THE BIRMINGHAM CITY CENTRE MASTERPLAN: THE VISIONING STUDY

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FOREWORD

This report was commissioned by the Leader of Birmingham City Council, Councillor Mike Whitby and Chair of Regeneration, Councillor Ken Hardeman and directed by Clive Dutton, Director of Planning and Regeneration. They bravely asked not for a whitewash but for an honest, independent account of the strengths, weaknesses and potential of Birmingham's city centre. This report provides that. It shows where the city has done very well in recent years, where it needs to do better in the coming years and what opportunities there are if the key partners in the city make the right decisions in future.

This report could not have been written without the help and support of a very large number of people in Birmingham. I am grateful for their enthusiasm, honesty and wisdom. Any merit it has is in great part due to them. I am particularly grateful for the support of Stephen Hughes, Mike Taylor, Philip Singleton, Alan Bishop and Sandy Taylor from Birmingham City Council. I am grateful to all the members of the project Advisory Committee who gave their time and advice, especially to Neil Rami, Alan Chatham and Glenn Howells for going well beyond the extra mile.

This report is part of a suite of related projects which was undertaken by a team which included Andrew Gould and Paul Spencer of Jones Lang LaSalle. Several of their background reports are separately available from Birmingham City Council. A more detailed analysis of Birmingham's competitive position written by Mary Hutchins of the EIUA is also separately available.

It is customary to have an executive summary for a long report. But this breaks the mould. It does not have one. That is deliberate. We want people to read the full version - not simply the headlines which could be either bland or misleading. The last chapter gives a summary of the issues. But the report needs to be read as a single story. It says why Birmingham matters, what a Masterplan could do for the city centre, assesses how well Birmingham has performed in recent years and what else it needs to do to become a more important international city. It identifies a large number of things Birmingham could do to build upon recent achievements in the city centre to improve its innovative capacity, economic and cultural diversity, connectedness, and decision-making capacity and place quality. It identifies ways in which the city could deliver and pay for a Masterplan. The report concludes that Birmingham is already a serious city nationally and internationally - and has many levers to pull to become even more significant. It recognises that Birmingham faces many challenges. But it also underlines that in the past Birmingham set the standards for urban development in the UK. There are great opportunities for Birmingham if its leaders and partners are bold. They should be realistic but confident. And they should seize the time.

1. WHY DOES BIRMINGHAM NEED A CITY CENTRE MASTERPLAN?

Because time and place move on

1.1 Birmingham is a big city. It faces big challenges. But it has made many big achievements and it has big opportunities. The people who lead Birmingham are big and they have big plans. That is why they have taken the bold step to carry out a Masterplan for the new city centre. This Visioning study presents our analysis of the city centre's achievements, challenges and opportunities. People have asked - Why does Birmingham need a Masterplan anyway? The answer is simple - because time and the place have moved on! The first city centre strategy, endorsed by the Highbury Initiative in 1988, was written almost twenty years ago. It has been the basis of planning in the city centre ever since and it has stood the city well. But in the last twenty years many new issues, challenges and opportunities have emerged in Birmingham city centre and the wider city and city region. In particular, the dramatic lowering of the inner ring road means that the real city centre has expanded from 80 to 800 hectares inside the middle ring road. It is a much bigger and more important place economically than it was twenty years ago and should be seen as such. So Birmingham City Council has decided to produce a new vision for the city centre which will reflect those changed realities. It will provide a story for the next phase of the city's development which can be translated into a physical Masterplan for the wider city centre.

1.2 The Masterplan will influence the strategic decisions of the city council, government and other public, private and community sector organisations. It will provide a clear physical framework in which long term decisions can be made about such crucial issues in the city centre as:

- major land use decisions;
- the connectivity and accessibility of the centre;
- legibility, permeability and maintenance;
- property assembly and intervention;
- transport and infrastructure provision;
- investment models which can finance change;
- design standards for buildings and the public realm;
- brand and image;
- a business plan for investment decisions for the city council.

1.3 A Masterplan has many potential benefits for Birmingham. For example, the city council currently has many different plans for many different parts of the city. But some of those plans are a bit dated. A Masterplan will update and tie together existing plans for different parts of the city so everyone can see the bigger picture for Birmingham's development as well as the details of specific sites. A Masterplan will also allow the city to become more strategic and comprehensive and less ad hoc and project based in its approach to development. It will encourage partners in Birmingham to focus upon long term development for the next thirty years as well as upon the immediate issues facing the city. It will allow Birmingham to benchmark progress against its peers and competitors, nationally and internationally. It will provide clarity about future development and generate increased private sector confidence and investment in the city. It will increase the value of land and property in the city centre by identifying what development will take place where, in what timescale. Finally it will give the people of Birmingham a single hymn sheet to sing from – inside and outside the city.

