









# Governance and urban development in Birmingham

England's second city since the millennium



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# **Executive Summary**

Birmingham is a post-industrial landscape cut through with ring roads. Birmingham is a city that is intensely segregated along the lines of race and class. Birmingham is booming and is looking forward to a bright future. These are all impressions of the city that emerged in our interviews. Perhaps more than any other major city in the UK, the dominant narrative of Birmingham focuses on negative perceptions of its industrial past, modernist post-war period and car dependency. These images inhibit the city from being able to take on the role of the UK's second city and attract the graduates and skilled professionals that will enable Birmingham's economy to thrive in the long-term. Negative perceptions of the quality of life in the city harm its attractiveness to investors and potential migrants. Much of these negative perceptions come down to how space is developed and governed.

The "Democratic Foundations of the Just City" project aimed to understand development and governance in Birmingham, Lyon, and Zurich, three European second cities with very different institutional models. We sought to determine the extent to which local government has the power to realise a vision of its own future and independently introduce policies that respond to local problems. Compared to the two other cities in the project, we found Birmingham notable for operating in a highly centralised political system in which the local authority has very little autonomy in policy-making terms. Long-term trends in the housing market driven by national government decisions have affected the development of the city, and today, in common with the rest of the UK, Birmingham is a city in which it is increasingly difficult to get onto the housing ladder. Homelessness and poverty rates have also been rising as a result of austerity measures implemented in order to reconfigure the relationship between the individual and the state in post-crisis Britain. While we found enthusiasm for experimenting with new models of working, such as co-design and multiagency approaches, the reality is that austerity has reduced the capability of the public sector in Birmingham to act. Other options for devolving more power and responsibility down to community level, such as the establishment of town and parish councils, are nowhere near as developed in Birmingham as they are in cities such as Leeds and Manchester. In common with elsewhere, citizens in the city are beginning to use social media in order to organise and protest against policies they disagree with in new ways, but established trends of lower engagement in poorer and more diverse areas continue to hold.

Our research identified a place that increasingly attracts international investment, expressed in numerous regeneration projects that are visually transforming the city. Businesses and finance capital are spatially changing the city according to their investment priorities. Birmingham's population and economy has returned to growth, and the city is ever more super-diverse. Much of this investment has arrived since the announcement of High Speed Two and is predicated on the completion of the project. A common theme in the interviews we conducted in the city was that Birmingham's current economic growth could collapse if the government were to scale back or cancel the project during its current review. At the same time as growth, however, we found increasing polarisation in the city, with segregation increasing between different population groups. The city's growth is not being shared by all inhabitants and there are 'cold spots' where the concentration of socially

marginalised groups is increasing. Some ethnic groups have dramatically lower employment rates than others. Citizens in poorer districts of the city live shorter and less healthy lives than those in wealthy areas. The problem has worsened, and while it is of course difficult to predict the future, if current trends hold, we expect this problem to intensify. Furthermore, as research conducted by the University of Birmingham has repeatedly found, all forms of Brexit will damage the city's economy and exacerbate inequality in the short- to medium-term.

For this report, we conducted interviews with senior leaders in the City Council as well as a major property consultancy, a local city councillor, urban planners, a housing association officer and a former council officer now holding several roles in the city. This was supplemented with a literature review of national and local housing and planning policies, academic literature, and work from charities and thinktanks in the sector. We noted the ongoing efforts of people working in urban planning and development across the city are being held back by the centralisation of power and decision-making in the UK, with recent decades showing an intensification of central government control over local government. Following the Kerslake Review into governance at Birmingham City Council, the local authority is indefinitely under close scrutiny from national government. The new office of the metro mayor in the combined authority does offer some hope that local authorities in the region can move towards working together, and that various public agencies working in the area can integrate services to improve outcomes, but this requires resources that are being withdrawn due to austerity. Evidence shows that co-designing policies and services with local residents can lead to results that are more rooted in the reality of the situation they intend to tackle and therefore are more sustainable and ultimately cheaper in the long-term. However, changing working mindsets and handing responsibilities to communities requires a cultural change – as well as again requiring resources to implement.

Following Susan Fainstein's definition of a "Just City", we argue that a Just City needs to mitigate against ghettoisation and gentrification-induced displacement, implying that housing affordability is maintained, On that account, we find that Birmingham cannot truly be described as being a Just City. However, participants in our research noted that gentrification can have positive aspects. They also questioned whether ghettoisation is a process to be mitigated against rather than being a critical descriptive term of people of the same ethnic or class background living together in the same area. The report that follows engages with this idea of spatial justice in greater detail. It comprises of an overview of Birmingham's historical development, governance structures, current social and economic issues and a look to the future of the city. The report closes with findings from a series of interviews conducted in the city as well as policy recommendations based on these interviews and a review of the literature. The research also opened up new questions for future investigation, such as: Who benefits most from international investment coming to Birmingham? Are perceptions of the city changing, both within and beyond Birmingham? And, how exactly can we describe "effective" local leadership in the context of the British political system of that is characterised by centralised power at the national level?



## Introduction

Aims of this study

The purpose of this report was to consider Birmingham's urban development since the new millennium and understand how governance, housing and urban planning in the city has changed. Much has been written of Birmingham's decline in the late twentieth century, and our team thinks it is now time to consider a new chapter in the city's history.

Furthermore, we sought to understand the role of local, regional and national government in managing Birmingham's urban development; the importance of organisational leadership; and the extent to which communities themselves have decision-making power regarding the changes confronting them. We also sought to establish whether Birmingham is merely dependent on structural forces, such as the national institutional and regulatory environment, or whether urban political leaders have the power and the agency to enforce planning policies that are in line with the ideal of the "Just City". Following Susan Fainstein (2010) as well as Edward Soja (2010), we define a Just City as one that:

- Avoids **ghettoisation**, or the involuntary spatial concentration of population groups such as non-white or low-income people
- Counteracts **gentrification**, the transformation of working-class or vacant areas of a city into middle-class ones
- Creates and preserves the **affordability** of decent housing that is accessible to economically and socially deprived groups.

The role of private investment is critical in a constellation of public and private actors driving forward growth and thus determining the urban form of cities such as Birmingham. These actors include real estate firms, private construction companies, leaders of public and semipublic agencies, legislative members and city mayors. Disparate actors from the political and economic realms share a common interest in growth, which is an objective that provides wealth through increasing land and housing values. Private sector actors form part of governance networks, sometimes formally but mostly informally, through consultations, personal connections and public sector bodies taking decisions that anticipate the priorities of potential investors. Patrick Le Galés (2002) has described how since the 1980s there has been an increase in the power of market actors vis-à-vis classical political authorities in European cities. These market actors interfere in the political realm in order to influence the regulatory framework to enable them to make higher profits. As Alan Harding (1997) has described, this influencing of regulation increasingly happens in networks of individuals, with politicians together with elite actors sometimes even bypassing democratic scrutiny and accountability in this way. For these reasons, this report also considered the important role of private actors in networks of influence in shaping decision-making in the city.

The experience of a city is intimately connected with the opportunities (or lack thereof) and characteristics of the place in which a person lives. The Birmingham of large housing estates on the urban periphery, such as Druids Heath, is very different to the Birmingham of densely populated inner-city districts such as Balsall Heath. Residents in historically wealthy districts of Birmingham, such as Sutton Coldfield and Edgbaston, experience another kind of

city altogether. The increased desirability of living in districts such as Moseley and parts of Ladywood around the Brindleyplace development also has implications on surrounding areas and established communities. Increased revenues raised from an uplift in property values and the arrival of individuals with greater discretionary spending power unleashes gentrification pressures, which have the potential to push poorer people out of areas. In turn, the populations in each of these different places across the city have different patterns and forms of participation in civic engagement processes that shape their area.

## Methodology

This report is made up of a literature review considering policy documents and academic literature relevant to the topic, an analysis of demographic data on the city that has been mapped using ArcGIS, and qualitative findings from a series of 11 semi structured qualitative interviews with urban planners, current and former council officers, a developer and a city councillor in Birmingham that took place in two rounds in 2019. Before the analysis, interviews were transcribed by a transcription company in the UK. By conducting discourse analysis based on the transcriptions, thematic issues have been extracted. All quotes from these interviews have been anonymised in line with the University of Birmingham's consent form that all participants have signed. The report also makes use of theoretical work from several urban studies scholars. This is referenced where appropriate and full details of the referenced work are given in the bibliography at the end of the report.



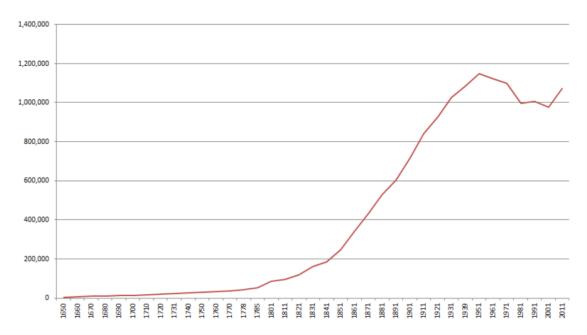
# Development of Birmingham up to the year 2000

Birmingham was a small town of little national significance until the period from 1770 onwards, when the development of industry (especially the production of iron) saw its population and economy begin to rapidly grow. It became an important financial centre; Lloyds Bank was founded in the city in 1765 and the world's first building society was founded in Birmingham in 1775. The first mechanised cotton mill was opened in the city in 1741. In 1765, the industrialist Matthew Boulton built the Soho Manufactory in the city, which pioneered modern industrial production techniques. The invention of the industrial steam engine in 1776 by Boulton and James Watt, which was tested and developed at the Soho Manufactory, was one of the most significant moments of the Industrial Revolution. Indeed, it can be said that modern industrial society has very much been influenced by developments that took place in and around Birmingham at this time.

In the 19th century, the city grew to become one of the largest in the world and was accordingly the site of major political and civic changes. In the early 1830s, the Birmingham Political Union was one of the most important groups advocating for popular suffrage in the UK; its peaceful gathering in 1832 is considered the largest in British history up to that point, although estimates from the time of 200,000 attendees are now disputed (Flick, 1971). This radical tradition led to the Quaker statesman John Bright making the city the platform for his campaign for the suffrage of urban workers, which culminated in the Reform Act 1867 that extended the right to vote to all male heads of households (previously, there had been an income requirement). Quakerism was a significant movement in Birmingham, and the city's Quaker families were instrumental in the development of the urban, social and economic life of the city. Families such as the Lloyds, the Sturges and, of course, the Cadburys were responsible for major philanthropic initiatives, housing reforms (such as the model village at Bournville), nurseries and Sunday schools, adult education, women's rights movements and anti-slavery campaigns. Several members of these families attended the meetings of the Lunar Society, a learned society that operated between 1765 and 1813 in Birmingham. At these monthly meetings, individuals such as Boulton and Watt met with the likes of the physician Erasmus Darwin, industrialist and potter Josiah Wedgwood, chemist Joseph Priestley and type designer John Baskerville, among many others.

It is clear then that during this period Birmingham was a major hub of British intellectual life, and home to many significant innovations in a range of industries and disciplines. A Birmingham teacher invented the postage stamp and created the first modern postal system in 1839; manmade plastic was first manufactured in the city in 1855. Its location at the heart of the UK was bolstered first by the development of the canal network and subsequently the railways. The peak of the city's political influence arguably came during the Chamberlain era. Joseph Chamberlain was a self-made businessman who became Mayor of Birmingham in 1873. He pioneered much of what we understand today as being modern civic government, such as tackling slum housing in the city and establishing municipal gas and water companies to guarantee the supply and quality of these necessities. During his time in office there was a major programme of improving the public realm. His administration built parks, swimming pools, libraries and schools — earlier in his political career he had also been

actively involved in campaigning for free, universal, secular education. While serving in various offices of state he also promoted the establishment of the University of Birmingham in 1900, going on to serve as its first Chancellor. His son Neville Chamberlain served as a councillor on Birmingham City Council and later as Lord Mayor in 1915. He was elected as the Conservative MP for Birmingham Ladywood and rose to national prominence, becoming Prime Minister from 1937 to 1940. Throughout this period, the population of the city increased rapidly, as Figure 1 demonstrates. In the first half of the twentieth century, Birmingham's economy continued to grow. The "City of a Thousand Trades" benefited from a diversified industrial base of small firms and highly-skilled workers that marked it apart from the industrial conurbations of northern England that were based on low-skilled mass labour in steel, textiles and coal, which had been in relative decline from the turn of the twentieth century (Barber and Hall, 2008).



**Figure 1:** population of Birmingham from 1650 to present. The city's population grew rapidly during the period 1850 to 1930 (Figures: GB Historical GIS/ University of Portsmouth).

Birmingham was heavily bombed during the Second World War owing to its role as the heart of British industry. The extent of the destruction wrought by the Birmingham Blitz and dramatic changes in urban planning and architectural trends in the post-war period precipitated large-scale reconstruction of the city along modernist principles, with large housing estates, tower blocks and ring roads being built throughout the 1950s and 1960s. The growth of consumer culture saw several large shopping malls being built in the city centre. The city was also spatially redesigned to accommodate the rise of personal car ownership; Birmingham's tram network, which had been one of the largest in the UK, was eventually closed in 1953 to make way for the automobile. In the post-war period the city's economy boomed; between 1948 and 1966 unemployment rarely exceeded 1% and household incomes were higher than even in London and the South East of England (The Economist, 2013). The

city also changed demographically, seeing large-scale immigration from the Commonwealth to work in its thriving industries, with large numbers of workers and their families arriving in Birmingham from Pakistan, India, Bangladesh and the Caribbean nations.

Modernist principles were to eventually have a stunting effect on the city's economic and urban development and post-war legislation, such as the Distribution of Industry Act 1945, also slowly changed the industrial base of the city. This legislation sought to prevent further industrial growth in "congested areas" such as Birmingham in order to encourage the distribution of industry throughout the country. The 1946 West Midlands Plan sought to reduce Birmingham's population by 220,000 people, to be decanted into new housing estates on the urban periphery and beyond the green belt. The city was bounded and cut through with a series of ring roads that dramatically changed the urban landscape, making it difficult to traverse on foot. Unfortunately, this chapter in the city's urban design history has not aged well. Birmingham today continues to be burdened with perceptions that it is a grey, industrial city built around cars. As one council officer who was interviewed remarked, 'Birmingham's got a traditional reputation of being an ugly city with not a lot going on, and that's because of its brutalist past. It was founded on the car, so most of Birmingham is a series of ring roads that enable you to go faster in a car.' City-REDI at the University of Birmingham has found that negative perceptions of the city continue to act as a barrier to investment and attraction of skilled people into the city (Greater Birmingham Chambers of Commerce, 2018).

The peak of Birmingham's economic success came in the 1960s, when wages and employment levels in the city were far in excess of the national average. GDP per capita in 1966 was 10% above the UK-wide figure (Barber and Hall, 2008). From the 1970s onwards however, Birmingham's economy suffered from a sharp downturn and much of its manufacturing subsequently struggled to compete with more efficient overseas industrial production. During the recession of this decade the city shed 370,000 manufacturing jobs and GDP per capita fell to 10% below the national average, rapidly transforming the West Midlands from one of the wealthiest regions of the UK to the second poorest (Spencer et al., 1986). The collapse of the area's industrial base also meant large parts of the city were either underused or fell into disuse. In terms of the utopian modernist visions of post-war social housing, a senior council officer commented that 'some of the 50s and 60s housing estates which were designed and built in a particular way, they reinforced and actually accentuated or led to further crime, further isolation, disengagement - and also, the breakdown of community as well. It probably broke community and reinforced actual crime.' During this period of decline there were also changes to the governance structures of the city. Scholars have argued that the Local Government Act 1972, which reformed local government in England and Wales from April 1974, marks a turning point in the autonomy and financial powers of councils in the country. Previous local government structures were abolished and a new two-tier system of counties and districts was introduced (with a further tier of civil parish councils beneath this). Professor Robin Hambleton described in 2016 how this reform produced a 'super-centralised model of decision-making in which locally elected politicians are required to comply with central directives', a trend that he argues has continued in a different form with the new combined authorities.

