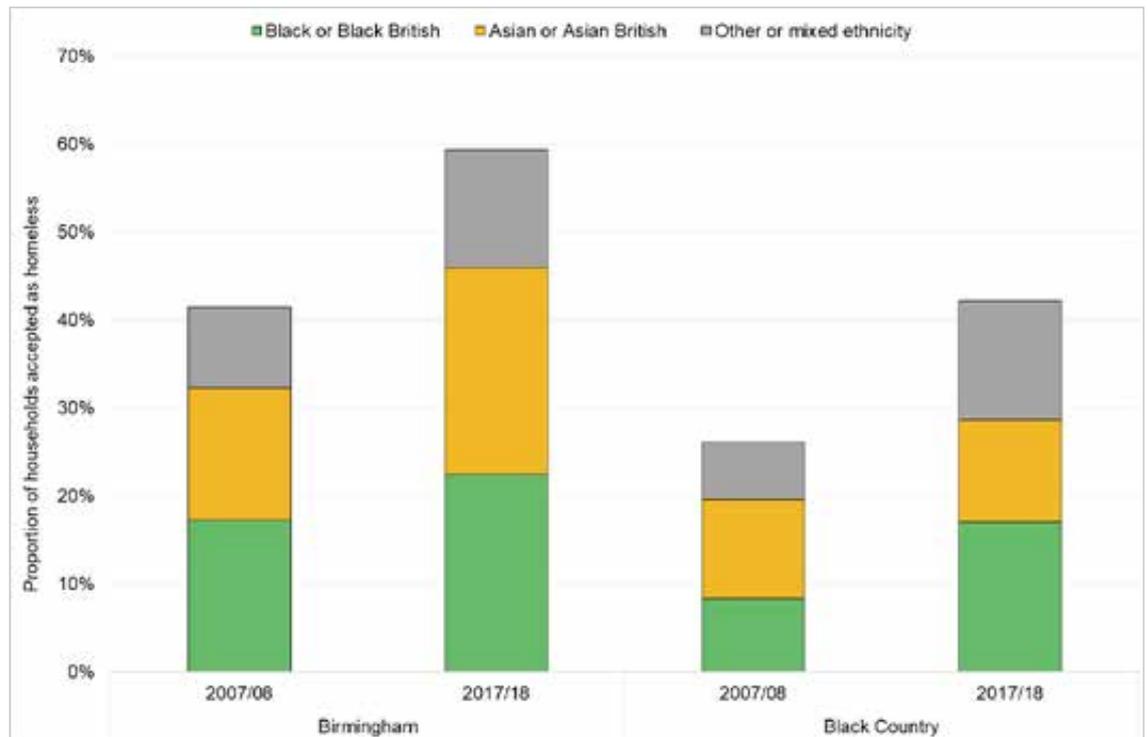
The Homelessness Reduction Act which came into force in April 2018 means that local authorities now have duties to a wider range of people, including those not currently classified as in priority need. In the short term, the number of households accepted as homeless may therefore increase.

Figure 6.5 shows the proportion of households accepted as homeless who are black and minority ethnic (BME) in 2007/08 and 2017/18. These are households that the local authority has accepted are 'statutory homeless'. Homeless acceptance figures show that BME people have a greater risk of statutory homelessness and this has increased over the last 10 years in both Birmingham and the Black Country.

In 2017/18, 59% of households accepted as homeless in Birmingham were BME, far higher than the 41% of the population who are BME. In the Black Country, 42% of households accepted as homeless were BME, compared with 20% of the population. Over the 10 years to 2017/18, the proportion of households accepted as homeless who are BME rose faster than the proportion of the population who are BME.

Figure 6.5

The ethnic composition of homeless acceptances, 2007/08 and 2017/18



Source: Live tables on homelessness, MHCLG.