But why did we need this visioning study? Because…

1.4 The Masterplan will set out a physical response to the wider forces affecting Birmingham. But it must be more than a collection of maps and diagrams about the city centre. It should also be a business plan for the future of the city. This Visioning study is a crucial first step in the process identifying the economic, social, environmental and institutional issues that the Masterplan will have to address. This study was designed to:

- Identify the key factors that will affect the city centre during the next 30 years.
- Identify the steps needed to strengthen the city centre's role as an engine room of the national economy and the capital of the British Midlands.
- Benchmark Birmingham against some of the most successful cities.
- Promote a debate about the future of Birmingham inside and outside the city council.
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How did we do it?

1.5 This report is based upon a wide review of quantitative evidence, key policy documents and interviews with key partners in Birmingham. During our work we interviewed over 100 individuals in the public, private and community sector in Birmingham who will play an influential role in the city's future. These included: senior politicians and officers from Birmingham city council; private sector in large and small firms in development, manufacturing, business and professional services; marketing and professional organisations; the creative industries; the media; the universities and colleges and community groups.

1.6 We tried to get answers to the following questions:

- What have been the key economic, social and physical achievements in the city and the city centre in particular in recent years?
- Are there any missed opportunities that should be addressed?
- What remaining opportunities and challenges will face the city centre in future?

- How can the city centre be best connected to the wider city and city region?
- Who needs to do what better or differently to capitalise upon recent achievements in the city centre – local authority, government agencies, the private sector, higher education, community and voluntary sectors?
- How could a Masterplan best help the future development of the city centre?

What's in this report?

1.7 This report presents the principal findings of our work. It starts with a discussion of general trends and developments and moves on to more specific recommendations about Birmingham city centre. Section 2 reviews why cities and city centres matter in a global economy. Section 3 assesses how the Birmingham economy has performed in recent years as a context for a discussion of the potential of the city centre. Section 4 compares Birmingham's performance with that of comparable UK cities and a set of leading cities across Europe. Section 5 identifies the many achievements that have taken place in Birmingham city centre during the past 15 years which can be built upon in future. Section 6 discusses what kind of city centre people in Birmingham want in future. Section 7 discusses what kind of Masterplan is needed and ways in which long term development might be delivered and paid for. The final Section 8 identifies who should take what steps to encourage Birmingham to build on its many achievements and assets and become an even more interesting and rewarding city to live, work and play in - and an even more important player in the global economy.

2. WHY DO CITIES AND CITY CENTRES MATTER IN A GLOBAL ECONOMY?

Why are cities still important?

2.1 These are exciting times for cities. A great debate is taking place about how much they matter to European and national success. During the past decade many cities in many countries have emerged from a period of decline to find new economic, political and cultural niches. There has been a sea change in how they are regarded. Governments, the private sector and researchers increasingly see cities as the dynamos of national and regional economies rather than economic liabilities. Cities are becoming again 'the wealth of nations'. Many have assets which make them more - not less - significant in an increasingly globalised world. Some are centres of strategic decision-making, exchange and communication. Many have concentrations of intellectual resources in universities and research institutions, which encourage high levels of innovation. Many cities have achieved substantial physical regeneration especially of their centres, which offer impressive commercial, residential and retail facilities. Many have substantial cultural resources, which are increasingly the source of economic growth and job creation.

2.2 But cities are not only economic assets – not merely marketplaces. They have great capacity to promote community development, social cohesion and civic and cultural identity. However, despite this potential, the pursuit of economic success has not led to the elimination of social problems in many different countries with very different institutional, economic and social arrangements and policies. Achieving economic success with social justice in sustainable cities remains a challenge to many governments and organisations – local, regional, national and international.

2.3 For all these reasons, across Europe, North America and beyond, cities are moving up the political agenda and have become the focus of many policy initiatives. Much of this attention has been generated by concerns about national prosperity in the face of growing internationalisation of the world economy and competition from the newly industrialising countries. In response to these competitive pressures, many first world economies are developing activities based on high levels of knowledge where they still have the competitive edge in world markets. It is increasingly realised, however, that such actions do not take place on the head of the proverbial pin, but in real places – often cities. As a result there is a growing recognition that the characteristics of cities - and the ways policies affect them - are crucial determinants of regional and national economic performance.