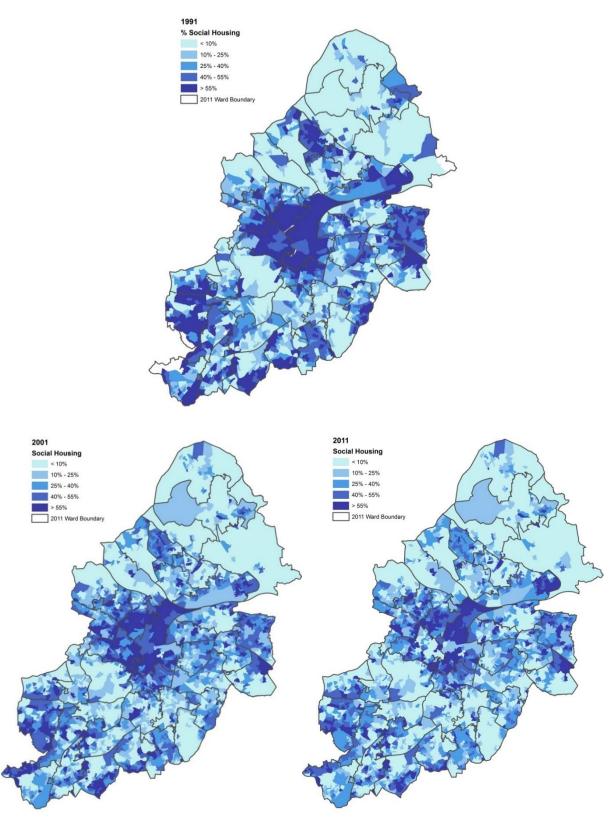
As a response to the worsening economic situation of the city, a new economic and political enterprise culture took hold in the local authority through the 1980s, with a series of 'flagship' development schemes such as the National Indoor Arena, the International Convention Centre, Symphony Hall and the Brindleyplace regeneration (Larkham et al., 2003). The West Midlands County Council Plan review (1983) sought to regenerate older and underused parts of the city, encourage economic development, improve housing conditions and enhance the quality of the built environment. However, the original plan had assumed reductions in public spending on housing would be balanced by an increase of private sector investment that didn't materialise, particularly on housing for those in greater economic need. This was to have important long-term implications on the condition of housing for the city's poorest residents.

At the same time as the flagship redevelopment programmes were being launched, the Thatcher government's expansion of Right to Buy in the Housing Act 1980 dramatically changed the landscape of housing in Birmingham, and the UK more widely. Major discounts were offered for tenants in social housing to buy their properties, which was to decimate local authority housing stock. From a figure of 6.5 million council homes in the UK in 1980 when the act was introduced, fewer than 2 million remained by the end of 2017. As can be seen in Figure 2 on page 15, from 1991 until 2011 (the most recent year for which data exists), the number of people in social housing in Birmingham has been in steady decline. Not only has the number of social housing units been decreasing over this period, but also the remaining units have increasingly housed the most vulnerable in society, frequently with multiple complex problems (Fenton et al., 2010). This has undermined perceptions of the quality of life in social housing, particularly on the large housing estates in Birmingham. However, the issues around mono-tenure are less relevant today than they once were, with figures showing that 40% of council properties bought under the Right to Buy scheme are now being rented out privately, which normally means at higher rents. The Conservative government recently announced the intention of extending the Right to Buy to homes owned by housing associations, which will further reduce the available stock of affordable housing (Kentish, 2017). Participants commented on issues with poor-quality housing and a lack of regulation in the private rented sector which will be explored in greater depth in the following chapter.

The West Midlands County Council was abolished in 1986, meaning Birmingham City Council became responsible for strategic land use and infrastructure planning in the city. This culminated in the 1988 Highbury Initiative, which was intended to reverse the collapse in the city's economy and put a halt to its shrinking population. The premise for the plan was a sense that Birmingham's post-war development had not stood the test of time and that there needed to be dramatic changes in order to arrest the city's decline. There were also perceptions that the large housing estates throughout the city had become problematic. As one council officer commented, 'post-war housing estates were built on mono-tenure, so everyone that lived there rented from the council and were on low incomes. So, there were no people of higher incomes. And ultimately, that sort of concentration of poverty leads to mindsets that are around just poverty, crime and anti-social behaviour.' These negative perceptions (and, to a certain extent, realities) of Birmingham's situation meant that the local authority sought to stimulate inward investment into the city centre and to improve the city

core, which had become utterly dominated by cars. The Inner Ring Road in particular was identified as a 'concrete collar' that was cutting off connectivity and accessibility. Large through-flows of fast-moving traffic through the city centre were believed to be preventing the economic development and physical growth of the urban core. More general issues were identified, such as a lack of green space and pedestrianised areas. The city targeted its efforts at Broad Street and Brindleyplace, seeking to improve the quality of the urban environment and overhaul negative perceptions of the city. This was codified into the City Centre Strategy (1990, updated in 1992), which sought to improve the pedestrian experience, make the city more physically integrated, and regenerate areas such as the canals around the Gas Street Basin and the Jewellery Quarter in order to remake them into attractive destinations. The central focus of development was very much the city centre; new housing developments, and particularly mixed-use schemes, were encouraged. The Unitary Development Plan (1991) agreed with central government furthered these ambitions, seeking to encourage the economic growth of the city centre for the benefit of the entire city, improve public transport infrastructure and enhance the condition of local authority housing stock.

The 1997 Birmingham Plan noted concerns about the condition of housing stock in both the public and private sectors, particularly the number of dwellings that did not comply with modern building standards and regulations such as fire safety, insulation, heating and space. Figures from the City Council estimated that 17% of all dwellings in the city were in a poor condition and failed to meet these standards, two-thirds of which were privately owned. By this point, the majority of new housing completions was provided by the private sector (52%). In that same period 1988-1996, 45% of new dwellings were built by housing associations and just 2% by the local authority. While the focus on the city centre continued with further development in the Jewellery Quarter and Digbeth, major regeneration areas beyond the centre were also identified, such as Castle Vale, Aston Newtown, and Lee Bank. As the maps in Figure 2 demonstrate, there are still clusters of districts in the city with a high density of local authority housing, especially just to the north of the city centre and on the eastern and south-western peripheries of the city. However, this concentration is reducing over time as the remaining local authority stock diminishes further.



**Figure 2:** maps showing the change in percentage of residents living in social housing in Birmingham by ward, 1991-2011 (GIS maps by Charlotte Hoole)



# Birmingham since the year 2000

Continuing Birmingham's urban development



The Selfridges building of the Bullring shopping centre at night (Source: HarryJBurgess/ Pixabay/ CCO)

Commentators have claimed that Birmingham is experiencing an "urban renaissance" in the twenty-first century. The £500 million redevelopment of the Bullring shopping centre, including the space-age design of the Selfridges building, has become an icon of modern Birmingham. The transformed New Street Station and Grand Central shopping centre have become a landmark in the centre of the city, and the Park Central redevelopment of the Lee Bank housing estate has brought redevelopment to the edge of the Ring Road. One major commercial property agency describes this 'renaissance' in Birmingham as a 'dramatic transformation' achieved through 'position[ing] itself as an international destination for investment' (Avison Young, 2019). Many projects are now ongoing that will visually transform the city. These include, but are not limited to:

Icknield Port Loop, a development of 1,150 housing units by Urban Splash on the
"island" formed by the loop of the canal in North Edgbaston, adjacent to the
Edgbaston Reservoir and Brindleyplace. This area is the focus of the "USE-IT!
Unlocking Social and Economic Innovation Together" project, which the University of
Birmingham works on alongside a range of partners across the city. The project has

- received funding from the EU's Urban Innovative Actions scheme to co-design innovative mechanisms for unlocking the potential of deprived communities in this part of Birmingham as it goes through urban change.
- Langley Sustainable Urban Extension, north of Sutton Coldfield, which will deliver 6,000 new housing units to the total dwelling stock of Birmingham. Social infrastructure such as doctor's surgeries, schools and public transport connections will also be built. Langley SUE is a major part of the City Council's strategy of meeting the housing needs of Birmingham as its population grows.
- Smithfield and the adjacent Rea Valley Urban Quarter, which will transform the Digbeth area of the city centre. Smithfield is being built on the location of the former Birmingham Wholesale Markets and will include over 2,000 new homes and 3.2 million square feet of mixed-use floor space. The Rea Valley Urban Quarter will return the hidden River Rea to public use and regenerate a dilapidated formerly industrial area in the city centre, while at the same time hosting over 5,000 new homes. Highgate Park will also be improved to become a high-quality public space.
- Birmingham City Council is seeking a partner to redevelop the Ladywood housing
  estate between Broad Street and the Ring Road. The local authority still owns twothirds of units on the estate. Further details of its future are not available yet, but this
  is a large site that hosts an ethnically diverse (and poorer) population, so it is
  important that the plans are sensitive to this reality.
- Paradise is the redevelopment on Chamberlain Square on the site of the old brutalist Birmingham Central Library, which was demolished and rehoused in the new Library of Birmingham on Centenary Square. PwC has already occupied One Chamberlain Square as its largest single office investment outside of London. There will eventually be ten new office buildings as part of the development as well as a 250-bed hotel. The scheme is expected to be completed in 2027.
- Perry Barr in North Birmingham is set to be regenerated as part of the 2022 Commonwealth Games. Alexander Stadium will be modernised and expanded and a new Athlete's Village of accommodation for the games will be constructed, comprising over 1,400 dwellings that will be converted into homes after the event. The surrounding public realm will also be regenerated. The Commonwealth Games is one of the world's largest sporting events and is an opportunity for Birmingham to present itself to a global audience. The event will be a tourism opportunity for the city as well as a chance to broadcast a more contemporary image to an international audience. 70 nations with a combined population of 1.5 billion will be taking part.

However, while developers may welcome this array of new projects, there have been some criticisms. An academic journal article by Dr Austin Barber at CURS and Dr Stephen Hall from the University of Leeds criticises the 'boosterist' hype of the city authorities, by which they mean the pursuit of flagship redevelopments that have very uneven socio-spatial impacts.

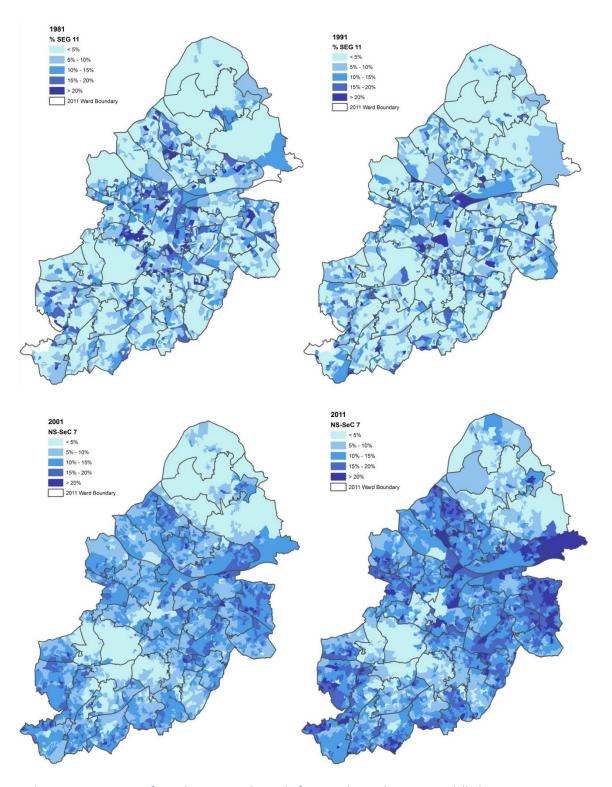
This leads them to ask 'whose urban renaissance' – that is, who is the redevelopment of Birmingham actually for? They write:

'The economic difficulties and wider disadvantage experienced by much of the city's population and many of its neighbourhoods, especially those inner city areas with large ethnic minority populations, have endured and even deepened since the early 1990s despite the efforts of numerous area-based regeneration programmes funded by central government.' (Barber and Hall, 2008)

Similarly, a 1999 paper written by Coventry University's Professor Nick Henry along with Adrian Passmore summarises the case against Birmingham's economic development strategy by arguing that the focus on major flagship projects has 'created an elite international enclave within Birmingham city centre: a space for the national and international tourist/business class, which is increasingly divorced from its regional and local context.' This is a theme that also emerged in the interviews conducted for this project; both council officers and those working in the housing market beyond the local authority commented on a mindset among certain council leaders that is geared above all towards economic growth and attracting international investment, but with insufficient attention being paid to how inclusive this growth is. One council officer commented that 'I think there is an obsession with growth in the city, that we tend to believe in cranes, we tend to believe in building buildings. We think that this is a manifestation of growth and it shows that our city does well, yet... there is a lot of poverty.'

#### Birmingham's urban strategies in the 21st century

During the early 2000s, the process of regenerating the city centre of Birmingham continued. Simultaneously there continued to be a growth in the proportion of those working in unskilled jobs at the expense of skilled professions, as the maps below in Figure 3 illustrate. To a certain extent, the maps correlate with the distribution of Birmingham's non-white population, with particularly those of Pakistani and Bangladeshi heritage having much lower labour market participation (this will be explored further later on in the report). However, there are also white majority areas in the South and East of the city that also have a large proportion of residents in low-skilled work. The data in Figure 3 is expressed on the UK's National Statistics Socio-economic Classification scheme, in which the growth in those in routine occupations not requiring qualifications (or NS-SeC point 7) means that this type of employment has become more dominant in many wards of the city over time. There has also been a significant increase in the city's migrant population, as well as the overall proportion of the population of Birmingham that is from an ethnic minority. These demographic trends have translated into a growing demand for affordable housing, which – when combined with the lingering effects of housing privatisation in the 1980s – meant that the percentage of economically vulnerable households has been increasing.



**Figure 3:** Percentage of population in each ward of Birmingham who are in unskilled occupations, 1981-2011 (GIS maps by Charlotte Hoole)

The **2005** Housing Strategy for Birmingham laid out a vision for the development of the city of 'housing and neighbourhoods that reflect and meet diverse lifestyles... [and] encourage and facilitate economic growth and prosperity'. The report acknowledged that the changing employment structure of Birmingham was being heavily influenced by out-migration of skilled

people and those with higher qualifications, which was a problem that the City Council sought to address. The report noted that the significant increase in BME people in the city was driving much of the demand for affordable housing, particularly in areas that already had high concentrations of minority groups. The strategy also noted that development efforts were too focused on the city centre, and attention needed to be paid to what was going on in Birmingham beyond the Ring Road. Key figures in the report included the statistic that 67.5% of local authority housing stock (49,260 units) did not meet the decent homes standard in April 2004, and that an estimated 35,000 vulnerable households were living in substandard private sector accommodation. 50,000 households were assessed as being in danger of fuel poverty, and homelessness was identified as a severe issue; even at this point, the rate of presentation as homeless in Birmingham was already twice the national average. Qualitative data in the report identified that crime and the fear of crime was the major factor that made people want to leave their current neighbourhood in the city. Key actions for the report were laid out in a series of thematic areas:

- 1. **Housing service performance**, including the establishment of community-led housing management services at a local level and a target to successfully resolve 80% of neighbour disputes, antisocial behaviour and lifestyle clashes through mediation.
- 2. Safety net and support services, aiming to reduce the level of statutory homelessness, eliminate the use of bed and breakfast accommodation for homeless households with dependent children, develop special care housing for older people, and act to tackle non-decent housing in the private rented sector. Many of these same issues were brought up in the project interviews in 2019, suggesting the actions articulated in 2005 remain aspirational.
- Decent homes, investing the planned £604 million in council stock up to 2010, undertaking planned clearance and release of land for redevelopment, and directing more spending to planned maintenance of council housing stock rather than to responsive repairs.
- 4. **Changing demand**, aiming to implement an Urban Living programme for North West Birmingham, consult on and progress proposals to regenerate three housing estates in Kings Norton, and develop a Prospectus for Action to contribute to growth and improve the quality of the built environment in the eastern corridor of Birmingham and North Solihull.
- 5. **Affordable housing**, redeveloping obsolete local authority housing stock to increase and diversify the housing supply in the city, reducing the average re-let time for empty local authority properties to 36 days and taking action to reduce the number of long-term empty properties in the private sector.

