

**BIRMINGHAM FORWARD SPEECH, 23 OCTOBER 2008**  
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It's good to be back in Birmingham. The Centre for Cities launched one of our first reports, "City Leadership", here in 2006. That called for more powerful city-regions in England, including Greater Birmingham.

Since then, the Government has moved forward with its Multi Area Agreements. And at the Tory conference in Birmingham earlier this month, Eric Pickles gave his full support to the city-region agenda. But progress on city-regions has been too modest so far, both here in Birmingham and across the country. I'll pick up on that later.

**The R word**

Today, I'm going to talk about the recession, the economic performance of Birmingham, and some of our recent work at the Centre for Cities. I'll explain why we like the Greater Birmingham brand, and I'll say a few words about the political leadership of Birmingham and its city-region.

First, the R word. This week, both Mervyn King and Gordon Brown have said it for the first time. And the IMF has forecast that the UK is going into recession. This is a major acknowledgement. Just last month, a Treasury official winced when I said the R word. Now they accept that we're heading for negative growth.

In his Budget speech six months ago, Alistair Darling forecast up to 2.75% growth for 2009 – which was clearly too optimistic. We're now looking at negative growth of around -1% next year. Which is bad, but not horrendous.

What does a recession mean for Birmingham and other cities? One impact will be less public spending. The Government is right to bring forward 2010-11 spending to next year. But this will make the 2009 Spending Review extremely tight, especially if the recession is deeper and more prolonged than we think.

**Cities drive the national economy**

Let's be clear. Cities and city-regions drive the national economy. 58% of us live in cities, and 63% of us work in them. And the numbers are even bigger in city-regions, which are home to 75% of all residents and 80% of all jobs. Cities are vital to our economy, and will be vital to getting through this recession. If our cities stumble, so will the national economy.

The revival of UK cities is now a familiar story. Transformed city centres, employment growth, population rebound. But as we said in our Cities Outlook report last year, the urban renaissance is "unfinished business".

Shiny new city centres are fine, but we need to ensure that all areas benefit from urban renewal.

Birmingham's Big City Plan looks great, but like many of our biggest cities you are very polarised. Physical makeovers are the easy bit. Tackling high rates of worklessness and low skills is much more difficult.

Polarisation within our cities today is a bigger issue than regional disparities between, say, the North East and the South East. The Government should recognise this, and change its spending targets accordingly.

### **Birmingham's performance**

Birmingham is the biggest city outside London. But it is under-performing. You were the 71<sup>st</sup> biggest city in the world in 2005, and will be the 79<sup>th</sup> biggest by 2020 – bigger than Manchester or Leeds. But you are lagging other cities. Let's look at the stats...

- One-third of adults here are not in employment – 7 points higher than the national average of 26%.
- Employment growth over the past decade (1995-2005) has been positive (0.6%) – but less than half the national average (1.5%)
- One-fifth of Birmingham's adults are on benefits, compared to 15% nationally
- And although your population has increased slightly over the past 10 years, other cities like Sheffield and Manchester have grown more rapidly

The Birmingham city-region is also under-performing...

- Output growth has been strong – 57% between 1995 and 2005. But it's been stronger in other city-regions like Manchester (68%).
- Output per head in Birmingham (£16,500) is below the national average (£18,000).
- 38% of adult workers here are highly-skilled, but there are more highly-skilled workers in Manchester (42%) – and a lot more in London (53%).
- Unemployment here was almost 8% in 2007 – much higher than in Leeds (5%) – and is set to get higher here over the next year.
- And finally, the poorest 10% here take home less each week – just £235, compared to £240 in Manchester.

These numbers matter. They show that the Birmingham city-region could do a lot better, if more residents were skilled up and taking part in the labour market. With such high rates not in employment, the city-region is failing to achieve its potential.

### **City-region approach**

Here's where the city-region comes in. The Centre for Cities believes that we need a much more radical city-regional approach to economic development, including in and around Birmingham.

Three key functions – housing, transport and job training – would be best delivered at the city-regional scale. That’s because city-regions are the closest to housing and labour markets, and travel-to-work areas. Housing, transport and jobs all cross local authority lines. It doesn’t make sense to deliver these at the local, or national, level. They need to be delivered by you, at the city-regional level.