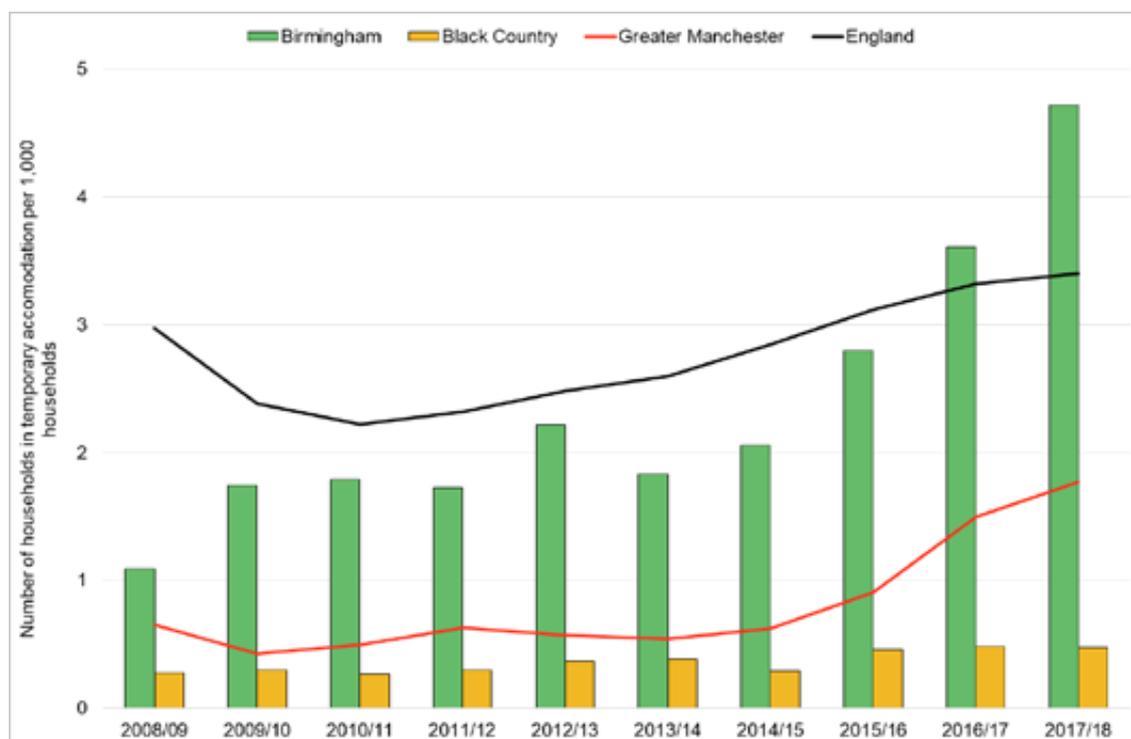
The data recorded by local authorities is not detailed enough to explain why more BME households become homeless in Birmingham and the Black Country but this over-representation has also been found in London and England and research has been carried out to explain this overrepresentation.^{41,42} As was shown in Chapter 3, BME communities are disproportionately affected by poverty and deprivation. These factors reduce their housing options meaning that they are disproportionately affected by the lack of affordable housing.⁴³ BME households are also more likely to have a low income and have fewer resources with which to cope when personal or financial difficulties arise.^{44,45} This makes finding and keeping decent and affordable housing more difficult.⁴⁶

Research in the mid-2000s highlighted the issue of BME people being over-represented among the homeless population.^{47,48} In the mid-2000s the issue had worsened compared with 1997 and in the case of Birmingham and the Black Country it has worsened again in the past 10 years. This is not surprising as BME households have been particularly affected by national policies which have contributed to the rise of homelessness since 2010.⁴⁹

If a local authority accepts that it has a legal duty to house a household, it must find them accommodation. It is not always possible to find them a permanent place to live immediately and so they may be placed in temporary accommodation.

Figure 6.6 looks at the rate of households in temporary accommodation over time. It shows that the number of households in temporary accommodation per 1,000 households in Birmingham has been increasing rapidly in recent years, having doubled (to 4.7 per 1,000 households) in just three years. In 2016/17, the rate rose above the England rate for the first time since 2008/09.

Figure 6.6
Rates of households in temporary accommodation over time, 2008/09 to 2017/18



Source: Live tables on homelessness, MHCLG.

The story in the Black Country is very different. Here, the rate was below that for Birmingham and England for the last 10 years. It was very low at 0.5 households per 1,000 in 2017/18 and this was only just above the 2008/09 rate which was 0.3.

In England, placements in temporary accommodation have grown at a faster rate than that of homelessness acceptances. The Homelessness Monitor 2018 suggests that this is due to local authorities having more trouble finding permanent placements.⁵⁰ The number of available social rented properties is shrinking as few new properties are built and some are lost each year through the right-to-buy policy. Low LHA rates can make it hard to place families claiming housing benefit in the private rented sector.

This is so in Birmingham where 20,000 families are waiting for a social rented home while each year only around 6,000 council and housing association properties become available.⁵¹ Despite falling homeless acceptances in 2017/18, the number of households in temporary accommodation rose as the local authority has limited options for moving families into permanent accommodation.