Tenure	One bed	Two bed	Three bed	Four bed	Total
Market	8.1	14.9	17.3	21.9	62.2
Shared ownership	1.1	1.2	2.2	0.3	4.8
Affordable rent	3.7	11.6	5.3	0.9	21.6
Social rent/ requires subsidy*	1.7	3.0	1.6	5.0	11.4
Total	14.6	30.8	26.3	28.1	100

<sup>\*</sup> Can be provided in either the social or private sector.

**Figure 4:** Tenure of housing required (as a percentage of total need), Birmingham Strategic Housing Market Assessment (2012)

By the early 2010s, the documents show that policymakers were beginning to think more about the wider city-region, made up of Birmingham, the Black Country (Dudley, Sandwell, Walsall and Wolverhampton), Solihull and Coventry. These local authorities are contained within the new West Midlands Combined Authority, and in many places their borders are merely lines on a map, with a continuous urban area spilling over administrative divisions. New development priorities were identified in the **2010 Big City Plan**, a masterplan which introduced the concept of sustainable neighbourhoods to ensure that future housing – both within and outside urban growth areas – is delivered in an environmentally sustainable manner, supported by high-quality infrastructure and facilities. Inclusive growth strategies were also integrated into the plan to ensure that economic development brings benefits to the lives of the city's most vulnerable residents. Birmingham's Strategic Housing Market Assessment, published in 2012, assessed that 38% of the city's overall housing requirement is for affordable housing, including for first-time buyers.

The Big City Plan also reflects a major change in the city's fortunes since High Speed Two (HS2) was first announced in 2009. Especially since Phase 1 of the project received government approval in 2015, there has been a major surge in property development in the city, motivated by the fact that Birmingham will be just 49 minutes away from central London by train. This makes the second city a viable commuting destination for those working in London and has also encouraged businesses to consider moving their offices to Birmingham in order to take advantage of lower property prices. Deutsche Bank and HSBC have already consolidated their UK presence into the city. The Big City Plan intends to deliver 51,100 homes over the period 2011-2031 to meet demand given Birmingham's growing population. In order to meet the demand for affordable housing (see Figure 4), the City Council has set a target that 35% of units in residential developments of 15 dwellings or more need to be made available at affordable prices. However, it was mentioned in our interviews that developers are quite proficient at avoiding this commitment. A former senior council officer commented 'a whole industry has grown up around the development industry devoted to viability studies, simply demonstrating to the local authority that they couldn't possibly [meet the affordable housing target].'

#### Urban governance models in Birmingham

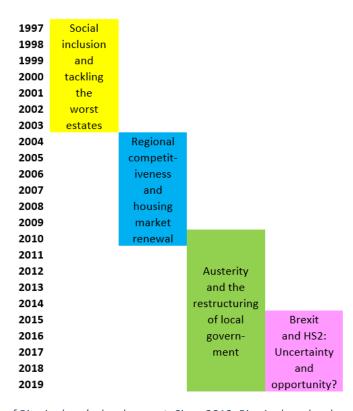
The negotiations between the local authority and private businesses in order to meet affordable housing targets demonstrate the shift to a style of governance in which there is a blurred boundary of where the responsibility for tackling social and economic issues lies (Stoker, 1998). Clarence Stone (1993) has described four different regime types in cities: maintenance or caretaker regimes, which focus on routine service delivery and low taxes; development regimes, concerned with changing land use to promote growth; middle-class progressive regimes, which aim to increase environmental protection, historical preservation and affordable housing; and low-class opportunity expansion regimes, which highlight human investment policy and widened access to employment and ownership. Birmingham's urban strategies in the twenty-first century mark it out as a development regime with elements of a maintenance regime. However, both of these roles have been put under intense pressure owing to the reconfiguration of the public sector and major cuts to funding as part of austerity policies since 2010. It would therefore seem a fifth type of regime could be added to this framework that considers an urban regime of austerity (see Davies and Blanco, 2017).

Alternatively, Jon Pierre (1999) has conceptualised four different models of urban governance: these are the **managerial**, **corporatist**, **pro-growth** and **welfare** models. While the pro-growth and managerial models are driven by purpose, with a focus on outcomes that draws from entrepreneurial skills, the welfare and governance models have an emphasis on entitlements and representation and are thus process driven. Birmingham's situation seems to have elements of both the managerial and pro-growth models. To summarise the four models, these are:

- The managerial urban governance model is often associated with the term 'new public management' (NPM) and ascribes a minimal role to elected politicians. Services are evaluated on private managerial standards and hence managers are seen as key actors, but because customer satisfaction is an important criteria of measuring performance, customers (in this case, taxpayers) are important too. Efficiency of service delivery is a primary objective of this model, the strategy for achieving which is a blurring of the boundary between public and private. In practice this means outsourcing of services and introduction of market elements into public services.
- The **corporatist** urban governance model is typical of the smaller, advanced democracies of Western Europe where there is a strong tradition of having a large public sector and welfare state, along with redistributive policies, a high degree of political involvement and strong voluntary associations. The objective of this model is to coordinate the actions of organised interests and local governments, which means there is a danger of unorganised interests being excluded from the deliberation process. However, its inclusionary character is an important instrument for increasing public acceptance and thus legitimacy of policy proposals. Because of the degree of inclusion this model depends upon, decision-making is slower, but implementation is smoother as there is frequently less resistance actors are involved in making and then implementing decisions. A drawback of this model is that fiscal discipline tends to be reduced because each organisation included in the process favours increased public spending.

- The **pro-growth** urban governance model is characterised by a close relationship between private and public sectors and a relatively low level of participation compared to the other models. Participation is low because distributive claims would dilute the pro-growth agenda. Instruments of this model are geared towards promoting the local economy and increasing the attractiveness of a place for investment, through urban planning, tax incentives, infrastructure development and/ or the mobilisation of resources from other usually higher governmental levels.
- The welfare urban governance model is marked by limited economic growth and a high level of fiscal transfers from central government as a main source of capital. Therefore, this is the model in which the state is most involved. Cities following this model tend to be left-wing and have an industrial past followed by high unemployment rates. In this model, the most important actors are local and national government officials. There tends to be a hostile attitude towards the private sector, which is believed to be the cause of the city's problems. Pierre (1999) comments that 'the main dilemma in welfare governance is that although the urban political and economic milieu that fosters such governance is more needy than any other governance model for private investment and market-conforming urban policies, the governance model is the least geared for attracting such investment' (p.389). This model is particularly vulnerable to austerity programmes and political reorganisations.

Periodisation of governance structures since 2000



**Figure 5:** Key themes of Birmingham's development. Since 2010, Birmingham has been hit hard by austerity. Uncertainty around Brexit, and the possible opportunities of HS2, add to the complexity

From the data our project has gathered (both quantitative and qualitative) and drawing from the description of Birmingham's development to date, it appears that there have been at least three and possibly four distinct periods regarding developments of the city's housing market and policy in the twentieth century. This fourth potential phase is centred around Brexit and HS2. There will certainly be disruptions to the Birmingham and wider West Midlands economy – and these will be significant in the event of a "No Deal" Brexit – but following the December 2019 election the government has also promised major investment into the region. HS2 could make the city a dormitory suburb of London – or it could inject further investment and growth into the city's economy. The project itself remains in doubt, with the results of an official review into HS2's future called by Johnson's Conservative government not yet known. A senior council officer said that 'HS2 will help lift up the offer within the city centre, the fact you can get to London in 45 minutes, it's like being in Zone 6 on the Underground,' positing a vision of Birmingham's future as an appendage of the wealth generation and destination of global investment that is London, provided that HS2 is delivered.

## 1997-2003: Social inclusion and tackling the worst estates

Under the leadership of Sir Albert Bore from 1999 to 2004, the theme of this period was targeted partnership approaches, with the City Council establishing ward sub-committees and Housing Liaison Boards. There was the application of Regional Planning Guidance (RPG) issued by central government for the West Midlands (Department of the Environment, 1995) as well as a local initiative supporting flourishing neighbourhoods. In the national housing and planning context, the decent homes programme was introduced in 1998 and the starter home initiative for key workers was launched in 2001. Key policies, interventions and events in this period included:

- Rejection of the transfer of Birmingham City Council housing in 2002. Tenants in Birmingham rejected the central government's proposal to move their tenancies into a not-for-profit housing association instead of the local authority.
- New Deal for Communities from 1997 onwards (funding was ceased in 2011). This
  covered the Birmingham Priority Areas of Kings Norton and Aston and was a central
  government intervention to regenerate some of the most deprived parts of England.
- The Decent Homes Programme introduced under the previous Labour government improved over a million homes from 2001 to 2010, installing new kitchens, bathrooms and central heating systems to ensure that social housing units met the standard of decent homes set out by the Department for Communities and Local Government.

## 2004-2010: Regional competitiveness and housing market renewal

In this period, the dominant theme seems to be one of competitiveness. Under the leadership of Mike Whitby at Birmingham City Council (2004-2012), the 2005 Housing Strategy pursued economic growth – while the Strategic Housing Market Assessment acknowledged a growing shortage of affordable housing for the city's residents. This was against a national backdrop

of the Barker Review of Housing Supply in 2004 that called for 120,000 new houses to be constructed annually in the UK in order to bring price inflation down to the EU average, and billions extra per year to be spent on social housing. There was also the 2005 Sustainable Communities Plan that aimed for 200,000 extra homes to be constructed in London and the South East of England by 2016.

- This period was brought to a close by the effects of the 2008 financial crisis and subsequent "credit crunch"; the outgoing Labour government brought forward social housing investment in 2009 to help stimulate the economy, but the Conservative-Liberal Democrat coalition that came to power in 2010 ushered in a period of deep austerity that continues to this day.
- The Housing Market Renewal Initiative (HMRI) Pathfinders programme was a central government scheme that aimed to pump investment into the housing market in deprived areas to encourage subsequent development. The HMRI for Birmingham-Sandwell was chosen in an area of persistent social problems suffering from a decline in industry. Characteristics included a low desirability of living in the area and a weak demand for vacant properties, despite growing demand elsewhere in the housing market.
- In 2009 Birmingham City Council rebranded its housebuilding arm as Birmingham Municipal Housing Trust, which is the largest provider of social housing in the city and pursues a principle of mixed tenures in its developments as a response to the perceived failure of post-war mono-tenure estates.

#### 2010-Present: Austerity and the restructuring of local government

The period since 2010 has been one of intense austerity and instability in Birmingham. Leadership of the City Council has been rather unstable; Mike Whitby was in office until 2012, and then Sir Albert Bore (2012-2015), John Clancy (2015-2017) and Ian Ward (2017-Present). There have also been six different Chief Executives at the council since 2010; most recently, Dawn Baxendale left after one year and was replaced by Clive Heaphy in an interim capacity.

The 2010 Big City Plan set out a vision of Birmingham's future in which the redevelopment of the city spills out beyond the Ring Road while also calling for more inclusive economic growth. Central government appears to have become interested in devolution, such as through the new combined authorities in England, although these have limited funds and competencies and are shaped by the priorities of the national government. Central government also released a National Planning Policy Framework in 2012, deregulating areas of the system through reducing dozens of policy documents into a single framework. There is also the 2011 Localism Act, which ostensibly aims to transfer decision-making powers from central government to communities. To date however there has not been a major shift towards local decision-making in the UK.

Cuts in public spending have had an impact on the national housing market, and Birmingham has been more heavily hit owing to its relatively weak economic position when compared with the national average. One council officer who was interviewed was quite explicit, saying that 'until government stops attacking local authorities like Birmingham, and taking more money off them, we will continue to provide barely safety net services, and that impacts on everyone in the city.' For instance, there is the so-called "bedroom tax" in the 2012 Welfare Reform Act, which reduces housing benefit paid to those in receipt of the benefit when they have extra bedrooms. There are also ongoing issues with housing affordability and homelessness. In the period 2016-17, 8.1 in every 1,000 people were accepted as being homeless and in priority need in Birmingham (Hoole and Kitsos, 2018). New developments in the city are failing to meet Birmingham City Council's target of 35% of new builds being offered as affordable housing. Instead, fewer than 10% of new builds can be classed as affordable housing, which is all the more surprising when it is considered that the definition of "affordable" is tied to average market rents rather than average local incomes (Elkes and Slawson, 2018). However, since these figures were released a 2018 legal case found in favour of Islington Council against a developer that sought to avoid the council's affordable housing target (Edgar, 2018). This case could change the under-delivery of affordable units on new housing developments as the High Court found that developers could not overpay for land and use this as a reason not to provide affordable housing. A lack of affordable housing has negative consequences, hindering first-time buyers from getting on the property ladder and leading to higher rents in the private sector due to increased demand. It also leads to longer waiting times for those registering for social housing. As the table below shows, more people in Birmingham live in social rented properties than the England-wide figure, and already in 2011 only slightly more than half of the population of the city owned their own homes.

	Birmir	ngham	England		
	Number	%	Number	%	
All households	410,736		22,063,368		
Owned	226,616	55.2	13,975,024	63.3	
Shared ownership	3,940	1.0	173,760	0.8	
Social rented	99,592	24.2	3,903,550	17.7	
Private rented	73,405	17.9	3,715,924	16.8	
Living rent free	7,183	1.7	295,110	1.3	

Source: 2011 Census

On another measure of deprivation, in the 12 months to the end of March 2019 the Trussell Trust distributed 142,234 emergency food parcels in the West Midlands, a third of which went to children. The most commonly cited reason given by one-third of users of food banks for why they were in need is that their income does not cover their essential costs. This was followed by those who said they were either in benefit delays (one in five) or had seen changes to their benefits. Roughly two-thirds of all food bank provision in the UK is accounted for by the charity, meaning that it does provide a good approximation of the scale of this growing social crisis. Use of food banks operated by the Trussell Trust has increased by 73% since 2014, indicating that this is worsening over time and should be a matter of urgent

concern. Another council officer who works in the community in a deprived part of the city said that the short-term cost savings of austerity are causing long-term health problems that are very expensive to treat: 'many medical and acute health problems have their roots in poverty. We have higher incidences of mental health problems, which comes from being unemployed and stressing about how you're going to pay the rent or living in cramped conditions. It just goes around in a vicious circle.'

## 2015-Present: Brexit and HS2: Uncertainty and opportunity?

In December 2014, the Kerslake Review into the governance and organisational capabilities of Birmingham City Council was delivered. The report noted that HS2 would be a very important catalyst in Birmingham's renewal and praised the City Council for its work on the regeneration of the city centre, and for strengths in working with local businesses (through the Local Enterprise Partnership) and in certain areas, such as tackling gang crime. However, it was critical of the local authority's financial management and management of children's services, as well as issues in schools in the aftermath of the "Trojan Horse" scandal. It also noted that the city's economy was underperforming when compared with Manchester, Liverpool and Sheffield, with particularly stubborn low employment and skill attainment rates. Among fifteen areas identified as needing change included a need for a more positive narrative for the city, greater clarity around devolution and the council's vision for the future, as well as more joined-up working (to tackle the 'silo based and council knows best culture'). Furthermore, the report called on the council to engage across the whole city, including in outlying areas, and to focus regeneration efforts beyond the city centre. It was noted that 'the council is complex, impenetrable and too narrowly focused on its own agenda', but recommended against breaking the council up, with its size being 'both a bridge and a barrier'. Since the publication of the report, there has been close central government scrutiny of spending and services at Birmingham City Council which continues to the present day.

As has already been described, Birmingham's property market is in some respects buoyant, with many developments taking place following the announcement of HS2. However, as the Kerslake Review noted, there are many social and economic problems in the city – some with deep roots into the 1970s and beyond. By a very narrow margin of 50.4% to 49.6%, the city voted Leave in the EU referendum, which makes Birmingham (along with Sheffield) rather unusual among the major cities of the UK in doing so. However, Brexit is expected to have a negative impact upon the city's economy. Owing to the dependence on frictionless trade and "just-in-time" methods of the industrial supply chains and logistics networks which are crucial to the remaining manufacturers in Birmingham, leaving the European Union will likely worsen the city's economic problems, especially in the case of a "No Deal" scenario that will be explored in more detail later in this report. It is not yet clear whether the twin uncertainties of Brexit and HS2's future marks a new period in the city's development or is a continuation of austerity (and its effects) alongside the transformation of how government works that started in 2010.

