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University of Birmingham and the GB Chambers of Commerce

Birmingham Economic Review 2020

Prof Simon Collinson



BER2020 Overview

- The city-region before Covid
- The impacts of Covid:
 - Health and wellbeing.
 - Population and diversity.
 - Employment, investment, key sectors and innovation
- Beyond 2020.
 - Covid + Brexit.
 - Opportunity: CWG2022, HS2, and more



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The Cascading and Circular Impacts of an Economic Shock

Lockdown

Up to 90% reduction in city centre footfall, 80% in traffic. Events, visitor numbers down.

Impact on Businesses impacts

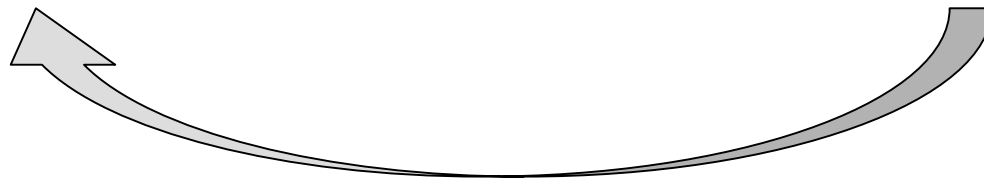
Fall in: sales for 71% firms; auto manuf. (40%); Low cash flow; CapEx, PMI. = More debt and insolvencies

Unemployment

68% increase in claimant count. (19.4% youth rate). Hospitality and tourism: 79% furlough rate.

Impact on Households

Reduction and changes in consumption. More debt, inequality, mental health & other health & welfare risks.



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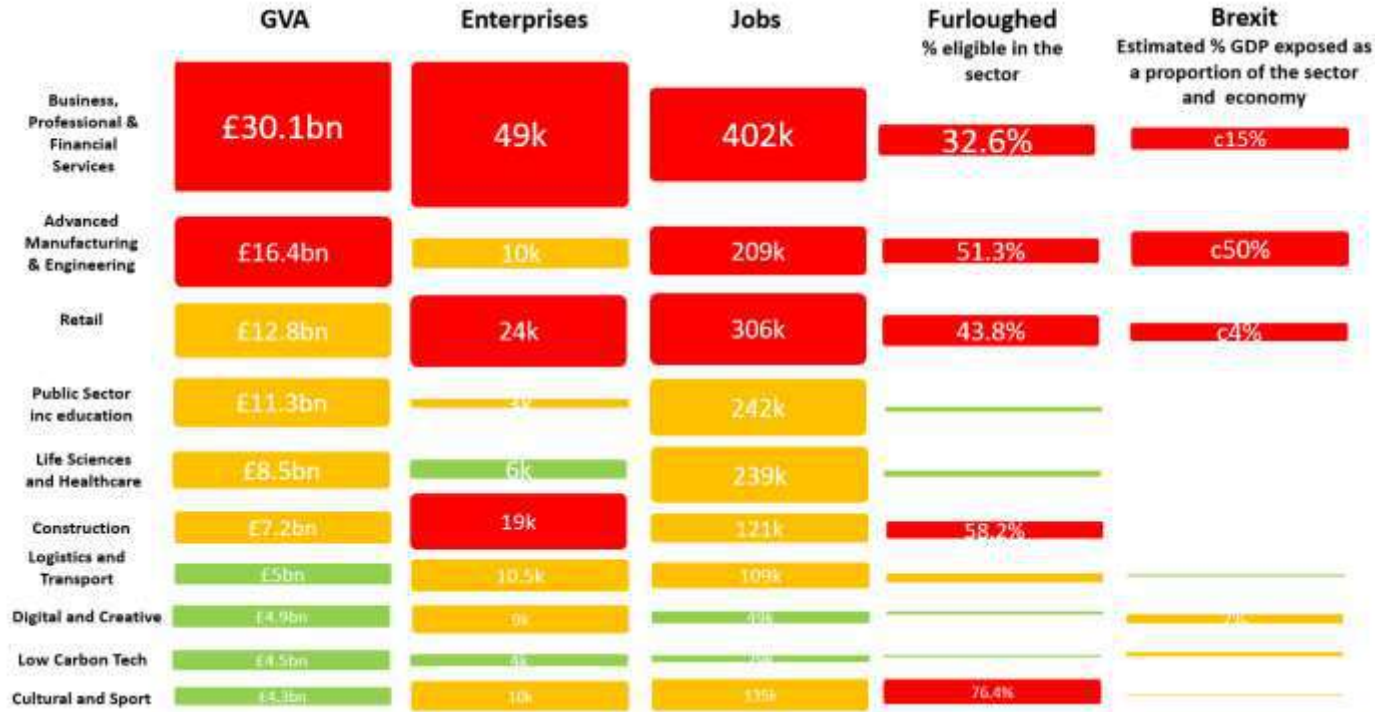


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The WMCA Economy: Risk Exposure by Industry Sector



Source: Riley, R. (2020) WMCA Covid-19 Economic Impact Group. Weekly Monitor (No.27). WMREDI, WMCA.

Economic Shocks are a Test of Resilience

Resilience... 'the capacity of a regional economy to withstand, recover from and reorganize in the face of market, competitive and environmental shocks to its developmental growth path.'

(1) Initial risk exposure (resistance)? High – relative to other regions.

E.g. automotive manufacturing. Worth >£11 bill to economy. Weak liquidity, debt problems in supply chain, impact on production and sales, >50% furlough, + Brexit threats.

(2) Ability to respond and continually adapt response (agility)?

Regions like this are constrained by a legacy of low public investment, a lack of devolved decision-making power and resources and a weak capacity to design and deliver precise interventions.

(3) Capacity to quickly establish a new growth path (renewal aligned to new realities)?

This is where the region could do well...



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Looking Up and Looking Ahead

- (1) The city-region is doing *relatively* well... and...
- (2) There are unprecedented opportunities for a renewed growth path:
 - Leverage the big investments (HS2) and events (CWG22) for long-term growth.
 - Improve collective ability to invest through regional partnerships. E.g. R&D
 - Grow, develop, attract better skills.
 - Work towards more precise, evidence-based policy interventions.

...WMREDI: The West Midlands Regional Economic Development Institute



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