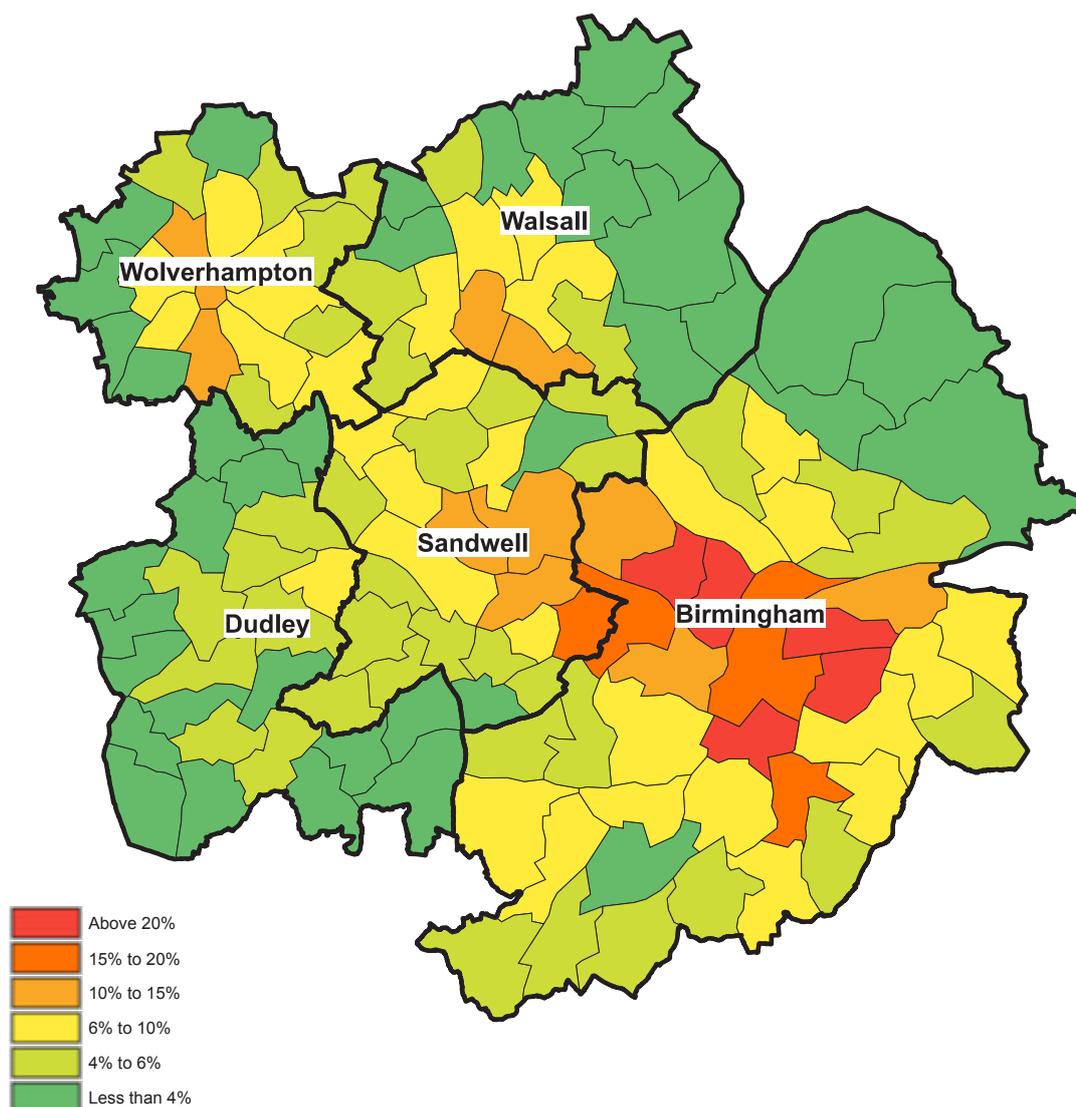
6.3 Housing quality

Figure 6.7 shows the proportion of overcrowded households in each ward who are overcrowded by more than one bedroom. This measure of overcrowding is determined by the government's 'bedroom standard'. The number of bedrooms required by a household depends on the number of people living in it, their age, sex and relationship to each other. A household is overcrowded if it has fewer rooms than the number required. For example, a couple with two children under 10 require two bedrooms while a couple with a 13 year-old boy and a 15 year old girl require three as children of the opposite sex over the age of 10 are not required to share.