Among this uncertainty, there is also opportunity for new ways of working. As USE-IT! has already demonstrated in the area around Icknield Port Loop (Hassan, 2019), co-producing knowledge with local communities has significant potential to change how policy decisions are made in the city. For example, one council officer said that in the age of austerity, 'working with volunteers and communities is the new way forward. So, the council might say, well you can use the building, but we can't put any staff in there. We'll provide the building and you do the staff. That more participative way of, well, what can the council put in that doesn't cost a lot of money, but can still deliver the service.' Voices within the local authority and social enterprises such as Impact Hub (2016) are developing visions for how the sharing economy can work in Birmingham. Birmingham City Council's use of municipal bonds (or "Brummie bonds") to fund housebuilding is also a way of thinking about local authority finances that is rather novel and has the potential to change how public works are funded in the city (Clayton et al., 2017).

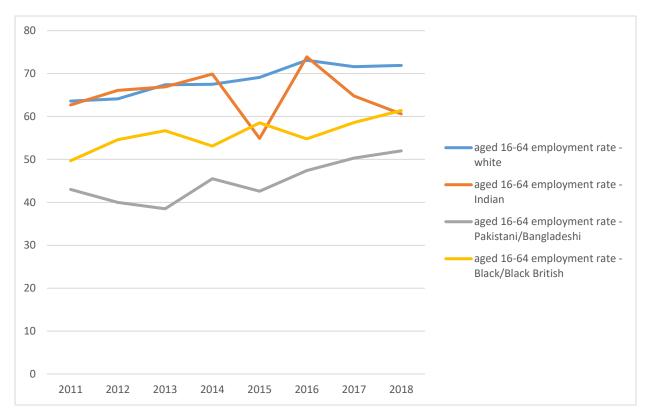
#### Current social and economic issues in Birmingham

As of 2019, Birmingham has over double the percentage of its working population claiming jobseeker's allowance than the average for England (1.4% versus 0.6%). 17.8% of households in the city were workless in 2017, compared to the English rate of 14%. Employment was also far below the national average at 65.3% of the city's working age population, putting it below most other core cities in the UK (Greater Birmingham Chambers of Commerce, 2019). This unemployment problem is strongly influenced by both ethnicity and gender, as both figures 6 and 7 attest. Those of a Pakistani/ Bangladeshi background have lower rates of participation in the workforce than other ethnic groups, a difference that is particularly stark in the case of women from this group. Other research (Fernández Reino, 2019) has shown that this group, along with Eastern European migrants, is overrepresented in the 11% of the UK population that speaks poor or no English (2% of the UK population speaks no English at all).

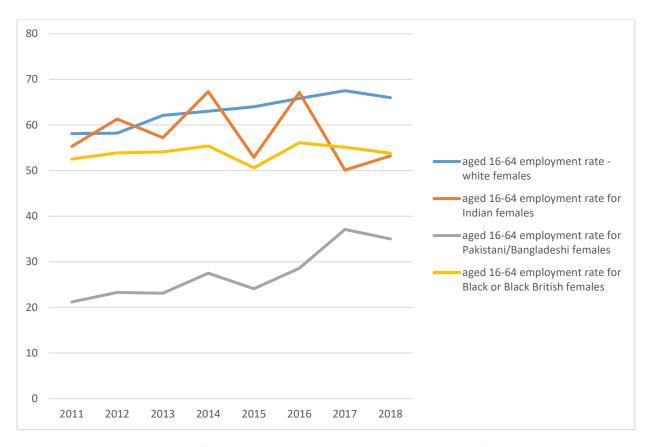
Given that we know those of a shared ethnic background often live in the same area, this means that there are parts of the city with much lower employment rates and household incomes, thus affecting the wealth of these areas and in turn local housing markets. In these areas there are also relatively significant populations of people with low English proficiency, affecting their access to public services, ability to be part of wider society and seek work. One scheme that was piloted in Birmingham, called TimeBank (2014), had very encouraging results to harness the enthusiasm of volunteers to teach English in these communities, with an independent evaluation finding a benefit to cost ratio of 9.3:1 (HBMC, 2015). What the city lacks, however, is a long-term and sustained strategy for integrating ethnic minorities into the wider community of the city. This has echoes of the recommendation of the Kerslake Review that the city finds a positive and sustained narrative for its future.

A senior council officer we spoke with noted the issue with unemployment in the city, saying that 'unemployment in the city is going up just as our employment rate is also going up, which is kind of completely perverse, isn't it? As in, we're a fantastic growth story if you

look at the right metrics, but our people aren't necessarily benefiting from that... I think the city's struggled to land a kind of forward-looking narrative that matches its growth agenda.' This suggests that a deeper issue in the city – as well as in the UK as a whole – is that economic growth is not inclusive, in part owing to a dependency on raw quantitative metrics such as GDP growth, rather than interpretive qualitative approaches that assess the degree of inclusiveness of that growth, or how people feel economic development is benefitting them.



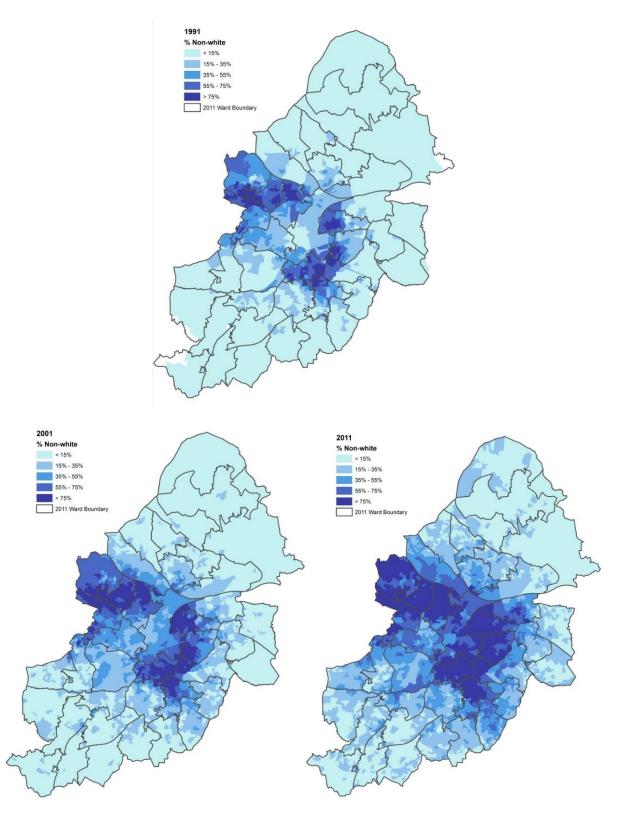
**Figure 6:** Employment rate of men in Birmingham by ethnic group, 2011-2018 (source: ONS Annual Population Survey)



**Figure 7:** Employment rate of women in Birmingham by ethnic group, 2011-2018 (source: ONS Annual Population Survey)

Birmingham is increasingly ethnic diverse, and it is of great importance for the city's future to think about the policy interventions required for different ethnic communities. According to the 2018 figures, 40.2% of Birmingham's population is non-white, making it one of the most diverse local authorities in the UK (ONS, 2019). Sizeable communities of white ethnic minorities also exist, such as those from Ireland and Poland. As the maps in Figure 8 demonstrate, more and more wards of the city are becoming super-diverse. This diversity could be part of the forward-looking narrative that the senior council officer we spoke with feels the city is lacking. As one of the most diverse cities in the whole of the EU, there is the potential for Birmingham to be an exemplar of intra-community tolerance and of many cultures coexisting in one place. This will however require policies that address the unequal outcomes of different ethnic groups, notably weak English language proficiency and the unemployment issue among women in the Pakistani and Bangladeshi communities. Moreover, different means of consulting with these communities need to be experimented with in order to understand their priorities and fears. As a planner we spoke with commented, the council has tried using translation services and even driven a consultation bus into more diverse neighbourhoods to gather opinions, but consistently found that 'the more educated and affluent an area is, the more response you will receive to a consultation. I've done consultations in Aston, Newtown, Lozells, those areas, and the response was definitely not **that great.**' One potential solution to this could be co-designing responses, which will be explored in greater detail later on in this report.

Finally, according to the Birmingham Health Profile Report 2019 prepared by Birmingham City Council, from the period 2014-16 the average life expectancy for men in Birmingham was 77.2 years, lower than the England-wide expectancy of 79.5 years. A woman born in Birmingham can expect to live 81.9 years, compared to the national figure of 83.1. Life expectancy in the most deprived areas in Birmingham was 10 years lower for men, and 8 years lower for women, than in the least deprived areas. While there had been a gradual increase in life expectancy across the city from 2001 until 2011, after this point (coinciding with the implementation of the government's austerity measures) there has been a decline (Birmingham Public Health, 2019). The report also notes a figure from the 2015 Index of Multiple Deprivation that over half of Birmingham's population (56.4%) live in areas that are classified as belonging to the most deprived 20% in England. These statistics further demonstrate the spatial aspects of inequality and deprivation in the city. A councillor we interviewed said that because of austerity, 'what we've got is a whole host – across different things, not just housing - of broken systems. That's ultimately what austerity has created, this level of broken systems.' Data on deprivation and mortality demonstrate that there is some truth in this assertion, which should be of great concern to politicians of every party in the city, and indeed in the country as a whole.



**Figure 8:** Percentage of non-white population by ward of Birmingham, 1991-2011 (GIS maps by Charlotte Hoole)



# Birmingham tomorrow

Birmingham, along with the rest of Britain, is in a period of very intense uncertainty and instability. Astonishingly, over the past decade there have been four different Prime Ministers. Scotland narrowly voted against independence in 2014, although the Scottish Government is now pushing for another independence referendum, given that the terms on which it voted to remain in the UK have changed since the EU referendum. The UK voted even more narrowly to leave the EU on unspecified terms in 2016, which has led to political chaos as factions within parliament attempt to steer the direction of Brexit towards their interpretation. Power-sharing in Northern Ireland broke down over the "Cash for Ash" scandal, leading to the region being without a government for three years. Depending on post-Brexit arrangements, the possibility of a hard border on the island of Ireland cannot be ruled out – with the risk of a renewed outbreak of violence that this implies.

There have also been extremely harsh austerity measures first implemented by the Conservative-Liberal Democrat coalition in 2010. These have had the effect of entirely dismantling parts of the post-war welfare state. Even those who initially supported austerity may now be exhausted by it; one property consultant we spoke with said 'austerity has been in my view a good thing... [the public sector] had become inefficient, as actually business does when it's not in competition. Now, there comes a time when austerity stops driving innovation and stops driving better services and becomes something that ultimately hinders local authorities in being able to do what they need to do. So, yes I now think it's gone too far.' By any measure, this has been a politically turbulent period for the country. For Birmingham, this chaos has affected the speed at which central government is pursuing its devolution agenda, with Brexit dominating the government's policy-making bandwidth. There has also been speculation and rapid growth in the city's property market since the announcement of the HS2 rail project connecting central Birmingham with central London in under 50 minutes. The project is now undergoing a review; were the government to cancel it, there is a high risk that the city's property boom would come grinding to a halt.

In such conditions, it is difficult to predict the future even beyond the next few days in parliament. Nevertheless, after discussing Birmingham's historical development and current situation, we asked participants what they thought the city would be like in 10-15 years' time, and what the key themes for the future were. These are presented below.

#### Housing crisis

Many of the participants in our interviews noted the housing crisis in the city, as well as in the UK more widely. They talked about a severe shortage of affordable housing and the power imbalance between the local authority and the property developers, who control and limit supply to the housing market to maintain high prices. This has the worst implications for the vulnerable people. As a housing association officer noted:

'We've had fewer homes and more people needing it, and what's happened is increasingly we are housing people who are vulnerable or who have a series of complicated needs. Perhaps people who have come out of care, out of prison, people who have had mental health problems... And of course, what happens when you put a lot of people with a lot of issues all in one place, is that place becomes dysfunctional.'

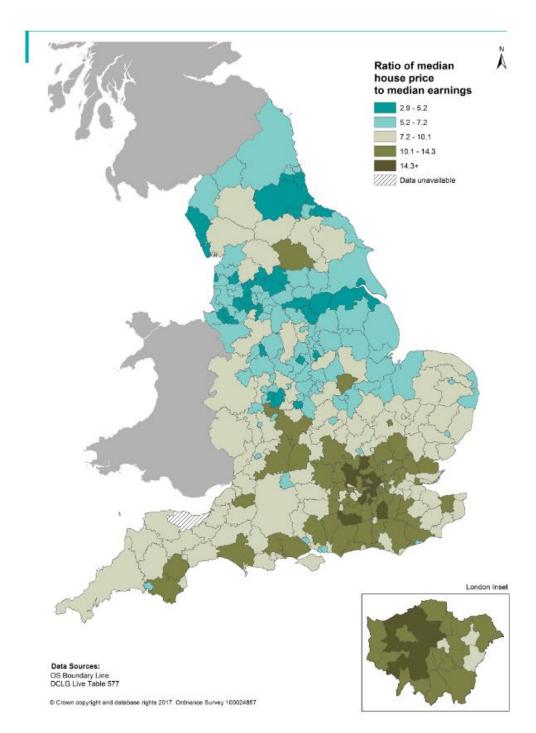


Figure 9: ratio of house prices to median incomes in English local authority areas (source: DCLG)

Existing research finds that the housing crisis is a national problem, and local authorities have little scope to tackle the problem on their own. Figure 9 shows that while the affordability crisis is particularly acute in London and the South East, there are also areas in the Midlands and the North of England where average house prices are well in excess of median local incomes. It should also be borne in mind that banks and building societies typically only lend up to 4.5 times the income of a mortgage applicant (individual or couple), demonstrating that in much of the country, the typical house on the market is simply beyond the reach of even a working couple on average incomes. Birmingham is actually quite affordable in comparison to much of Britain, which should merely serve to underline the dramatic extent of the housing crisis in cities such as London, Oxford and Cambridge.

Analysis by Shelter in 2014 found that in 59% of local authority areas, fewer than one in ten available properties are affordable to a working couple with children on average wages; in 85% of local authorities, fewer than one in ten available properties are affordable to a single person on average wages. While the cost of buying property has been rapidly increasing over the past few decades, the social housing stock has shrunk. The private rented sector has expanded to fill this space, where rents are higher and quality standards (where they exist at all) are much less strictly regulated and enforced. In the particular case of Birmingham, only 31% of properties on the market are affordable to a working couple with children, 6% for a single person, and 61% for a working couple with no children (Shelter, 2014). This means that the city does compare favourably for affordability when compared to the UK as a whole, but still illustrates how important market pressure is in the spatial segregation of low-income people. What's more, research by the Joseph Rowntree Foundation indicates that this trend of unaffordability is set to keep growing. As private rents continue to rise more rapidly than incomes, without corrective action, between 40-50% of private tenants will be living in poverty by 2040. This increase in poverty could be even greater than the statistics forecast if the trend for reductions in Housing Benefit continues, and even more people could move into the private rented sector as a result of future government policies (Joseph Rowntree Foundation, 2014).

As has already been mentioned, most of our participants working in the property and housing sector in the city were positive about the development currently taking place in Birmingham, with many also commenting that gentrification is not necessarily simply a negative force – it can also be positive for an area and its residents. However, it was also noted that while the city can take steps to encourage inward investment or voluntary collaboration between organisations, ultimately the national policy framework is crucial in determining the state of the city's housing market. As one planner we spoke with said, while recent government statements '[say] all the right things, there's a lack of commitment to increasing funding.' For example, the 2017 report by the Department for Communities and Local Government (DCLG), Fixing our broken housing market, opened with an introduction from then-Prime Minister Theresa May, which stated 'Our broken housing market is one of the greatest barriers to progress in Britain today. Whether buying or renting, the fact is that housing is increasingly unaffordable – particularly for ordinary working class people who are struggling to get by.' The report identifies that 225,000-275,000 additional new homes are needed every year (in addition to the 160,000 built on average) in order to make up for

historic shortages dating back to the 1970s, and identifies the dominance of the construction industry by a few large players and the practice of land banking, whereby developers sit on land and slowly release it in order to maintain high demand, as key issues in the housing market. This practice was also mentioned by one of the participants: 'the overall shortage nationally is being mainly controlled by private developers who clearly build most of the properties. And their model is to sit on land, and release it slowly, so that house prices stay stable. If they were to suddenly release all the land that they owned, it would cause a complete glut of supply, which would force prices down, which they don't want to do.' While Birmingham City Council cannot compel developers to build, one method that the local authority could use to encourage new businesses into the construction industry in the city – as well as in other sectors of Birmingham's economy – is socially minded procurement. This is also known as the "Preston Model" and sees public sector 'anchor institutions' (local authorities, universities, hospitals, police forces and so on) working to collectively procure from businesses based in an area and to ensure that the money being spent on goods and services is supporting jobs and the local economy (CLES, 2019).