2.4 City competitiveness has become of great concern for the UK government in recent years, as it has increasingly recognised that our provincial cities have not been pulling their weight in an international context or keeping up with the successful global city of London. Government has encouraged a lot of work to measure the economic competitiveness of English cities in comparison with the most successful European cities and to identify ways in which their performance could be improved. That debate is quickening. As the second largest city in the UK, Birmingham is hugely important to this debate.

Why are city centres becoming more important?

2.5 Along with an increased concern for cities generally, there is a growing recognition that the centres of those cities are an increasingly important economic asset. As we spell out later in this report, the key drivers of a modern economy are innovation and skills, economic and cultural diversity, connectivity, strategic decision-making capacity and place quality. In particular place quality is an important element of the soft location factors which are crucial to attract investors, employers and skilled workers to cities. And city centres are crucial in this. In the modern economy creativity, connectivity, culture, and consumption are important economic drivers. These are key attributes of city centres. They are a key source of consumption and production of ideas, goods and services. They provide jobs, entertainment, leisure and culture. For example, a third of the people who work in Birmingham actually work in the city centre itself. But city centres make other less tangible contributions to city performance. They are crucial in identifying the character and feel of a city. They symbolise a city's concern with the quality of architecture and public spaces. They can draw together different communities, cultures and age groups. They are public spaces in which different communities in the wider city can meet on equal terms. City centres, especially their built form, are increasingly important marketing tools for cities - telling people why they should invest in, work in, live in and visit such places. So Birmingham city centre is a vital part of the economic future of city. If the city centre flourishes there is a better chance that the wider economy will flourish too. It is a truism that there are no successful regions in Europe which do not have successful cities at their core.

2.6 So it is important that Birmingham city centre performs well now - and in future. It is equally important that the right messages about the future of the city centre are sent to the people who live and work there, as well as to public and private sector agencies with stakes in the centre. And there are opportunities to be had in the city centre. It takes a long time to reinvent an urban economy. The fruits of change can take up to twenty years to be recognised and shared. But the position is a bit different in the city centre. Quick wins are easier. The scale of the city centre is smaller so the impact of change can be more quickly seen. Also economic changes often are initially physical and so more visible. And centres already have huge existing assets – people, places, institutions, infrastructure - which can be mobilised and developed relatively quickly. It is clear the economic renaissance that has taken place in many British cities during the past decade often started in the centre. And growing concerns about sustainable development underline the need to build a successful centre and then spread the benefits out across the city.

2.7 So there is a lot at stake for Birmingham. Cities are now seen as the drivers of regional and national economic success. Government is backing them and looking for cities which can respond well to its new urban agenda. That presents opportunities. But there are big challenges as well. There is fierce competition between cities both nationally and internationally. And many British cities have been sharpening their act in recent years. So Birmingham's leaders are right to ask 'Are we doing enough for and getting enough out of our city centre? And how can we best increase the economic, social and environmental contribution it will make to the larger Birmingham in the next twenty years.' Precisely because the benefits of change can be a long time coming, it is crucial that leaders get the right answers to those questions and quickly.

3. WHAT ECONOMIC CHANGE AND URBAN RENAISSANCE HAS HAPPENED IN BIRMINGHAM?

3.1 Birmingham, like every other major city in the UK, has undergone dramatic changes in its economic life during the last thirty years. This has presented it with some major challenges but also some opportunities. There is broad agreement across the public and private sectors that the city has been through a very difficult period - but there many developments which give a lot to build upon in future. This section identifies some of the key features of the changes in the Birmingham economy as background to our study of the city centre.

Economic challenges 1970s and 1980s

3.2 Birmingham's growth since the 19th century has been based on manufacturing industry and particularly the automotive and light engineering sectors. The full employment economy that this created in the city in the 1950s, 1960s and 1970s attracted migrants from around the world. All this changed from the late 1970s as manufacturing in the city became embroiled in global economic restructuring with knock-on effects on other sectors. The city experienced traumatic levels of employment decline. 200,000 jobs were lost in total between 1971 and 1984, with 90,000 of these job losses concentrated in just three years, 1980-1982. Manufacturing employment has continued to decline. Between 1978 and 2002, two-thirds of jobs in manufacturing were lost with numbers employed in the sector falling from 250,000 to 81,000. The scale of job loss was equivalent to that lost in Scotland and Wales combined. There was an equally huge jolt with the closure of the Rover car plant in 2005, which still has repercussions on the wider Birmingham economy.