The areas in dark green have levels of overcrowding below the England average (5%). Areas in yellow, orange or red have levels of overcrowding above the England average. Wards where more than one in 10 households are overcrowded stretch across almost all of inner Birmingham, extending west into Sandwell and with pockets in the south of Walsall and around the centre of Wolverhampton.

Figure 6.7

The proportion of households that are overcrowded, 2011



Overcrowded households higher in Birmingham and Black Country than England

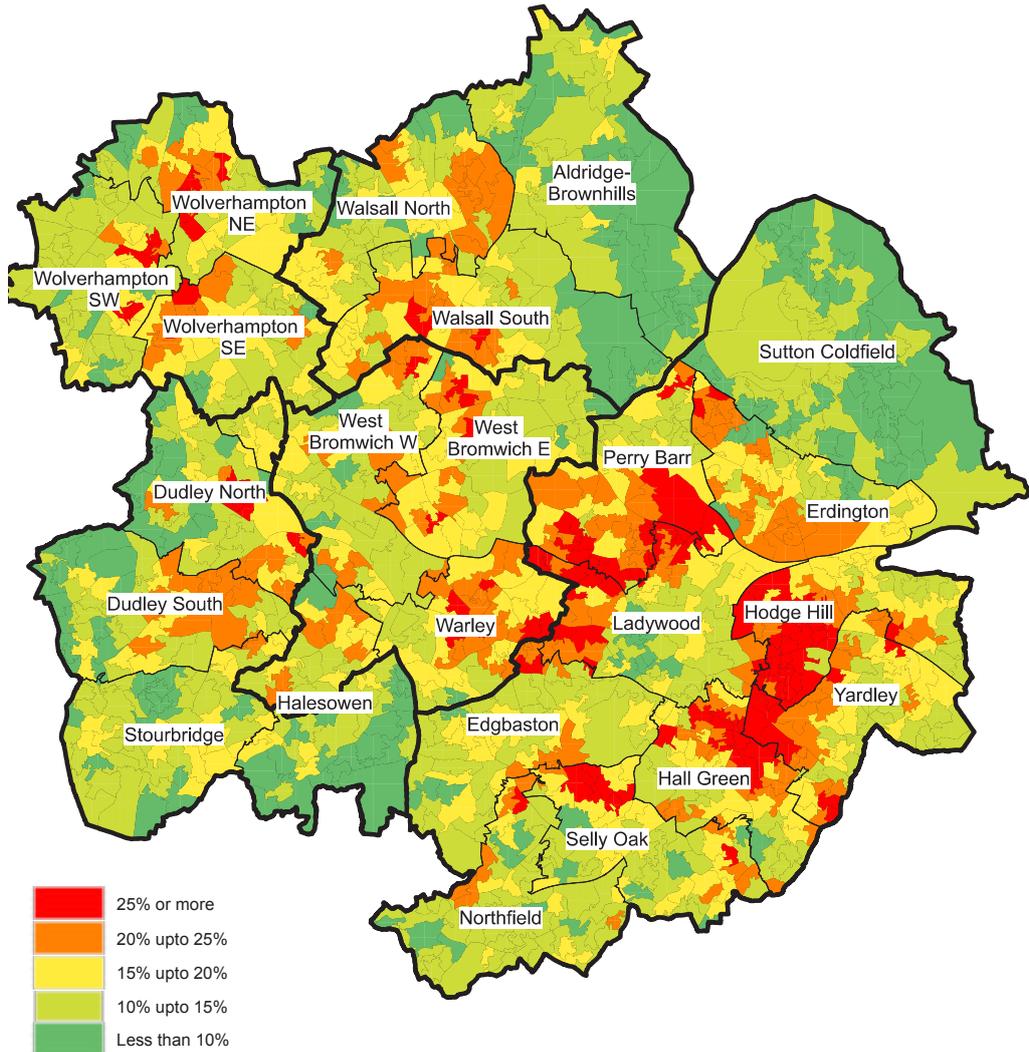
At 7%, the proportion of households that are overcrowded is higher in Birmingham and the Black Country than in both Greater Manchester and England (both 5%). The highest rate was in Birmingham at 9%, followed by Sandwell, Wolverhampton, Walsall and Dudley at 7%, 6%, 5% and 4% respectively.

These averages, in particular Birmingham's, hide a lot of variation. Birmingham contains all the wards where one in five or more households are overcrowded: Lozells and East Handsworth, Aston, Bordesley Green, Sparkbrook and Washwood Heath. It also has some of the wards with the lowest proportions (at about 2%), all in the north.