The DCLG report also notes the sobering statistic that in 2015, the average home in South East England increased in value by £29,000 over the course of the year, more than average annual pay in the region of £24,542. Similarly, the average London property increased in value by £22 per hour, well in excess of the average hourly pay of a Londoner. The housing market is thus increasing the net worth of those who already own their properties while at the same time creating almost insurmountable barriers for the entry of young people and those on lower incomes. Not only are house prices too high, but as Figure 10 demonstrates, the extent of private rents mean it is almost impossible for people to save for mortgage deposits. This has created a situation where most people need financial support from their parents in order to afford to buy a house — typical contributions by the "Bank of Mom and Dad" in 2019 were £24,100 (BBC News, 2019). It hardly needs pointing out that this exacerbates the problem of intergenerational poverty, as poor families will not be able to support their children to buy into the housing market and attain an asset that, for the majority of people, is the single largest purchase and investment in their lifetime.

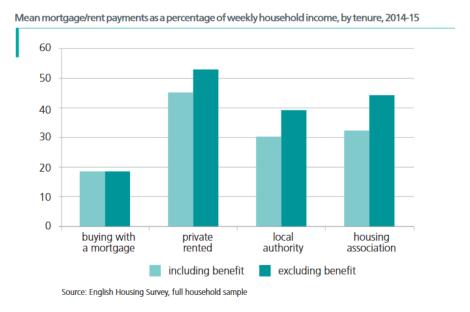


Figure 10: being a private renter in the UK costs far more than any other means of housing (source: DCLG)

While the government's report does identify the problems in the British housing market, the suggestions it makes to remedy the situation can at best be described as lacklustre. It proposes that the remaining local authorities without a housing plan should write one, yet at the same time commits to supporting the Green Belts around urban areas that constrict their expansion. It calls for greater transparency around land ownership, although concrete steps towards this are not outlined, and similarly talks about 'giving councils and developers the tools they need to build more swiftly' without identifying these in detail. In fact, the steps to encourage institutional investment in the private rented sector that the report calls for could even exacerbate the housing crisis, by making the market even more driven by the principles of investment and short-term returns on capital. There are no measures in the report to protect the most vulnerable individuals from predatory landlords or offer protection of tenancy to tenants in the private rented sector. This insecurity has a knock-on effect on local authorities, which are expected to be a provider of last resort. As one council officer stated, 'one of the biggest issues that causes homelessness is private landlords just evicting people... So, the private sector does something and then the problem presents itself to us to solve and we've no longer got the resources to be able to do it.'

Nothing in the report suggests that this situation is likely to change in the future — there is an inertia at the top of government to deal with the housing crisis that is being driven by market pressures and a restriction of the finances and powers of local authorities. As LSE's Kath Scanlon (2017) noted in an analysis of social housing in England over the past 40 years, 'there is no political appetite — at least under the current government — to reverse this [housing affordability problem]'. The social housing sector, which continued to grow up until the election of Margaret Thatcher in 1979, has been reduced from 31% of England's housing stock on the eve of her election victory to just over 17% in 2016. The money raised from the sales of social housing went directly to the Treasury rather than to local authorities, meaning not only had councils lost the cost of building the properties and the future potential revenue

streams from them, but also they were not able to use the money raised under Right to Buy to build new properties. Over this same period, the public discourse around council housing has also changed – from being aspirational and high-quality housing with secure rights to today's perceptions of poverty and 'no-go' brutalist estates. As Scanlon concludes, while there is a lobby of activists, politicians and tenants themselves arguing in favour of more social housing, there is no broad-based public movement in support of the sector today.

### Attracting international investment

Several participants talked about the importance of attracting outside investment into the city in the thinking of leadership in the City Council. There was also a sense that the scale of investments can be helpful in tackling some of the city's persistent issues with unemployment, skills mismatch, infrastructure and low-quality housing — especially as funding has been withdrawn by central government. As one senior council officer put it, 'the private sector partners who have delivered the big regeneration schemes can bring the sort of capital and investment that we need to address [the city's] challenges.'

City-REDI at the University of Birmingham is a policy research institute that works to promote economic growth in Birmingham and the surrounding West Midlands conurbation while also making recommendations on how that growth can be more inclusive. As noted in the Birmingham Economic Review 2019, Foreign Direct Investment (FDI) is an essential part of encouraging economic development in the city through creating new jobs or supporting existing jobs, contributing to infrastructure improvements and export capacity, or investing in the skills base. In the 2018/19 financial year, figures showed that the West Midlands was the UK's leading region outside of London and the South East for attracting FDI, with 171 new projects that created 9,424 jobs and safeguarded 315 jobs. 57 of these investments were directly into Birmingham itself as the urban centre of the region, which created 1,521 new jobs. Investment from the EU has been particularly important in this regard; in the five years from 2013 to 2018, investment from EU nations created 14,151 new jobs and safeguarded 4,331 jobs across 303 separate investments. The EU is also essential for Birmingham and the wider West Midlands as an export market. We thus see the importance of the EU market and can understand the concerns of businesses in the area about what the future holds in the case of a "No Deal" Brexit, meaning an exit from the European Union without a deal to govern trading relationships between the two parties.

High Speed Two (HS2), the proposed high-speed rail link that will initially connect Birmingham with London, before later connecting Birmingham with northern cities such as Leeds and Manchester, is an integral part of the vision for the city's future that was mentioned by participants. As one property consultant said:

'over the past five to seven years we've seen [opportunity] in Birmingham grow, driven by HS2. I think what you're going to see if you fast forward ten years is an acceleration of what we've already had. What do I see? I see a Birmingham that probably is a lot more like – I was going to say London, but I don't really want to say that, I want to benchmark us against New York and Singapore. Ambitious maybe, but as a direction of travel that's where I'd like to think we're going.'

The Department for Transport (DfT) prepared an outline business case for HS2 in 2013, which estimated that total benefits for the project would be in the region of £71 billion. Based on an estimated cost of 2013 of £31.5 billion, this indicated a cost-benefit ratio of 2.3:1. However, it as has been reported the project is now forecast to be well over budget, throwing the positive cost-benefit ratio released by DfT into doubt. Birmingham City Council also expects redevelopment in the city centre around the new Curzon Street terminus to provide 14,000 new jobs and generate £1.3 billion for the local economy, along with enticing businesses to invest in the city and move more of their national presence to the city as Deutsche Bank and HSBC have already done so. The City Council's own promotional material to attract inward investment in 2014 described HS2 as having 'effectively put Birmingham into London's Zone 4'. This demonstrates the vision for the future of the city's leadership is one tied to the urban growth machine that is London. It is worthwhile to consider whether all aspects of what is lauded as London's economic success are positive. For instance, were Birmingham's property market to overheat to the extent of London's, this would disproportionately hit poorest households hardest and create long-term housing affordability issues that the local authority does not have the resources to adequately grapple with.

However, it should not automatically be assumed that HS2 will bring Birmingham's economy up to the level of London's, and nor that it will on its own encourage international investment into the city. It is worthwhile to look at the experiences of constructing high-speed rail networks in other countries to think about what the effects might be in the UK. Much of the work on the impacts of high-speed rail finds that their business cases are overstated and that the economic growth effects have been minimal at best, or negative at worst (O'Farrell, 2019). While infrastructure does play an important part in encouraging investment and economic growth, access to a skilled workforce is absolutely vital in this regard. As the Birmingham Economic Review 2019 points out, Birmingham's underperformance can also be attributed to it having a significant skills gap. Residents of the city are far less likely to have high-level qualifications and are much more likely to have no or low qualifications than both the national average and the residents of other major cities in England. Without action to tackle educational attainment and graduate retention in the city, HS2 alone will not transform the inequalities and economic weakness of Birmingham. While it is possible that development of the city centre with high-rise buildings and glass apartment blocks could help shift negative perceptions of the city that also hold it back from attracting skilled graduates, this alone is not enough to make Birmingham a desirable place to live. A vibrant cultural offering is also essential – and through driving up land prices in Digbeth around the new station, HS2 could displace the growing cultural scene in that district of the city.

Gentrification is an important part of the city leadership's vision for the future. As one council officer said, 'I think everybody encourages gentrification in concept. Why wouldn't you want to have better quality housing, a new school, maybe new community facilities? I guess the question is what will happen to the people that are displaced.' This is an important nuance in the debate around gentrification, which in academic literature is often perceived as being a mostly negative process. It is certainly true that gentrification causes the displacement of poorer people (who are disproportionately more likely to belong to an ethnic minority). However, it also drives economic development and attracts more affluent residents

into an area who have more disposable income to spend on consumption, which can support local businesses. This can also benefit the income of the local authority. As one senior official put it when talking about land prices increasing in the city, 'in a sense part of that is actually useful and important. Because it means that there's greater value there, which can be accessed to deliver better quality development, deliver affordable housing and deliver other benefits.' Gentrification is a powerful double-edged sword – and one that is difficult to control once it starts, as the rampant gentrification of many of London's boroughs attests. We found in our interviews that council officers in Birmingham were almost entirely positive about gentrification, which may be due to the city's recent history of major job losses and reduction in wealth following deindustrialisation. When asked about mitigating against gentrification's effect of displacing poorer people from areas, there was generally confusion about what the local authority could do – although it is telling in itself that many council officers we spoke to were not even sure of why you would try to mitigate against this.

### Austerity as a permanent culture shift

Austerity is a dominant theme of contemporary UK politics. Birmingham City Council has had its funding cut almost in half since the Conservative-Liberal Democrat coalition came to power in 2010. The result of this is that many council services have been reduced or withdrawn altogether. There was a sense in our interviews that this has been more than just a temporary development but instead marks a significant culture shift in politics. One council officer said that 'people need to change their perception of what the council does, because it doesn't do what it did twenty years ago... I think it's a culture change and it's led by finances. Government isn't suddenly going to turn the tap back on and start funding lots of new things. I think we will be doing new things in a different way forever now.' One way that this has affected the council is that as has lost the capacity to provide services on its own. This has encouraged collaboration with other public sector organisations to try to a safety net for vulnerable individuals. As a senior official at the council said, 'we've stopped being a paternalistic provider of most things and we've started to try and play a different facilitative role where you use the capacity you've got to bring people together in a different way and enable things differently.'

On the individual level, as has already been noted, the use of food banks has rapidly increased as a result of government austerity policies. The Trussell Trust distributed over 140,000 emergency food parcels to people in severe need in the twelve months to March 2019 – one-third of which went to children. According to the Children's Society, four million British children are now living in poverty – a number that is rising rapidly and will exceed five million by the end of 2020. Social security reforms, such as the switch to Universal Credit and cuts to Housing Benefit (for example the under-occupancy penalty, also known as the "bedroom tax"), have reduced the weekly income of 660,000 of the country's poorest people, two-thirds of whom are disabled (Moffatt et al., 2015). Homelessness has more than doubled since 2010, with one in every 200 people in the UK now being classified as homeless (Shelter, 2018). This is distinct from rough sleeping (that has also seen dramatic increases), which a housing association officer called 'the tip of the iceberg' of the housing crisis. It is the most visible form of exclusion from the property market, but many more people are in temporary

accommodation or moving from spare rooms to sofas of family and friends. Academic research from the universities of Bristol, Manchester and Oxford funded by the National Institute for Health Research even found that 1,000 extra deaths from suicide and 30-40,000 additional suicide attempts since the financial crisis could be attributed to the government's austerity measures (McVeigh, 2015).

Austerity has had destructive effects on the UK's social fabric, with important political implications. Research has connected austerity policies with the vote for Brexit in 2016. Analysis of electoral and opinion data by Professor Thiemo Fetzer of Warwick University found that the association between an individual's exposure to welfare cuts since 2010 and support for UKIP in the run up to the Brexit referendum was so strong that the EU referendum would have resulted in a clear victory for Remain, had it not been for austerity measures. Fetzer (2019) writes 'the vast benefit cuts starting in 2010 predominantly hit already struggling regional economies that were recovering very slowly from the global financial crisis', moving on to use findings from focus groups and survey data to show that voters hit hardest by the cuts were more receptive to the Leave campaign. Austerity has also damaged the UK's international reputation. A recent UN report describes how austerity has disproportionately damaged the lives of poor people, women, racial and ethnic minorities, children, single parents and people with disabilities, concluding that 'poverty is a political choice. Austerity could easily have spared the poor, if the political will had existed to do so' (United Nations, 2019). Compounding the issue on the local authority level, not only has funding available been massively reduced, but there are also fewer council staff and resources with which to formulate policy and respond to issues on the ground. As one senior council officer reflected with regards to austerity, 'we don't have the capacity to do thinking time and development time, compared to the days of government offices and regional development agencies where you had tens of thousands of civil servants given headspace and resource.' A councillor we spoke with reiterated this sense that local authorities are overwhelmed with the mismatch between problems they face and resources with which to tackle them:

'if there was a change in some of the government policy, it would assist and facilitate us, enabling us to be able to manage the local issue. We wouldn't feel like we're constantly in crisis. At the moment, we're looking at crisis, but as a council we're trying to implement and create a platform for prevention, and to do the two at the same time is incredibly complex, incredibly difficult, and people do fall between policies and fall between the net, particularly those who are in the most need.'

The restructuring of the state in post-crisis Britain is a significant political event, of which austerity and Brexit are key components. While discontent with worsening living standards through austerity policies has been repeatedly demonstrated to have been decisive in the vote to leave the European Union, it is tragically ironic that all independent assessments of the cost of leaving the EU show that this will leave the country worse off. Brexit will thus most probably exacerbate austerity and the decline in living standards, which means there is a very real risk that the political polarisation of the UK has not yet reached its climax.



### After Brexit

Many participants in our interviews spoke about Brexit, with particular concerns about the negative impacts it could have on Birmingham's economy, jobs, public finances and the devolution agenda. As one senior council officer put it, 'unfortunately the whole Brexit scenario has derailed devolution in many respects. I think we've bought into this narrative that it's all too difficult and the government aren't in a position to devolve anymore, which is clearly nonsense.'

Research by Professor Raquel Ortega-Argilés at City-REDI has assessed the likely economic impact of a "No Deal" Brexit, meaning leaving the EU without an agreement to maintain trade and economic relationships. This analysis finds that such an arrangement puts 12.2% of West Midlands GDP at risk. However, as Figure 11 shows, the West Midlands is not unique in this exposure; all parts of the UK will lose out economically from a "No Deal" scenario. The manufacturing sector is most threatened, with 32.2% of GDP at risk because of the dependence of modern manufacturing on frictionless trade to support "just-in-time" supply chains. With customs checks at ports adding delays to trade, disruption to logistics and distribution networks within the UK would have a huge impact on the manufacturing sector. The research also found that 25.5% of GDP in the primary industries (extraction such as mining, agriculture and forestry) and 12.2% of service sector GDP would also be at risk (Ortega-Argilés, 2018).

Nobody we spoke with felt that Brexit was going to have a positive impact on the city, regardless of whether they worked in the public or private sector. This correlates with research conducted by the Greater Birmingham Chambers of Commerce (GBCC) and

presented in the Birmingham Economic Review 2019. Surveys of businesses in the area found they generally do not feel well-prepared for Brexit, despite the regional economy being more exposed to risks from Brexit than the national average. Smaller businesses in particular were far less likely to have taken steps to prepare for future changes in taxation, data, regulation and standards, trade and hiring practices — in large part because there is no clarity from central government about what these changes will be.