3.3 As Birmingham city council itself has pointed out, this intense period of transition created a variety of challenges including:

- a weak record of employment generation;
- a decline in sectors employing the majority of male manual workers;
- a large body of residents without marketable skills or service sector experience creating a solid core of long-term unemployment and non-employment;
- a workforce without the tradition of self-employment;
- a residual stock of out-dated industrial property and congested sites;
- the relative lack of a modern resident skilled workforce making it difficult to attract knowledge based sectors.

Renaissance in Birmingham's economy

3.4 However, more recently Birmingham has experienced recovery. The renaissance of the city's economy during the last 20 years can be captured in five key economic indicators:

- unemployment has fallen by two-thirds to a level last seen in the early 1970s;
- output has increased by 41% from £8.5 billion to £12 billion in real terms;
- household disposable income has almost doubled in real terms;
- the number of 'employees in employment' has grown by 45,000 since 1993;
- industrial structure has changed with rapid growth in professional and business services.

3.5 The council has underlined Birmingham's progress in modernising its economy and labour market by:

- diversification of manufacturing into fast growth, high technology industries;
- growth in knowledge-based, professional services and in tourism and leisure industries;
- high levels of development investment;
- becoming a centre for business tourism;
- the development of the city centre for leisure, retail and cultural activities;
- the completion in 2003 of one of Europe's largest city centre retail regeneration projects;
- educational and skill enhancement;
- hosting the largest concentration of people working in computer services outside of London;
- strategic advantage in physical communication.

Economic resurgence and urban renaissance

3.6 The city council's view of the city's strengths, weaknesses, threats and opportunities are the following. Its main ***economic strengths*** are:

- a restructured economy with an expanded service sector including a business and professional services and revitalised retail;
- a central location in national transport networks;
- a relatively buoyant local labour market;
- a growing supply of labour as a result of its relatively young age structure;
- an increasingly skilled supply of labour as a result of faster than national improvements in educational attainment.

3.7 The city's main ***economic opportunities*** are:

- its potential for developing a knowledge-based economy;
- strong future growth if all planned capital projects are implemented;
- improved productivity from improved training and development;
- more jobs from expansion in the service sector;
- the Eastside development will expand and improve the city centre and bring increased jobs;
- the A38 technology corridor will encourage high-technology production;
- an attractive location for public sector jobs de-centralising from London;
- university-business collaboration;
- linking employment growth to the unemployed residents;
- rising skill levels to meet the needs of the knowledge economy.

3.8 The city's main ***economic weaknesses*** are:

- relatively low growth rates in output because of a lack of capital investment;
- slow diversification into higher value-added production and workforce skills;
- relatively low employment growth;
- relatively low levels of innovation;
- traffic congestion adding to business costs;
- relatively low levels of self-employment, employment and economic activity;
- a significant proportion of the population has no qualifications;
- it relies on commuting for skilled workers.

3.9 The main ***economic threats*** facing the city are:

- continuing decline in manufacturing and particularly motor vehicles;
- relatively low business formation;
- unqualified workforce restricts the knowledge based economy;
- job loss in banking and finance from increased productivity and 'off-shoring' of activity;
- slower employment growth if capital projects are not implemented;
- housing market rigidities hindering employment growth;
- a reduction in the in-commuting of skilled workers;
- black and minority ethnic communities disproportionately excluded from the labour market.

3.10 This assessment by a public organisation reflects a private sector view produced by the Chamber of Commerce. It recently argued that Birmingham has much to be optimistic about.

- The business sector is growing and is second only to London.
- The west Midlands was the highest ranking region for innovation.
- It has an exceptional array of education and research establishments.
- It has world class business conference and exhibition facilities.
- It is a Core City, has ‘Science City’ status and is the second largest city in the UK.
- It is the centre of the UK’s transport network and has an advantageous business location.
- It has a large and diverse population.
- It has a reputation for adaptability.
- It is a popular tourist city destination.

3.11 However, despite those assets the Chamber identified a series of weaknesses:

- it is over reliant upon old declining manufacturing industries and has not invested enough in the new emerging industrial sectors that will grow during the next decade;
- despite performing reasonably well against many UK cities it lags behind many of its European rivals;
- compared to the rest of Europe it performs relatively poorly in city region prosperity, output, innovation, enterprise and employment;
- it has too many areas of poor industrial premises and large areas of undeveloped brownfield land;
- despite many high quality educational institutions, the city fails to retain enough graduates and exploit links between industry and research facilities;
- levels of skills and educational attainment are too low, especially amongst older and BME groups, both of whom will grow in the future;
- the city is still not as attractive to investors as it could be;
- areas of the city suffer from deprivation, high levels of unemployment and poor housing;
- the city has an inadequate transport infrastructure and suffers from congestion.