Overcrowding can place households under considerable stress, with implications for health and child development. It is also associated with future homelessness, given it can lead to relationship breakdown.⁵²

Figure 6.8 shows the proportion of households in fuel poverty by the 1,351 lower layer super output areas (LSOAs) in Birmingham and the Black Country. The thin lines represent parliamentary constituency boundaries and the thicker lines represent local authority boundaries.

Figure 6.8
Fuel poverty by LSOA, 2016



Source: Fuel Poverty Statistics, Department for Business, Energy and Industrial Strategy.

Higher proportion of households in fuel poverty than England average

Fuel poverty in England is measured using the Low Income High Costs indicator, which considers a household to be fuel poor if they have required fuel costs above the national average, and if meeting those costs would reduce their income to below the poverty line.⁵⁴ Fuel poverty is therefore an overlapping problem of households having a low income and facing high energy costs. A household with an income that was too low for them to heat their home adequately but without above average fuel costs would not be considered to be in fuel poverty. This means it is an indicator of housing quality as well as poverty.

The five local authorities had a higher proportion of households in fuel poverty than the England average which was 11%. It was highest in Sandwell and Birmingham where 17% of households experienced fuel poverty. It was lowest in Dudley at 13%, with Walsall and Wolverhampton in the middle at 14% and 15% respectively.

The areas in red in Figure 6.8 show the LSOAs where a quarter or more of households were experiencing fuel poverty. The large majority of these areas were found in Birmingham and were especially concentrated in Hall Green, Yardley, Hodge Hill, Ladywood and Perry Bar. Some of these constituencies also have high levels of overcrowding meaning that housing quality in these areas is low.

Although most areas with 25% or more households experiencing fuel poverty were found in Birmingham, each of the four other local authorities had LSOAs where this was the case, with concentrations found in Warley, all three of Wolverhampton's PCs, West Bromwich East and Walsall South.

CHAPTER

6

HOUSING

6.4 Commentary

Housing is becoming less affordable across Birmingham and the Black Country for tenants in both the social and

private rented sectors. For those in the Black Country, this is caused by falling or stagnating household incomes more than large increases in the costs of housing. Changes to the amount of housing benefit families can claim, as well as policies including the bedroom tax and benefit cap, have also had an effect on housing affordability.

This is true in Birmingham as well, but it has been exacerbated by rising rents in the private sector. The population in Birmingham is also growing faster than the number of homes being added to the housing stock, meaning that there is a shortage of homes of all sizes with housebuilding levels below those required.⁵⁵ The combination of these factors has led to Birmingham experiencing high levels of overcrowding,⁵⁶ homelessness and a large number of families finding themselves placed in temporary accommodation by the local authority. In Birmingham (as in other areas), there is a clear relationship between deprivation and homelessness.⁵⁷

The work done at local authority level and regionally to address some of the

issues surrounding work, skills and earnings that have been discussed in other chapters of the report are likely to have a positive effect on preventing homelessness. However, many of the problems surrounding housing affordability are due to national policies and it can be difficult for local authorities to tackle these with local policy responses. Local authorities are also working within difficult financial circumstances making responses to housing problems difficult. But each local authority has a housing policy and homelessness services and how well these fit with the needs of the most disadvantaged communities is open to question. Statistics on homelessness deserve close attention to make sure that the Homelessness Reduction Act 2017 is working for all households especially BME households.

There is also a need to deal with the quality of housing in across Birmingham and the Black Country. Although worse in Birmingham than in the four Black Country local authority areas, they each have problem areas. Sandwell performs badly on overcrowding and Wolverhampton and Sandwell on fuel poverty, and across the West Midlands there is a high proportion of households in non-decent housing.⁵⁸

7

CONCLUDING OBSERVATIONS



Concluding observations

Economic justice and those who have the power to advance it

The evidence for economic justice presented here has rested on comparisons between areas and groups of people. These comparisons reveal deep inequalities: a belief that they are damaging at an individual and societal levels, and that they are avoidable, turns them into injustices. The individuals with much of the power to address them are working within local authorities in Birmingham and the Black Country. The West Midlands Combined Authority provides new opportunities for innovation, partnership and resource sharing across these local authorities, with the Metro Mayor ideally placed to raise issues of inequality and poverty at a regional level. Central government, which through its funding of local government and households (via social security), is also on this list. So too are the elected representatives, voluntary and community organisations, universities and trades unions, who between them provide the voice and the tools to allow groups of citizens to express and assert themselves. We hope that all these organisations and individuals can use the data within this report.