A further concern that was highlighted was a loss of European funding for the city. The EU has funded projects in Birmingham to redevelop parts of the city, as well as research programmes, such as USE-IT! that was previously referenced. National government does not typically grant funding that city authorities have the discretion to spend themselves, adding worry that in the future, local authorities such as Birmingham will have even less room to experiment and test new responses to the problems they face. As one council officer said, 'the problem is that when we get funding from government, it's centralised, and we've got very little decision power over what happens to the money, what we can do with the money. So, the funding from Europe was great because we had a greater say over how we wanted to use it.' Overall, as much of the research on this topic has found, all reliable evidence shows that Brexit will have very negative impacts upon Birmingham in the shortand medium-term. Whether it will have long-term benefits of course remains to be seen and will be contingent on future trading relationships and government policies.

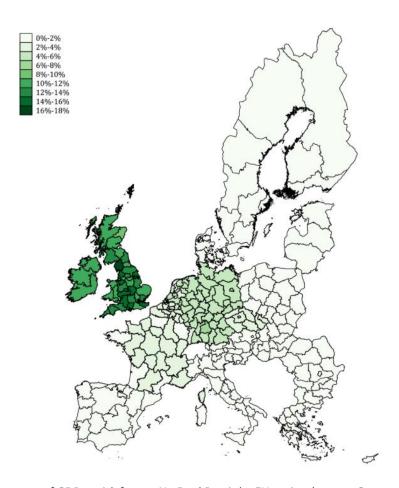


Figure 11: percentage of GDP at risk from a No Deal Brexit by EU region (source: Ortega-Argilés, 2018)

Co-design agenda: toward real community involvement in decisions?

One final theme that came out in discussions about Birmingham's future was the positive attitude almost all participants had towards co-designing policy and getting citizens (or "service users") involved in making decisions about their areas and the public services they use. In the academic literature, the potential for improved service effectiveness and efficiency as a result of co-designed policies attracts much attention. For instance, Professor Sheila Jasanoff of Harvard University (2004) writes that co-production can bring 'long-term stability, as well as creativity and change' through incorporating the knowledge and expertise of people who typically are not involved in policymaking but live with its repercussions. One example of the council taking steps in this direction is the work of the team responsible for homelessness strategy. A councillor we spoke with talked about how they have been working with Birmingham Voluntary Service Council to identify a group of people who have been or currently are homelessness and 'have been through the council systems, and they're going to challenge the pathway and tell us what doesn't work. Which is different for a local authority, but we're going to give it a go.'

Research has found that involving citizens and communities in decision-making on public service provision can deliver more effective practices as well as better outcomes, along with more cohesive communities, increased public confidence and even a reduction in demand through greater prevention. It can also reduce the long-term costs of delivering services by making them more sustainable and attuned to specific local conditions. In the case of Birmingham, as has already been noted it has quite a distinct social, economic and demographic profile when compared to the UK as a whole. In fact, it is one of the youngest major cities in Europe, with those under the age of 25 accounting for 37.6% of Birmingham's total population in 2018. 40.2% of the city's population was non-white in the figures released in the same year, further demonstrating its distinctiveness compared to the rest of the UK. It therefore seems self-evident that including these younger and more diverse citizens in decision-making can lead to decisions that are better attuned to their needs, desires and visions for the future than can be achieved with centralised decision-making from Whitehall.

This is not to say however that there have not been criticisms of the co-production agenda. The urban planner Nick Corbett notes that Birmingham already has a network of Neighbourhood Forums run by local volunteers who are well-informed about their areas (2010), and that greater empowerment of these existing structures instead of creating entirely new structures for co-production would be better. This is in line with the principle of subsidiarity, whereby matters ought to be handled by the smallest, lowest or least centralised competent authority. The Kerslake Review favoured the idea of setting up town and parish councils within the Birmingham local authority area to devolve some responsibilities to the community level. In contrast to these various comments in support of devolution, one participant in our research, who had previously held senior roles in the local authority, spoke about the implications for political power. This participant spoke in particular about why the motives of central government for encouraging devolution might be rather cynical:

You localise services, which sounds good, giving people more local control, but by doing so you put responsibility at a level where it no longer can compete seriously with Whitehall, it can't take them on. You've reduced the opposition to your centralising power to small, isolated, powerless units, and you win of course. That's great strategy.'

### Who governs?

It should be clear by now that the local authority is far from being most influential organisation in terms of the governance of the housing market and urban development of the city. National government policies and priorities dictate the conditions in which Birmingham's administration can act; austerity has reduced further the space for policy experimentation on the local level. Those we spoke to who work in Birmingham City Council seemed resigned to further cuts. There was a sense that they believed Whitehall would prefer the market to take over functions of local authorities, but that for many services this simply was not possible. Moreover, it is difficult to see how private businesses can be motivated to "give back" and think about their responsibilities to the society they operate in. On this topic, one senior council officer said that 'being diplomatic about it, I think we've given up on national government having the foresight and strategic coherence to encourage businesses to think more about [their responsibilities to society].'

Certainly, there is an imbalance of power within the city that is tilted in favour of the private sector. This can be seen with the dominant role of a few large developers in the housing market that determine supply and prices. This also holds for the wider economy in Birmingham. In a discussion about making the city more pedestrian-friendly and investing in public transport, participants talked about the influence of the car manufacturing industry in the area upon the thinking of senior leaders. Similarly, the business, finance and professional services sector is influential upon decision-making according to one council officer, who said that when it came to the priorities of senior council leadership, 'there's a strong lobby of businesses that seem to be holding power... they are the ones that are influential, and that can make decisions happen, such as Colmore BID.' Scholars have considered the role of Business Improvement Districts (BIDs) in the UK and found that while they are congruent with the country's system of evidence-based policymaking that draws from the expertise of industry and practitioners, they do raise questions about accountability and transparency, with Dr Deborah Peel and Professor Greg Lloyd from the University of Liverpool noting that 'no one group can deliver all the remedies for improvement' as the BID model seems to suggest (2008). The BIDs are a more organised forum in which informal relationship building and networking takes place that our participants commented was very important in how decisions are made in the city.



Informal networks and using connections to influence decisions are an established part of politics but are largely hidden from public view and thus scrutiny. Two of our participants spoke about the benefits of these practices for their work, which is supported by research showing that having local political connections has a positive effect on the profitability of firms in low-corruption environments (Amore and Bennedsen, 2013). However, it should also be borne in mind that such a process is open to abuse and can arguably itself be described as a form of corruption if participants (such as investors) stand to personally benefit from their political connections and influence upon decision-making processes.

- 'Through a cities network, there is a coherence which is based around common urban demand. And there's a very coherent policy agenda, they're pulling together permanent secretaries every month and leaders get together. But it's quite opaque, it's kind of hidden really from mainstream development of social policy' – senior council officer
- 'We don't tend to have big, loud, vocal publicity campaigns, but we try and influence the City Council from within – you know, share data, share facts and figures, share our experiences so that when decisions are made, they are informed by our perspective as well' – housing association officer

The new combined authorities that have been created as part of the central government's devolution agenda clearly have budgets too small and responsibilities too limited to meaningfully change their areas themselves. The funding that has been allocated to the combined authorities also pales in comparison to the money that has been withdrawn from their local authority constituent members. For example, consider the case of the West of

England Combined Authority around Bristol that has a £15 million budget – compared to the £156 million that was cut from Bristol City Council's budget over the period 2010-2020 (Hambleton, 2016). Hambleton concludes that devolution policy in the UK is 'out of step with progressive policy making in other countries.' Some participants concurred with this assessment, with one former council officer commenting that 'the local element in decisionmaking has been utterly destroyed, there is virtually nothing left.' Other comments however showed that there is still a lot that can be done by voluntary collaboration between various public sector organisations working in Birmingham, although this is difficult to effectively coordinate in practice. For instance, this same participant added 'I'm quite impressed by what can be done by voluntary collaboration between local authorities and agencies, but they have to be persuaded that it's in their interests to do it.' Moreover, through the soft power and the facilitative role of the new metro mayors there is the opportunity to unlock multiagency work that research finds leads to better results (Atkinson et al., 2007). Such collaboration is difficult to coordinate, but the potential reward is more holistic and joined-up public services that have better long-term outcomes. For instance, the health service, drug and rehabilitation services, shelters and housing associations and adult skills agency, working together, could more effectively intervene in the life of a homeless drug addict through working together than each tackling "their" aspect of the problem in isolation would.

The metro mayors can influence and network with businesses and central government as well as serve as a figurehead for an area – making use of what academic literature calls the 'generative power' of these positions. Evidence to date, however, shows that the metro mayors have instead largely prioritised seeking additional funding for their area from central government (Sandford, 2019). Such investment from the centre is sought in order to address structural problems, for example in regional skills and infrastructure, while also ameliorating the damage to public service provision caused by austerity. The current Conservative mayor for the West Midlands, Andy Street, has even called upon his own party in central government to end austerity, saying that 'the cuts have gone far enough' (Merrick, 2018). This adds further evidence to the mismatch between central and local government, even of the same political party – as well as calling into question the extent to which Whitehall understands (or is interested in) the impact of austerity on the UK's regions.



# Interview findings

We have analysed transcriptions of our interviews with stakeholders in the city and arranged the findings into eleven thematic areas, which are presented below. These also form the basis of policy recommendations that appear at the end of this report.

## One: A lack of affordable housing in the city is exacerbated by developers

The private sector is far more important in the city's housing market than local authorities are. Private developers determine the vast majority of housebuilding activity in the city. These developers frequently do not meet the affordable housing target, and a shortage of social housing means many people are renting low-quality housing in the private sector that would not meet the standards required of local authority stock. Powers for local authorities to enforce the regulations that do exist are hindered by a lack of financial resources. There are many other issues in the private rented sector beyond the quality of accommodation, such as insecure tenancies and high rents. There is very little regulation of the private rented sector; in contrast, local authorities and housing associations are very tightly regulated. Several participants emphasised that there is a growing 'housing crisis' that is not being tackled.

- 'The country is going through, what I would say, is a housing crisis. And I don't think we use the word as strongly, as much as it needs to be used, but it is a housing crisis. There's a lack of affordable housing' city councillor
- 'We seem to be losing the battle with private developers, who come and dictate the conditions that they're building on' council officer
- 'The overall shortage, nationally, is mainly controlled by private developers who build
  most of the properties. Their model is to sit on land and release it slowly so that prices
  stay stable. If they were to suddenly release all the land that they own it would cause
  a complete glut of supply, which would force prices down, which they don't want to
  do' council officer
- 'A whole industry has grown up around the development industry devoted to viability studies, simply demonstrating to the local authority that they couldn't possibly [meet the affordable housing target]' former senior council officer
- 'We're not actually solving the housing problem. We're just moving it around' housing association officer

## Two: The importance of HS2 to the city's development

The critical role of the High Speed Two rail project in attracting investment into the city was referenced by participants. In our interviews, people spoke about the project and its related investment as an opportunity to overcome **negative perceptions of the city**. It was clear that this focus on changing perceptions of the city was targeted towards the business community and investors, and better connecting Birmingham to London was seen as the best chance to achieve this.

- 'HS2 will help lift up the offer within the city centre. The fact you can get to London in 45 minutes, it's like being in Zone 6 on the Underground' senior council officer
- Over the past five to seven years we've seen [opportunity] in Birmingham grow, driven by HS2. I think what you're going to see if you fast forward ten years is an acceleration of what we've already had. What do I see? I see a Birmingham that probably is a lot more like I was going to say London, but I don't really want to say that, I want to benchmark us against New York and Singapore. Ambitious maybe, but as a direction of travel that's where I'd like to think we're going' senior property consultant
- 'Birmingham's got a traditional reputation of being an ugly city, with not a lot going
  on, and that's because of its brutalist past, that it was founded on the car, so most of
  Birmingham is a series of ring roads that enable you to go faster in car. What I've seen
  over the past twenty years is the breaking down [of that]' council officer

## Three: Attracting investment is important, although it is unclear how this benefits all

Most participants had a **positive attitude about more investment coming into the city**, having referenced the image problems and economic difficulties Birmingham faced from the mid-1970s onwards. Several participants commented that **gentrification can be good** as it makes the city more attractive and opens up a new stream of revenue for the council to use for tackling social issues. It was not clear, however, by which mechanisms this inward investment benefits poorer communities, beyond a questionable "trickle-down" effect.

- 'I think everybody encourages gentrification in concept. Why wouldn't you want to have better quality housing, a new school, maybe new community facilities? I guess the question is what will happen to the people that are displaced. Maybe it's just a move, maybe like the tide it ebbs and flows across the city' council officer
- 'People often say gentrification in a bad way, in terms of it pushes people out. Subtle elements of gentrification are good, if they can be controlled. And actually, any person that lives in an area [that gentrifies] then sees property values increasing, particularly if you own your own property, or if you own property you rent out' council officer
- 'Land prices go up, values go up. In a sense part of that is actually useful and important. Because it means that there's greater value there, which can be accessed to deliver better quality development, deliver affordable housing and deliver other benefits' senior council officer

## Four: There is concern about growing inequality in the city

While our participants were generally positive about inward investment, some did note that **not all parts of the city were not benefiting** from Birmingham's development. Nevertheless, while there were participants who did speak about inequality and reference **inclusive growth**, it was unclear what strategies exist to make inclusive growth a reality.

- 'I think what probably has changed [over the past 20 years] is Birmingham is becoming
  more of an unequal place. There's this kind of doughnut effect. Particularly estates at
  the periphery of Birmingham are really struggling compared with this vibrant and
  incredibly exciting professional services and financial services hub in the centre' –
  senior council officer
- 'I think there is an obsession with growth in the city, we tend to believe in cranes, we tend to believe in building buildings. We think that this is a manifestation of growth and it shows that our city does well, yet... there is a lot of poverty' council officer
- 'Unemployment in the city is going up just as our employment rate is also going up, which is kind of completely perverse, isn't it? As in, we're a fantastic growth story if you look at the right metrics, but our people aren't necessarily benefiting from that...
   I think the city's struggled to land a kind of forward-looking narrative that matches its growth agenda' senior council officer

## Five: Austerity has hit the local authority hard and compounded problems

Participants commented that Birmingham City Council is struggling to cope with the demands placed upon it; indeed, some participants felt that due to austerity the public sector is now a series of "broken systems" which are not capable of solving the housing crisis. While only one participant felt austerity had initially been a good thing, even this senior property consultant now felt it has "gone too far".

- 'There's a reduction of services that used to help people to pick themselves up off their feet. In society at the moment, what we've got is a whole host across different things, not just housing of broken systems. That's ultimately what austerity has created, this level of broken systems' city councillor
- 'Austerity has been in my view a good thing... [the public sector] had become
  inefficient, as actually business does when it's not in competition. Now, there comes
  a time when austerity stops driving innovation and stops driving better services and
  becomes something that ultimately hinders local authorities in being able to do what
  they need to do. So yes, I now think it's gone too far' senior property consultant
- 'People need to change their perception of what the council does, because it doesn't do what it did twenty years ago. It's a new era for what the council does. I think it's a culture change and it's led by finances. Government isn't suddenly going to turn the tap back on and start funding lots of new things. I think we will be doing new things in a different way forever now' council officer
- 'Many medical and acute health problems have their roots in poverty. We have higher
  incidences of mental health problems which comes from being unemployed and
  stressing about how you're going to pay the rent or living in cramped conditions, it
  just goes around in a vicious circle' council officer
- 'Until government stops attacking local authorities like Birmingham, and taking more money off them, we will continue to provide barely safety net services, and that impacts on everyone in the city' council officer

## Six: Leadership issues in Birmingham City Council

Some participants spoke about leadership in the local authority. Concerns were raised about the quality of leadership in the city, and particularly the lack of a vision for how to make growth benefit marginalised communities. This is in line with the findings of the Kerslake Review into Birmingham City Council.