What is the regional picture?

3.12 The economic future of Birmingham also has to be seen in its wider regional context. A recent authoritative study identified the following challenges for the Birmingham city region.

- *Productivity*. There is a widening gap between the regional and national average.

- *Skills.* The region lags behind the national average on a range of skills and related education and training indicators.

- *Labour supply*. The region has an ageing population and historically there has been less investment in skills in older people. International migration in the past has partly concealed that trend - it must still be addressed.

- *The importance of demand*. The challenge is not simply one of supply. Demand is important too. The region needs to move further up the higher value added economy and there needs to be a greater focus on innovation in products and processes in making and delivering goods and services.

- *Diversifying the economic base*. Manufacturing remains important to the region. But there are declining employment opportunities in the low value end and it is more vulnerable to international competition. This means that investment in higher value added manufacturing, the development of services and the promotion of entrepreneurship are critical.

Globalisation – what challenges and opportunities for Birmingham?

3.13 Birmingham has to survive in an increasingly competitive global economy. In particular the rise of India and China will bring challenges and some opportunities to the Midlands and the Birmingham city region. A recent review emphasised that the rate of change will probably contribute to increased living standards in future but in the short-term will pose challenges to the region. For example:

Challenges

- There will be direct competition from imports especially in garments, textiles, engineering goods and metals to both firms and workers.
- ICT has encouraged outsourcing which could be a threat to both manufacturing and finance and business services.
- There will be direct export competition from India and China.
- Inward investment to the region could be affected by Foreign Direct Investment going to China and India.

Opportunities for the region

- Growth in production, employment and income per capita will offer a range of opportunities to firms in the region.
- There will be opportunities for exports.
- Outsourcing can be an opportunity as well as a threat since firms in the region could outsource specific stages of production.

- China is accumulating surpluses which in due course it will wish to invest abroad and the region could attempt to exploit.
- Investment from China is likely to search for opportunities in skilled labour intensive and technology intensive activities, again an opportunity for the region.
- The region has many links with these economies, including high level political ties which it could exploit to attract investment.
- The universities can offer human capital development and knowledge transfer to those countries as well as attract students and are an untapped asset for developing commercial ties.

3.14 The report argued that many of the challenges facing the region were outside their direct control. Nevertheless there were things that partners could do to respond to those challenges. In particular it argued that the city had a range of measures to improve the attractiveness and accessibility of the place for both individuals and investors. Of course, this underlines the significance of the city centre to the wider economic performance of the city and region.

So what?

3.15 In recent years, Birmingham's economy has been restructured from manufacturing towards services and the city centre has been physically transformed. Great progress has been made and Birmingham is a very different city to what it was two decades ago. In many ways it is a more 'liveable city'. But many challenges remain. The next section presents some quantitative evidence on Birmingham's successes and challenges in comparison with cities in the UK and abroad so the reader can understand the results on the ground of the big changes that have taken - and will continue to take place - in Birmingham.

3.16 The economic challenges the city faces are large. But it is important to recognise that they are not peculiar to Birmingham nor a result of its failings. They are the challenges facing all the big cities in the UK – and Europe – which are undergoing a process of restructuring from a manufacturing to a service based economy in a rapidly globalising economy. Creating a high value added, innovative economy, providing communities with skills to take advantage of the opportunities that it presents and replacing outdated hard infrastructure are all complex, expensive, long term jobs. It really is a process of transformation. It is important to recognise the challenge but not blame places for experiencing them. The critical issue is how cities respond to their challenges. There is much evidence from the recent past that Birmingham has the capacity to respond successfully to them. It must keep going.

4. HOW DOES BIRMINGHAM COMPARE WITH OTHER CITIES?

4.1 As you set off on a journey it is wise to know where you are starting from and where you have come from. It provides a compass. So this section tries to provide that compass by benchmarking and comparing Birmingham's recent economic and social performance against a range of competitor cities, nationally and internationally. Comparing cities is a tricky business and raises lots of analytical, practical and policy issues. It needs to be done soberly to avoid meaningless comparisons and generating daft ideas. This benchmarking is crucial to understanding Birmingham's challenges and opportunities. It is not intended to identify exotic locations which have reinvented themselves in recent years and then generate simple minded solutions for Birmingham. Rather it is to see what and how broadly comparable cities are doing. We try to avoid unrealistic league table approaches which compare entirely different places. Rather we try to make sensible comparisons on realistic measures between similar kinds of cities. Our point is not to beat up Birmingham for any apparent failings. It is to see how far it has improved in the recent years and to identify scope for improvement. This will in turn help us make ambitious but meaningful proposals about the future of one of the key drivers of the Birmingham economy – the city centre.