Our research shows that the seven (or eight) authorities within the Birmingham city-region should collaborate more closely together, and pool their funding, to deliver better housing, transport and job training.

The Sub-National Review, and first round of Multi Area Agreements, are trying to do this. But progress has been too modest so far. The Tories are now converts to city-regions. We expect more details in their forthcoming Localisation Green Paper. But there’s not yet an MAA for the Birmingham city-region. Why not?

### **Globalisation**

Overall, the UK has benefited from globalisation – but cities like Hull have not benefited as much as, say, Cambridge. Parts of Birmingham – including everyone in this room – have benefited, but other people in the city have not. Politicians need to be much more honest about the impacts of globalisation – and that includes offshoring, inward migration, and the credit crunch. Globalisation creates winners and losers, and government needs to do more to help the losers.

UK cities are comparatively small – but very close together. Here, we’ve got Wolverhampton, Coventry and Birmingham. Up north, there’s Salford, Manchester and Oldham. All right next to each other. These cities should club together much more, collaborate rather than compete, and present a united front in the global economy.

The Birmingham city-region should bite the bullet, and call itself “Greater Birmingham”. Individual brands like Dudley and Sandwell don’t mean anything in the global marketplace – nor does the “West Midlands”, which could be anywhere if you’re based in Mumbai.

The component parts of this city-region would be much stronger together. “Greater Birmingham” would be a much more compelling brand than “Birmingham, Coventry and the Black Country”. Not very catchy. It’s not my place to tell you what to call yourself, but you should at the very least go for the Birmingham city-region.

I realise this will be very unpopular in Dudley – which has a fear of being swallowed up by Birmingham, and wants to preserve its own identity. But identity is not singular. I’m from Clitheroe, Lancashire, the North West, England and the UK. So people in Dudley can retain their local identity, and at the same time be part of Greater Birmingham and the West Midlands. Parochial politics should not exercise a veto on necessary collaboration.

Birmingham itself needs to reach out more effectively to its neighbouring councils, and collaborate more on things like housing, transport and job training. The Greater Birmingham brand should not be a threat to others like

Dudley and Coventry. It's quite simply the best brand for the whole city-region. If Greater Manchester can do it, why can't you?

### **Innovation**

Innovation is a key part of any modern economy. But look at the confusing array of business and innovation support organisations. A manufacturing firm here looking for advice about grants of product improvement, has to contend with at least 55 different initiatives across 29 separate organisations. And that's just in Birmingham. That doesn't help innovation, it stifles it.

This myriad of bureaucracy is holding back our cities. And it's a symptom of our multi-layered system of government, with too many different organisations at every level. A more devolved approach for the Birmingham city-region would help to rationalise this, with a more tailored and bespoke set of support organisations for growing and innovative firms.

Jerry Blackett said this week that the new-look Business Link, now run by Advantage West Midlands, will be the one-stop shop that you've all been waiting for. I wish this one well, and hope that it genuinely is just one stop.

### **Political leadership**

Finally, I wanted to say a few words on the political leadership of Birmingham and the city-region. Every time I'm here, I hear mutterings about the quality of the city's leadership. Looking from the outside, it appears less strong than in other big cities like Manchester. People outside Manchester have heard of Richard Leese, and the Manchester city-region is moving forward more quickly than Birmingham's.

I'm not just talking about Mike Whitby here. Leadership across the whole city-region is not strong enough. There's too much tension between the local authorities, and the inability to agree a compelling brand for the city-region is just one symptom of that. Your city and the city-region need stronger leadership, across the board.

We are fans of directly-elected mayors, and our 2006 report said so very clearly. But we are realistic about the prospects for a city-regional mayor here. It's not impossible, but it's not imminent either.

### **Conclusion**

As we enter a recession, and as the impacts of globalisation continue to emerge, Birmingham and the city-region here need to work much more closely together – on transport, housing and job training. Get these basics right, and you will be better placed to face the recession – and move forward in the upturn afterwards.