- 'The city has had a series of rather mediocre leaders over quite a long period of time... Birmingham is like a beached whale, there isn't any animating presence there anymore, there's no leadership. To be fair to them, it's very difficult to see how you create leadership in a desert where there's no actual materials with which to do some leading. They have been completely destroyed. You're down to quite minor subsidiary roles and activities' – former senior council officer
- 'Because of austerity and public sector cuts, we're losing workforce, [it's] a ridiculous number we've downsized... We keep shrinking and we're not employing new people. So, as you would imagine, our workforce ages... with the aging workforce, there are certain people that drive decision-making. There's a certain age perspective and I do think it's an issue that we don't have enough young people in the council that are the movers and shakers' council officer



## Seven: Negative potential impacts of Brexit upon the city

Some participants expressed worries that after Brexit the funding situation will worsen, as the EU had provided money directly to British cities to run locally managed projects. Others noted that, with Brexit dominating the government's policymaking agenda since 2016, issues such as devolution were being crowded out. There were also discussions of the economic impact of a "No Deal" exit from the EU upon the city's economy.

- 'The problem is that when we get funding from government, it's centralised, and we've got very little decision power over what happens to the money, what we can do with the money. So, the funding from Europe was great because we had a greater say over how we wanted to use it' council officer
- 'I think that unfortunately the whole Brexit scenario has derailed devolution in many respects. I think we've bought into this narrative that it's all too difficult and the government aren't in a position to devolve anymore, which is clearly nonsense' senior council officer
- 'Brexit will have an impact. If we walk away with no deal at all and it's a hard Brexit, well that's bound to create an economic shock... But if there is a deal agreed to mitigate some of that impact, then I think the city will be fine' senior council officer
- '[The government's] just too obsessed with Brexit... I don't think you'll see any real push on housing policy until after Brexit' council officer
- 'There's a whole section of society that is just cut out of the equation completely and we can see the consequence now. A lot of what has happened in terms of the division of society, and Brexit is a classic case in point, is actually people saying things have got to change... There are places that no longer have a purpose, and the people who live there are understandably pretty upset about that' former senior council officer

### Eight: The local authority acts as a "conduit" rather than a problem-solver

Participants spoke about how successive reforms of local government, coupled with austerity, means that **the city council now functions as a conduit** that channels decisions made at the centre. However, one space that exists for local action is the **voluntary collaboration** of different agencies, where the local authority is in a more facilitative role.

- 'The local element in decision-making has been utterly destroyed, there is virtually nothing left' – former senior council officer
- 'We've got the system we've got, but I don't think it's structured in the right way to deliver affordable housing. I think there's a more fundamental question about how our housing and delivery mechanisms work as a country. And you can't solve that directly because the system is the system, isn't it?' senior council officer
- 'I'm quite impressed by what can be done by voluntary collaboration between local authorities and agencies, but they have to be persuaded that it's in their interests to do it' former senior council officer

- 'We've stopped being a paternalistic provider of most things and started to try and play a different facilitative role where you use the capacity you've got to bring people together in a different way and enable things differently' senior council officer
- 'The City Council led on writing the strategy [on homelessness], but the partnership [made up of the council, police, housing associations, Department for Work and Pensions, probation services, local hostels, and drug and alcohol support services] challenged input into the strategy and made suggestions, so we built it together. So ultimately, it's a council strategy, but it's a city-wide strategy. So, everybody feels like they own a part of the strategy and can influence it' city councillor

## Nine: Not all decision-making happens in public – personal networks are vital

Several participants spoke about the importance of business **lobbying and informal networking** at leadership levels in the city in driving decision-making processes. However, there are risks that decisions do not have proper public scrutiny if they are made in this way.

- 'Through a cities network, there is a coherence which is based around common urban demand. And there's a very coherent policy agenda, they're pulling together permanent secretaries every month and leaders get together. But it's quite opaque, it's kind of hidden really from mainstream development of social policy' – senior council officer
- 'There's a strong lobby of businesses that seem to be holding power... they are the
  ones that are influential, and that can make decisions happen, such as Colmore BID' –
  council officer
- 'We don't tend to have big, loud, vocal publicity campaigns, but we try and influence the City Council from within you know, share data, share facts and figures, share our experiences so that when decisions are made, they are informed by our perspective as well' housing association officer
- 'We are a city that grew around the automotive industry... we still seem to be. If you're asking for a lobbying sector, that would be your lobbyists. The automotive industry is very powerful in the city' council officer

### Ten: Growing interest in co-designed policies

Many of those working for the local authority were **enthusiastic about co-designing policies with residents** and allowing citizens to be more involved in public services at the neighbourhood level. However, one former council officer noted that localising these services is actually a way of enforcing more control over the system as a whole.

'Working with volunteers and communities is the new way forward. So, the council might say, well you can use the building, but we can't put any staff in there. We'll provide the building and you do the staff. That more participative way of, well what can the council put in that doesn't cost a lot of money, but can still deliver the service' – council officer

- 'We're working with Birmingham Voluntary Service Council, Changing Futures. They've identified a group of people they've been working with who were homeless, or had been through homelessness, or have been through the council systems, and they're going to challenge the pathway and tell us what doesn't work. Which is different for a local authority, but we're going to give it a go' city councillor
- 'You localise services, which sounds good, giving people more local control, but by doing so, you put responsibility at a level where it no longer can compete serious with Whitehall, it can't take them on, you've reduced the opposition to your centralising power, to small, isolated, powerless units, and you win of course. That's great strategy' former senior council officer

## Eleven: Established patterns of civic (dis)engagement persist... for now

Social media and new digital technologies have the potential to change how decisions are made with regards to housing and regeneration in the city through presenting a new channel for civic engagement and participation. However, participants said that more prosperous parts of the city continue to be better organised and more vocal about changes that are proposed for their areas than deprived districts are. There is some evidence in the past that the consultation process was tailored for areas with greater ethnic diversity, but there remained a low level of engagement in these communities.

- 'The more educated and affluent an area is, the more response you will receive to a consultation. I've done consultations in Aston, Newtown, Lozells, those areas, and the response was definitely not that great' urban planner
- 'With regards to language barriers, we tailored our consultation in those areas. We took a bus around, we had a consultation bus, we actually took it into the neighbourhoods, and we parked in several areas just to get people to come. There's quite a lot of staff who have different language skills, so I used any events that we were holding to provide some translation at the same time. We had this thing called Language Line as well. I don't think that was used very much, but it was available' urban planner
- 'We are encouraging people to have more say and more influence, and you do find –
  we are finding that people protest more at the moment. Social media has been a
  game changer when it comes to activism' city councillor



## **Conclusions**

How have governance, housing and development changed since the year 2000?

The most significant changes to Birmingham's governance structures came with the reform of local government in 1974, which led to the situation described by Hambleton (2016) in which decision-making power has since become almost entirely centralised in Whitehall, with councils functioning essentially as extensions of central government. What we have seen in the twentieth century, and especially since 2010, is an intensification of neoliberal policies that have removed large areas of policy and service provision from the remit of local government and into the private sector – along with the rise of outsourcing of services to external providers. Austerity cuts have made it increasingly difficult for the local authority to provide statutory services, but at the same time the council is making tentative steps towards multi-agency working that should be commended.

Our participants talked about how austerity has permanently changed the way the council operates; the one voice who spoke positively about austerity said that it has now gone too far and should be stopped. Financial issues at Birmingham City Council have also contributed to it now being under close scrutiny from central government since the release of the Kerslake Review. During this time there have also been steps towards the devolution of some powers. This has sometimes been described as merely "devolving the axe", and certainly the funding provided to the new metro mayors of the combined authorities does not even begin to compensate for the drastic reduction in funding available to local authorities like Birmingham. While the combined authorities are short on funding and competencies, the office of the metro mayor does bring with it a degree of soft or 'generative' power to promote the area and attempt to negotiate additional funding from central government. There is also the possibility that this office could be used to encourage multiagency working and joining up public sector bodies to work holistically on the same problems. However, our research found that this does not necessarily need to be led by an official at the top of an organisation; consider the example of the Housing Partnership Board of Birmingham City Council, which brings together different agencies working with homeless people to improve co-working.

In terms of development, the city has undergone a dramatic reversal of fortunes since the millennium. While the decline of Birmingham's economy and population in the 70s and 80s is well-known, and continues to plague the city's reputation today, in the 21st century the city has made a return to economic growth. This is visually expressed in new developments, especially in the city centre. Much of this development is predicated on High Speed Two, and there is therefore a significant risk to Birmingham's economy from the pending review into the project by the current government. Another problem is that the growth that is currently being generated is not inclusive. There has been no "trickle down" to large housing estates on the urban periphery or the deprived inner-city districts. As one senior council officer noted, there is simultaneously rising employment and rising unemployment, leading to a doughnut effect where a relatively small city centre contains great wealth but is surrounded by a poor hinterland. In particular, there is a problem of some ethnic groups, notably women from the Pakistani and Bangladeshi communities, having very low participation in the labour market.

There does not appear to be a joined up and sustained effort to understand the causes of this form of development and to try to develop responses. We also believe that the local authority needs to articulate a vision for its future and outline the mechanisms by which inclusive growth can be achieved. From our interviews, it was clear that Birmingham City Council is focused on trying to meet its legal obligations to deliver core services against a backdrop of harsh austerity measures. These budget reductions are set to be even deeper in future spending reviews. Given that austerity disproportionately affects more vulnerable citizens the most, it is essential that development around HS2 is harnessed through robust mechanisms and strategies to benefit the city's poorest residents. Another major risk that is on the horizon is Brexit. According to all reputable analyses, the impact upon both Birmingham and the West Midlands economy of Brexit, especially a "No Deal" exit from the EU, will be very destabilising. The manufacturing sector, which has been so integral to Birmingham's economic development and identity as a city, risks losing almost one-third of its output. While such warnings ought to focus minds, in the current heated political atmosphere of the UK such evidence does not seem to carry weight, owing to its inconvenience to dominant political ideologies.

There is significant housing development now taking place in Birmingham, particularly in the city centre adjacent to the proposed Curzon Street HS2 terminus. These blocks of apartments are replacing largely derelict warehouses and formerly industrial units, thus improving the quality of the public realm, which should also contribute towards a shift in perceptions when it comes to living in Birmingham. However, this development will likely displace the growing cultural sector in Digbeth, which is home to several galleries, performance spaces and nightlife venues that attract young people in particular from across the city and beyond. It could be argued that it is exactly these kinds of venues that will help overcome the perception of Birmingham as a grey and uninteresting place, but there do not appear to be mitigation strategies in place to support these businesses as the area around them changes. There is a very real problem with homelessness in the city, and anyone walking through Birmingham notices a truly shocking increase in the number of rough sleepers in recent years. Many homeless shelters are located in Digbeth, so it is likely that as the area gentrifies these facilities too will be forced to move on. As has been discussed in this report, housing remains relatively affordable in Birmingham when compared to the national average, but this does not mean that housing is affordable in absolute terms. It is becoming harder for working couples with children and especially young people to get onto the property ladder, and it is now all but impossible for single people to afford to buy their own houses on an average salary. Private development is not keeping pace with the growth in demand - a market failure that requires government intervention. While demand for housing is increasing owing to a growing, young and ethnically diverse population in the city, the total stock of available social housing has continued to decrease. The private rented sector has expanded to fill this gap, but as the government's own figures show this is by far the most expensive way to pay for housing, and renting makes it difficult for people to save mortgages with which to buy their own. Participants in our interviews also raised concerns about the quality of private rented stock, which is not held to the same standards as social housing or housing association properties.

### Is Birmingham a "just city"?

'We're not actually solving the housing problem. We're just moving it around.' This was the assessment of a housing association officer we spoke to in Birmingham when thinking about the state of housing in the city. As the maps presented in this report show, there is significant spatial segregation of poor citizens and ethnic minorities that could be described as ghettoisation; gentrification is in fact actively encouraged; and housing affordability, while not as bad as elsewhere in the UK, still means that only 31% of properties on the market are affordable to a working couple with children, 6% for a single person, and 61% for a working couple with no children.

We find that, at present, Birmingham does not achieve the criteria of a Just City (Fainstein, 2010). However, it became clear over the course of this research that these parameters do not accommodate the nuances of the processes of urban development and governance in a complex, real-world environment. For example, a lot of the growth in demand for housing is in districts of the city that are largely populated by ethnic minorities, and it is understandable that new Pakistani migrants to Birmingham, for instance, want to live in a neighbourhood with people who speak their native language, shops that sell halal food and culturally appropriate clothing, and access to mosques so that they can continue to practice their religion. Our definition of spatial injustice in cities (Soja, 2010) focuses particularly on involuntary spatial segregation, which in the UK context might involve the high cost of housing forcing poorer people into certain parts of the city. There are several areas of Birmingham where there is a high concentration of poverty. However, to determine the extent to which this is involuntary it would be necessary to conduct qualitative research in these districts, to understand whether other factors are as important as price for keeping people living in the area, such as having family and friends living nearby. Similarly, it was emphasised by the participants in our research that gentrification is not solely a process whereby market forces displace establishing communities and poorer people to make way for the luxury apartments and high-end shops of urban professionals. This can happen, and the danger of the Icknield Port Loop development, for example, is that it causes a ripple effect into the surrounding area that drives up prices and displaces poorer residents. However, this form of development also brings greater tax revenues to support public services that the most vulnerable people rely upon. The greater discretionary income the newcomers have could also be spent supporting jobs and the local economy – provided those businesses pay their fair share in taxes, which as we know is not always the case with multinational chain companies, which extract money from the local community but do not pay towards the upkeep of social and physical infrastructure (Zucman, 2019).

Clearly, current developments in the housing market nationally show that the experiment of deregulating and allowing private businesses to determine the supply and quality of housing has failed. The collapse in the number of social housing units available has removed a safety net from society in the form of good quality, well-maintained and affordable housing being available to those on lower incomes. The extension of Right to Buy to housing associations would be devastating to the supply of housing for vulnerable people and would likely have the effect of further driving up market rents. 40% of council properties bought under the Right to Buy scheme are now being rented out privately and the government's own

2017 report, Fixing our broken housing market, identified a market failure whereby developers are land banking, and not building enough houses to keep pace with demand, in order to profit from inflated prices. Participants in our research spoke about the need for central government to allow local authorities to start building again in large volumes and also to take action to tackle rogue landlords and the practices of private businesses in the housing industry that are contributing to this problem. Disappointingly, as the government's report suggested encouraging greater institutional investment in the housing market as a solution to the UK's housing crisis, it would appear that housing affordability will continue to deteriorate.

## How far can the city shape its own future?

In practice, it is difficult for Birmingham City Council or for the citizens of Birmingham themselves to shape the future of the city. Central government determines the policies that local government has to implement and allocates the funding for doing so. This funding continues to be reduced year-on-year and the local authority is being closely monitored since the Kerslake Review. Private investment is the driving force of the city's development and thus the local authority seeks to accommodate to (what it believes to be) the demands and visions of investors, which has led to uneven growth that has left many citizens behind. These structural forces are very powerful and many of our participants did not seem to envision this situation changing anytime soon.

However, what was also very impressive was the clear commitment of all those we spoke to for improving the lives of all people living in Birmingham, especially those who are less well off. From urban planners to property developers, housing association officers to councillors and senior leaders in the city administration, all of the people we spoke to in our interviews were driven by a sense of civic responsibility. This is certainly something to be commended in the face of crippling austerity and such intense political turbulence emanating from Westminster. With more support from central government, in the form of increased funding and greater freedom to pursue locally defined policies, such as increased housebuilding and multi-agency interventions to tackle social problems, local government in Birmingham could unlock more inclusive economic growth and implement policies that are adapted to the realities of the situation on the ground in the city. Certainly, there was great interest in co-designing policies with communities. The new combined authorities do not have anything near the level of funding that would be required to change the future of their cityregions, and the WMCA around Birmingham is no exception to this. However, while the office does have a very limited budget at its disposal, the metro mayor can leverage the soft power of the role to negotiate with central government for additional funding, encourage constituent councils to work together and public agencies to collaborate, and promote the area to the outside world. Success in the role depends on a leader plugging into the informal networks of politicians, policymakers and businesses that exist in Birmingham and encouraging the private sector to think more about social responsibilities and how economic growth can become more inclusive.