The economy

A well-functioning economy is crucial to economic justice. Birmingham and the Black Country have both had prosperous pasts and more troubled recent histories. In the 1970s, economic output per head across the West Midlands region was 20% above that of the North West of England. Nowadays, it is lower. Comparing 1901 with 2001, the Centre for Cities has shown that Birmingham suffered a large decline in its economic performance relative to other British cities. As the 'City of 1,000 trades', Birmingham had a resilience that helped it weather the depression of the 1930s. Half a century later, the degree to which it had become dependent on car manufacturing, however successful at the time, left it exposed to the recession at the end of the 1970s.⁵⁹

After 15 years of economic growth that has been faster than the England average, the prospect for Birmingham's economy at a macro level is positive. With visible signs of activity through construction in the city centre, strong inward and foreign direct investment and with above-average shares of employment in finance and insurance, education and public administration,⁶⁰ the question we want to focus on is who benefits from this? More than a third of those who work in Birmingham live outside the city.

Among those in professional or managerial jobs in the city, that rises to not far short of a half. Several of the people interviewed during this research told us unprompted that Birmingham's growth does not 'trickle down'. While this was often with reference to the highly deprived areas close to the city centre, these are not the only neighbourhoods to whom this concern applies.

The Black Country's economy continues to lag behind regional and national trends. With four fifths of Black Country jobs done by Black Country residents, discussion needs to take place in relation to low skills and low pay, which will be a contributing factor to lower levels of productivity and growth. Consideration should also be given as to how local economic approaches could improve the quality of work and enable procurement and spending by local authorities, private businesses and social enterprises in the Black Country to bring about greater benefits to local people.

As England's second city, Birmingham may reasonably be seen as a place apart. Yet Coventry and Solihull, whether measured separately or together, underline the weakness of the Black Country's economy and its lower levels of productivity. The contrast between the economy in the north and west of the WMCA area and that in the south and east is stark.

Deprivation, poor housing and inequality

The economic resilience and security of households depend on more than just a functioning and prosperous economy. Birmingham and the four Black Country local authority areas occupy five of the 'top' seven places in the West Midlands poverty league table. Stoke and Coventry are the other two. Birmingham and the Black Country also do very poorly when judged by the number of local areas which count as deeply deprived. Twenty nine percent of its local areas are in the most deprived tenth nationally – almost three times the national average. Another 20% are in the second most deprived tenth nationally – double the national average. Among areas of a comparable size, only the Liverpool City Region has more neighbourhoods in the most deprived tenth while nowhere has more in the two most deprived tenths together. Birmingham and the Black Country have markedly more deep deprivation than Greater Manchester. London's historically deprived east does not come close. The report identifies 49 electoral wards across Birmingham and the Black Country as having either "deep" or "widespread" deprivation. Although many are aligned along an axis running from the centre of Wolverhampton to south-east

Birmingham, all five local authority areas have some deprivation. Those authorities are not just in the central areas.

Birmingham's citizens, and especially those of its residents who are tenants, are facing a housing crisis on several fronts. With social sector rents up by a quarter over six years (the national average) and private sector rents up by more than a third (close to double the national average), a general housing affordability problem is made worse for low income tenants by the freezing of the value of LHA and the introduction of both the bedroom tax and the benefit cap. The numbers housed in temporary accommodation has risen fivefold in 10 years and is nearly three times the rate for Greater Manchester. More than 20% of households in five of Birmingham's electoral wards are overcrowded, as are 10% to 20% in another seven. One in six households is fuel poor.

Two thirds of those accepted as homeless by the local authority in Birmingham are from BME groups. The Black Country also has an over-representation of people from minority ethnic groups among those accepted as homeless. This is one of several problems where particular groups face systematic disadvantage. Employment rates are lower for those from Black, Asian or other ethnic groups that are not White. They are also far lower for those who are disabled. Insecure work is twice as common among those under 35 as those over. While there are substantial levels of deprivation across all ethnic groups, higher proportions of minority ethnic groups live in deprived areas.

Qualifications for work

One other inequality deserves special mention: 37% of 25 to 64 year-olds living in Birmingham and 41% of those living in the Black Country lack even a basic qualification (equivalent to a good general standard of education). This is significantly higher than Greater Manchester (and the England average) which is nearly 10 percentage points below Birmingham and has huge implications for the economic growth strategies of individual authorities and the West Midlands Combined Authority.