This report looked to the future, with the two great uncertainties being HS2 and Brexit. With regards to HS2, provided the project goes ahead this will transform the city's economy and housing market, for better or worse. If it is cancelled or scaled back, this will have a major disruptive effect on investment into the city. With regards to Brexit, we do not yet know whether new trading arrangements and government policies post-Brexit will lead to an inclusive and environmentally sustainable economy in the long-term. We do know, however, that analysis of supply chains and sectoral exposure to trade-related disruption tells us that Brexit, especially a "No Deal" departure from the EU, will have very damaging short- and medium-term effects upon the economy of Birmingham and the wider West Midlands. One final emerging future trend that may have far-reaching implications for the future of the city is the rise of social media and the ability for communities to organise themselves around issues they care about online to make their voices heard. We spoke to a councillor who described how 'social media has been a game changer when it comes to activism.' With discussions of fake news, election hacking and calls for regulation of the digital sphere, it is sometimes easy to forget that the internet actually holds the potential for tremendous social change, political transparency and rebuilding trust in our society through greater public participation in decisions. All new technologies unleash transformations. We are at the beginning of a new age of technology and it should be a cause of great optimism that individuals can share information and organise in new ways. Through such digital means, citizens can make their voices heard like never before, and hopefully it is such organising that will enable people to be more involved in determining the future for the places they live in.



## Recommendations

We have developed a number of recommendations for Birmingham based on the literature review, analysis of data and interviews in the city. These eleven recommendations correspond to the thematic areas of the interview findings listed above. While some of these are clearly more aspirational, they offer an indication of the scale of the challenges facing the city.

## One: Hold developers to account over the affordable housing target

One important goal for the city should be to insist more strictly on developers meeting the affordable housing target. The case of Islington Council compelling a developer in the High Court to increase the number of affordable units in a development (Edgar, 2018) is encouraging in this regard, although Birmingham's land values are clearly not as high as Islington's, which was a crucial factor in the dispute. One of our interviewees, who has worked in senior public and private sector roles in the city, noted that 'a whole industry has grown up around the development industry devoted to viability studies' in order to avoid meeting the affordable housing target. The council could therefore seek to gather further knowledge on this 'viability studies' industry and its operating practices in order to tighten up loopholes in regulations that developers are exploiting. Further qualitative research with practitioners in the sector could be one means of doing so.

## Two: Lobby for HS2

It was clear in our interviews that significant investments into the city have been predicated upon High Speed Two being delivered. Admittedly however, while all participants spoke about the importance of greater connectivity in London, there was no discussion of whether Phase 2 of the project (Birmingham to Manchester and Leeds) was important in these investment decisions. At the very least, if Phase 1 of the project (London to Birmingham) were to be cancelled, this would have a disruptive effect on investment into the city and leave in doubt a number of the proposed developments. Admittedly, there are risks of gentrification caused by these developments. However, given the scale of deprivation in the city, which has its roots in the deindustrialisation of the 1970s and has been compounded by a decade of austerity, leveraging investment unleashed by HS2 presents the best chance on offer from central government for Birmingham to tackle its economic challenges.

## Three: Develop mechanisms to deliver inclusive growth

The leadership of the city council is focussed on encouraging investment into Birmingham. The rapidly changing skyline of the city centre suggests they have been largely successful in doing so. However, there doesn't appear to be enough consideration of how the benefits of this regeneration "trickles down" to poorer communities, or indeed if it does so at all. While some participants did mention inclusive growth, this needs to move beyond discussion and towards action. Other recommendations here (particularly 4, 5 and 11) offer some ideas of how to do so, but there are many other options that exist. Birmingham City Council can learn

from best practice elsewhere and/ or commission research within the city to understand the best mechanisms and practical steps to ensuring Birmingham's development benefits all.

## Four: Create targeted support programmes for the most marginalised communities

The figures presented in this report showed that some communities, particularly women from Pakistani and Bangladeshi backgrounds, have far lower employment rates than the general population. These women are also overrepresented in the national population of those with little or no proficiency in the English language. Maps included in this report also showed that there are "cold spots" in the city where the concentration of those working in unskilled occupations is increasing, and there is an overlap (although not exclusively) with areas of the city that have a growing non-white population. This is a challenge requiring a sustained and joined-up response to understand the causes of the issue and effective interventions. One such example is the TimeBank scheme, which sought volunteers to teach English in these communities, thus tapping into the skills and enthusiasm of individuals to address a structural challenge while encouraging communication between different communities in the city. Evaluations also found it was very effective intervention, with a high return on investment.

## Five: Move towards socially-minded procurement

Supporting smaller firms in the construction and property industries would help to break the monopoly of a few large firms in the sector that is restricting the supply of new properties onto the market, which in turn artificially maintains unreasonably high prices. Several of our participants talked about the power imbalance between the local authority and property developers who control the supply of housing on the market and maintain high prices. This was also noted in the government's report, *Fixing our broken housing market* (2017). One way to do this would be to work with other public sector organisations in the city to move towards collective, socially-minded procurement (sometimes called the "Preston Model") of buying goods and services from locally-based companies that support jobs and pay taxes in the area, while also building up the skills and business base of the city. CLES, the Centre for Local Economic Strategies, has already done a lot of work in this regard in other cities with encouraging results. Given that Birmingham is the largest local authority in the country, and that there are also many large 'anchor institutions' such as the universities and hospitals in the city, this has the potential to have a transformative effect on the region's economy.

## Six: Articulate adaptation strategies

This report has established that there is a real risk of significant disruption to Birmingham's economy if either HS2 were cancelled or the government were to pursue a "No Deal" Brexit. We encourage the city to lobby for the best (or, perhaps more accurately, least worst) outcomes on both of these possibilities. However, there is a risk that the government could decide to dramatically scale back — or cancel altogether — the HS2 rail project during the current review. Equally, the government could also decide to pursue a clean break with the

EU, despite all credible research showing this would have a very negative impact upon the economy in the short- to medium-term. We encourage Birmingham City Council to articulate adaptation strategies for these potential risks. For instance, if the redevelopments around the site of the proposed Curzon Street station were to be cancelled, what is the alternative vision for Digbeth?

## Seven: Lobby for a soft Brexit

It is clear from the research that has been conducted by the University of Birmingham (Ortega-Argilés, 2018) and in our interviews that Brexit will have significant negative effects on Birmingham's economy in the short- to medium-term. There will be a transition period from 31 January to 31 December 2020, during which the UK government will be negotiating a future trading relationship with the European Union. One result of this may be a damaging "No Deal" exit from the EU; another option, however, is a "soft Brexit" that maintains regulatory alignment, which will preserve the 'just-in-time' model of Birmingham's manufacturing base. It is vital that local and regional government in the city, along with organisations such as the Local Enterprise Partnership and major employers, work in unison to lobby national government for a deal that protects frictionless trade with the EU. The EU is the largest market of the city, as well as the UK as a whole, along with being an important source of Foreign Direct Investment that supports thousands of jobs.

## Eight: Foster a culture of multi-agency working

The Kerslake Review noted that Birmingham City Council does not have a strong record when it comes to multi-agency working. Given that there appears to be no end to austerity on the horizon, the council will have to partner more with other organisations to deliver services, particularly to support vulnerable people. There is evidence that this is starting to happen, for example with the Housing Partnership Board to bring together multiple agencies tackling different aspects of the housing and homelessness crisis in the city. It is important that more work is done to bring together different organisations and develop more holistic policies that tackle the multiple causes of complex problems. This could be achieved through work placements in different public sector agencies, or networking at events such as the West Midlands Policy Network, organised by the Greater Birmingham Chambers of Commerce.

## Nine: Make use of the soft power of the new role of West Midlands Mayor

There is a soft or 'generative' power potential for this office that can help change perceptions towards Birmingham, both nationally and internationally. Both prior research and our interviews identified negative perceptions of Birmingham as being something that hinder the city's development. Senior council officers we spoke with were very clear about the importance of overcoming this image problem. The Mayor is both directly elected, which grants legitimacy, and works with constituent members of the WMCA from both major political parties on a bipartisan basis. This is therefore a unique platform in political terms

that has the potential to become a figurehead for the region. The WMCA has a limited budget at present and so voluntary collaboration is key to its success. This could include working with organisations that are not currently considered in discussions of "multi-agency approaches". For example, partnering with arts organisations in Birmingham and beyond to create exhibitions and installations of work about the city could overcome its reputation as 'an ugly city with not a lot going on', as one participant put it.

## Ten: Lobby for greater devolution to the city – and encourage it within the city, too

Participants commented that the government's focus on Brexit is at the detriment of devolution to city-regions in England. Lobbying for greater devolution in concert with other city-regions is important to maintain momentum on this issue. However, devolution of powers is not a one-way journey: it must also take place within the city. The Kerslake Review noted that devolution within Birmingham has not advanced as far as it has in other cities. Whereas Birmingham has one parish council, in Sutton Coldfield, Greater Manchester has 15 and Leeds has 32. These are a tried-and-tested way of devolving some power and decision-making below the local authority level. The review also noted that Birmingham City Council's officers appeared confused about the legal responsibilities and powers of parish councils. Given the size of the local authority and the scale of the challenges it has to address, devolution to town and parish councils is one way to gather more local information and to adapt responses within different areas. This recommendation from the Kerslake Review has not yet been acted upon.

### Eleven: Learn from the community research model for hard-to-reach communities

Civic engagement must be strengthened in the city. Participants in our research noted that consultations on developments in more deprived areas of the city received much lower response rates than in wealthier areas. Those living in more deprived areas are more likely to be displaced by gentrification pressures unleashed by developments. This therefore points to a need to tailor the consultation process, rather than the current one-size-fits-all approach. For example, using community researchers who are embedded in the community and can access more intelligence "on the ground" is a model that the University of Birmingham has been developing as part of the ERDF-funded <u>USE-IT! project</u>. The community research model can help in finding out what communities who do not typically engage with consultations think. In addition, this is a mechanism for up-skilling communities and including their voices in the articulation of problems, not just finding solutions to problems identified by others.



# **Appendices**

Appendix 1: Interview guide

Study on political processes in urban development with a special focus on housing policy

#### Introduction

Thank participant for agreeing to take part in the interview.

Guide the participant through the informed consent form and gain consent for the recording of the interview. Explain that before we publish anything in connection with their name we will give them the opportunity to view and authorise the passages.

Explain the project: "In our research project, we investigate political processes and actors in the field of housing policy with a particular focus on social housing in the three cities Birmingham, Zurich und Lyon from the period from 2000 to now. The project is a collaboration run from the University of Zurich and is funded by the Swiss National Science Foundation."

So far, we have collected data on housing, social housing and urban development including secondary literature, newspaper articles, maps and quantitative data. Now, we would like to complement this data with interviews about housing and urban development for each city.

In this interview about the city of Birmingham we would like to discuss the following topics:

- 1. Characterisation and description of important city-wide (social) housing policies and urban development for Birmingham since around 2000;
- 2. Governance of city-wide (social) housing policy (actors and their interests);
- 3. Political processes or processes in general related to city-wide (social) housing policy (e.g. leadership in the city council, or particular policy processes around segregation)

Only proceed once the informed consent form has been signed.

### 1. Urban development in Birmingham

- i. How do you think Birmingham has changed in the past 20 years?
- ii. What are the major challenges you think the city faces?

### 2. Overview of the housing situation in Birmingham

i. Over the last twenty years, which housing policies do you think were most important for Birmingham, and why?

*Probes (as necessary):* 

- Was this a national or local policy?
- What are the differences between current housing policies and earlier housing policies?
- If the participant did not identify a policy affecting social housing ask for their opinion on the situation with social housing in the city
- ii. Who do you think has more influence over housing policy local, regional or national government? Why do you say that?
- How far could the city develop its own distinctive policies, rather than following national ones?
- Who has been the target group of the housing policies you mentioned before?
- What was the effect of these housing policies for different population groups?
   Give examples to prompt if interviewee is struggling; e.g. people on low incomes, ethnic backgrounds, or age groups

## 3. Governance of city-wide social housing policy

i. How do you assess the situation with social housing in Birmingham now? Is there enough to meet the demand?

- ii. Which actors or groups of people are involved in drafting new housing policy in the city?
  - What has been the role of [housing officials; elected politicians; housing associations; economic and other actors] at various state levels when developing city-wide housing policies? [depends on who was mentioned before]
  - Do you see any changes in this group over the last twenty years? Has their role changed?
- iii. <u>W</u>hat do you think that these actors want to achieve in housing policy? Please describe their interests and strategies.
  - Describe the actors' interests and strategies
  - And how do you think these objectives have changed over the last twenty years?
- iv. Housing is a field in which the market usually plays a central role. What is the role of economic actors such as investors and developers in Birmingham?
  - How important are public actors compared to the market in driving housing development in this city?

### 4. Political processes in city-wide housing and urban development

- i. Can you recall times when an individual councilor or executive in local government has had a big impact on Birmingham's social housing and/or urban renewal policies?
- To what extent are Birmingham's city planners constrained by the local or national political environment?
- <u>ii.</u> Have social mobilisations, such as campaigns, petitions, protests or riots [2011], successfully challenged housing and planning policies in Birmingham?
- How did the policies change?

- <u>iii.</u> Nowadays, many cities are faced with continuing trends of segregation. In some neighbourhoods the people are deprived, while in others there have been massive increases in property values, which has displaced these lower-income people. To what extent can social housing and urban renewal policies realistically help to counteract these trends?
- What do you think can be done to encourage social mixing in deprived areas?
- Do you think anything can or should be done to secure affordable housing in gentrifying neighbourhoods?
- <u>iv.</u> Would you regard the UK government as being strongly engaged in upgrading deprived neighbourhoods and limiting displacement in gentrifying neighbourhoods?
- Do you know if Birmingham City Council has any policies against segregation and displacement of lower-income people?
- What is the role of municipalities in shaping regional or national policies against segregation and displacement?

#### 5. Conclusion

Are there important topics or important aspects in relation to social housing policy and urban development that have not been addressed so far? Do you want to add something?

Thank you very much for this interview!

Version 4, 18 April 2019, Roman Zwicky & Liam O'Farrell

### **CONSENT TO PARTICIPATE IN INTERVIEW**

You have been selected to participate in this study. The following outlines the key components of this research project—please seek clarification if needed.

**Title of research:** The Democratic Foundations of the Just City

Principal researcher: Liam O'Farrell

**Affiliation:** City-REDI, Birmingham Business School

University of Birmingham

Contact information: L.OFarrell@bham.ac.uk

+44 (0) 121 414 2519

**Purpose of study:** The aim of this project is to investigate the role of political institutions and

processes in pursuing urban planning policies that contribute more or less

to the ideal of the Just City, defined as a city that:

• Avoids **ghettoization**, the spatial concentration of population groups such as non-white or low-income people

Counteracts gentrification and displacement, the transformation

of working-class or vacant areas of a city into middle-class ones
• Creates and preserves the **affordability** of decent housing that is

accessible to economically and socially deprived groups

The project is a comparative study between three second cities in countries with distinct institutional forms, looking at Birmingham, Zurich and Lyon. It is funded by the Swiss National Science Foundation and is run as a collaboration with colleagues at the Centre for Democracy Studies

Aarau (ZDA), affiliated with the University of Zurich.

**Research procedure:** The project methodology includes qualitative, semi-structured interviews

with individuals working in housing, urban planning and city government across Birmingham, Zurich and Lyon. There is also quantitative analysis of data on population distribution across the cities. With your permission, the

interview will be recorded using a portable digital voice recorder.

**Time required:** The interview will last no more than 90 minutes.

**Confidentiality:** The digital recording of the interview will be stored in a secure, password

protected external hard drive. You may specifically request to have your name (and any other identifier) be omitted from the recording and the

transcription of the interview. If you choose to do so, any analytic material based on the interview will also not contain your name or any other possible identifiers.

Participation in this study is completely voluntary. If you decide not to participate there will not be any negative consequences. If you decide to participate, you may decide not to answer any specific question, stop recording, or stop participating in the interview all together at any time.

I understand the procedures described above. My questions have been answered to my satisfaction and I have been given a copy of this form. I agree to participate in this study and to the following conditions (please tick all that apply):

**Interview Permission:** 

[]	I agree to be interviewed.	
Record	ding Permission:	
[]	I give permission for this interview to be recorded.	
[]	I <b>do not</b> give permission for this interview to be recorded.	
Name:		
Signature		Date:



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