On average, these proportions are lower among those in their 20s than those in their 60s and so as time goes by, the overall level of qualifications of the workforce should rise. Yet as things stand, the gap with Greater Manchester may even grow because the proportions of those in their late 20s with no or low qualifications is a lot higher in Birmingham and the Black Country. Taking account of those who at least have a basic qualification, 53% of those in their late 20s living in the Black Country lack anything more than an NVQ2 level qualification.⁶¹ This is 20 percentage points higher than Greater Manchester. Since the Greater Manchester (and England) average are high enough, to be so much worse makes for poor prospects indeed.

DEBATE AND ACTIONS

Although this is not a policy report, evidence here can stimulate and feed into existing conversations around how local and national policy priorities can stimulate economic growth in Birmingham and the Black Country that is inclusive and sustainable.

Priority should be given to ensuring that the benefits of Birmingham's improving economy are felt by all its citizens, especially those living in its many deprived neighbourhoods.

And that economic productivity in the Black Country increases in line with Birmingham and Coventry and Solihull. **Birmingham and....(even more so) the Black Country, need to create many extra jobs that can be delivered by local people and ensure that these are good jobs that can improve productivity.**

A response is required to the fact that Birmingham and the Black Country have such a high percentage share of deprived neighbourhoods – as high as

anywhere in England – and that they are spread across much of the area, not just the city centres.

As part of this, greater effort should be made to identify and address the inequalities of outcome in employment and housing which afflict those who are young, belong to an ethnic minority group and/or are disabled.

Birmingham's housing crisis – combining unaffordability, overcrowding, **low housing quality and homelessness** – **should also be a priority for action across a wider area than just the city itself.**

Finally, greater exploration and planning around the consequences should be undertaken, in 10 or even 20 years' time, if the current low rates of qualifications among young adults, especially in the Black Country, continue.

LOOKING AHEAD

IMPACT OF UNIVERSAL CREDIT

As an area with high levels of deprivation, Birmingham and the Black Country are particularly exposed to the rollout of Universal Credit, which elsewhere has driven debt and even destitution. The transition to Universal Credit for those currently claiming a legacy benefit has risks,⁶² particularly for those in more vulnerable situations. Birmingham and the Black Country have an above average share of those in receipt of Employment and Support Allowance. These people especially may face barriers in accessing advice and support when it comes to reapplying for Universal Credit.

OPPORTUNITIES FOR LOCAL ECONOMIC DEVELOPMENT

There are also opportunities. The coming of HS2 is a test of the idea that the benefits of economic growth should be spread out – in other words, that the economic growth which a development like HS2 represents should be ‘inclusive’ growth. One way of putting this would be to ask what HS2 will do not just for the deprived east of Birmingham but also for the deeply deprived areas across Birmingham and the Black Country – say Handsworth or Darlaston or Oldbury or Pensnett? Asking this question in the name of inclusive growth is a response to the frequently made criticism that the economic benefits of prestige projects do not just trickle down of their own accord. Organisations including Birmingham & Solihull Social Economy Consortium (BSSEC), Localise West Midlands and the Centre for

Local Economic Strategies (CLES) are already working with partners in Birmingham and the Black Country to explore social value, local economic development and the role of Anchor Institutions in creating more sustainable and resilient economies that respond to local need. Such learning can be shared more widely across the West Midlands Combined Authority via its Inclusive Growth Unit and embedded within the delivery of the Commonwealth Games.

BEYOND AUSTERITY

We are now half way to creating a whole generation who will have known nothing but austerity and its cramped horizons. The Commonwealth Games is an opportunity to break out from this, to change perceptions, not about the rest of the world but about the rest of Birmingham and the Black Country. Although we have not examined this, some of the interviews and some of the statistics point to a sense of a hyper-localism that is largely absent in London. An integrated transport network – another subject not examined in this report – rather than just a bus to here or a tram or train to there could play a role in opening horizons and increasing prosperity too.

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

Footnotes

1. See, for example, Tinson, A., Ayrton, C., Barker, K., Born, T.B. and Long, O. (2017) London's poverty profile 2017, London: Trust for London and New Policy Institute.
2. Rafferty, A. and Moosavi, S. (2016) *Inclusive Growth Monitor: City region comparisons and a focus on Greater Manchester*. Inclusive Growth Analysis Unit.
3. IPPR (2018) *Prosperity and Justice: A plan for the new economy*. IPPR.
4. Here and throughout the report, numbers don't always exactly the total because of rounding.
5. ONS (2017) Data for Migration flows, Births and Deaths via Nomis
6. Kenway, P. (2017) 'Brexit and the ageing population: how Britain has changed since 2004', blog, 21 September, London: New Policy Institute.
7. Gulliver, K. (2016) *A Tale of Two Cities*. Human City Institute
8. Bordesley Green, Kingstanding, Lozells and East Handsworth, Shard End, Soho, Sparkbrook, Springfield, Stechford and Yardley North, Washwood Heath (deep); Acocks Green, Aston, Erdington, Hodge Hill; Longbridge, Nechells, Oscott, Perry Barr, South Yardley, Tyburn (widespread).
9. Greets Green and Lyng, Soho and Victoria, St Pauls, West Bromwich Central (deep); Bristnall, Hateley Heath, Langley, Oldbury, Smethwick, Wednesbury North, Wednesbury South (widespread)
10. Bilston East, East Park, Ettingshall, Heath Town, St Peter's (deep); Bilston North, Bushbury South and Low Hill, Park (widespread)
11. Bentley and Darlaston North, Birchills Leamore, Blakenall, Darlaston South, Pleck (deep); Bloxwich East; Willenhall South (widespread)
12. Brockmoor and Pensnett (deep); Coseley East, Netherton, Woodside and St Andrews; St Thomas's (widespread).
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22. The Business School, University of Birmingham & The Institute for Research into Superdiversity. (2018) *Leaders Like You*. West Midlands Combined Authority's Leadership Commission.
23. Tinson, A et al. (2016) *Disability and Poverty*. Joseph Rowntree Foundation and New Policy Institute.
24. Longhi, S and Brynin, M. (2017) *Research Report 108: The ethnicity pay gap*. Equality and Human Rights Commission.
25. Chartered Institute of Personnel and Development (2017) *Addressing the barriers to BAME employee career progression to the top*. CIPD.
26. Department for Work and Pensions (2018) Households below average income: 1994/95 to 2016/17. London: DWP. The data is a three-year average to 2016/17.
27. These do not follow local authority boundaries exactly. Some parts Sandwell and Walsall are in the Birmingham BRMA.
28. Fitzpatrick, S. et al. (2018) *The homelessness monitor: England 2018*. Crisis.
29. Directorate for People (2017) *Homelessness Review 2016/17*. Birmingham City Council.
30. Census 2011, 2001.
31. This is the rate for a couple with or without children and lone parent families outside of Greater London

32. Certain households are exempt.
33. Directorate for People (2017) *Homelessness Review 2016/17*. Birmingham City Council
34. Fitzpatrick, S. et al. (2018) *The homelessness monitor: England 2018*. Crisis.
35. Clark, A. et al. (2017) *Poverty, Evictions and Forced Moves*. JRF.
36. Bank of England, *Financial Stability report 2011*: these policies allow customers to reduce or reschedule mortgage payments when they fall into arrears.
37. Ministry of Justice (2018) *Mortgage and Landlord Possession Statistics, in England and Wales*. Ministry of Justice.
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40. Directorate for People (2017) *Homelessness Review 2016/17*. Birmingham City Council.
41. Tinson, A. et al. (2017) *London's Poverty Profile*. Trust for London
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53. There can be a crossover between parliamentary constituencies and local authority boundaries. Some parts of Dudley local authority are in the Wolverhampton SE PC and Halesowen and Rowley Regis PC is split between Dudley and Sandwell local authorities.
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55. Directorate for People (2017) *Homelessness Review 2016/17*. Birmingham City Council.
56. Ibid.
57. Ibid.
58. Non-decent is a measure used in the English Housing Survey. A non-decent home is one that does not meet all the following criteria: achieves the current statutory minimum standard for housing, is in a reasonable state of repair, has reasonably modern facilities and services and has efficient heating and effective insulation.
59. Clayton, N. and Mandair, R. (2012) *Cities Outlook 1901*. Centre for Cities.
60. Birmingham Business School (2017), *Birmingham Economic Review 2017*. University of Birmingham
61. This is equivalent to five GCSEs grades A-C.
62. These are Jobseeker's Allowance, Housing Benefit, Employment and Support Allowance, Income Support, Child Tax Credit and Working Tax Credit. These six benefits will eventually be replaced by Universal Credit.



About Barrow Cadbury Trust

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About New Policy Institute

The New Policy Institute is a progressive think tank that produces research on poverty and disadvantage. It works broadly, studying the labour market, the social security system, housing, local government and economic policy. NPI is an independent organisation that relies on project funding.

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