4.2 This report compares Birmingham with other large cities in the UK as well as with a series of similar, often successful cities in Europe on a number of realistic measures of economic and social performance. In the UK we concentrate upon Birmingham's most obvious comparators, members of the Core Cities group – Newcastle, Leeds, Manchester, Liverpool, Sheffield, Nottingham and Bristol – as well as Cardiff, Glasgow and Edinburgh. In Europe we concentrate upon a series of successful cities that are similar to Birmingham - either smaller national capitals or the second largest cities in their countries. We also review some more global studies which look beyond Europe. This choice of cities was shaped by the quality and availability of evidence as well as by the work we have done for the British government recently to see what UK cities need to do to punch their weight nationally and internationally. Some of the evidence is already in the public domain. But it has not been presented coherently in a way that allows Birmingham to see clearly how it stands in relation to its recent past or in relation to its competitor cities at home and abroad.

4.3 This section is quite detailed. But it is important not to snatch at a couple of headline figures but to explore the complexities of a large city region like Birmingham. In this way we can show where it is doing well and less well. We can also identify specific areas where it needs to improve. At the outset we identify some key messages about Birmingham as a route map for the reader. As ever in life there is good news and bad news. And as ever the key question is what is the precise mix. The big picture is that there is good news about Birmingham. It has made a series of improvements in recent years. This reflects the wider story of this study that since Highbury

Birmingham has had a very good first act. But it also shows that Birmingham has no grounds for complacency. Despite being the UK city of prime importance outside London and therefore a major national and international player, its performance lags behind a number of its national as well as international cities. And many of its national competitors have been sharpening their act in recent years. Birmingham needs a second act to follow its first successful act of regeneration.

4.4 For example, although Birmingham is by far the largest city in the country outside the capital and lost less population in the past 30 years than other Core Cities, many of them are now growing more rapidly than Birmingham. It has the largest BME population. It has the youngest population. But it also has the most dependent population of all Core Cities - that is those who are too old or too young to be in the workforce. Crime levels are lower than many of its comparators. But it has the lowest percentage of students of the Core Cities - 10%. Income levels are only in the middle of Core Cities. Income support levels are comparatively high. Absolute numbers of employees are high but growth in employment lags behind some competitors. Unemployment is still high. Long term unemployment is very high. 28% of the unemployed have been out of work for more than a year. The workforce has fewer qualified people. Entrepreneurialism levels are low. The airport with 9 million passengers compares well with most other cities outside London. But is still way below Manchester's 22 million.

4.5 Retail and office rental levels are lower than in many other cities, although retail had the biggest increase in 2004. House prices in Birmingham are the third highest of the eight Core Cities. Its increase in employment levels is low. Employment in creative industries and knowledge intensive areas lags behind other cities. Birmingham has 20% of its working age residents with degrees. Edinburgh for example has 40%. In terms of GVA per capita Birmingham is the 3rd lowest of the Core Cities. And it has been growing less quickly in recent years than some of its comparators. In terms of overall competitiveness it is 229 out of 434 British local authorities. Edinburgh was 60. Birmingham is ranked 7th on the BOHO creativity index. Omis placed Birmingham 8th as a city to do business in 2005. Experian rates Birmingham 3rd in the top 10 retail locations ahead of Manchester at 6. Cushman and Wakefield named Birmingham the best UK city outside London to site a business and the best city in the country for new business headquarters.

4.6 So Birmingham is not yet punching its weight in a national - much less in an international – context. It needs to improve its performance. The city has had a very good first act in terms of the regeneration of the city centre. It needs a second act which is focussed less upon physical regeneration and more upon improving the competitiveness of the local economy. Birmingham city centre has an important role to play in much of this. It is a key driver of the sub-regional economy in terms of production, consumption, employment, innovation, investment, skills, connections, culture, leisure, profile. To get the Birmingham and midlands economy right it is crucial to get the city centre right – as a place to work, live and play. The great thing is that there are many achievements to build on and some early and relatively easy wins in addition to some long term challenges.

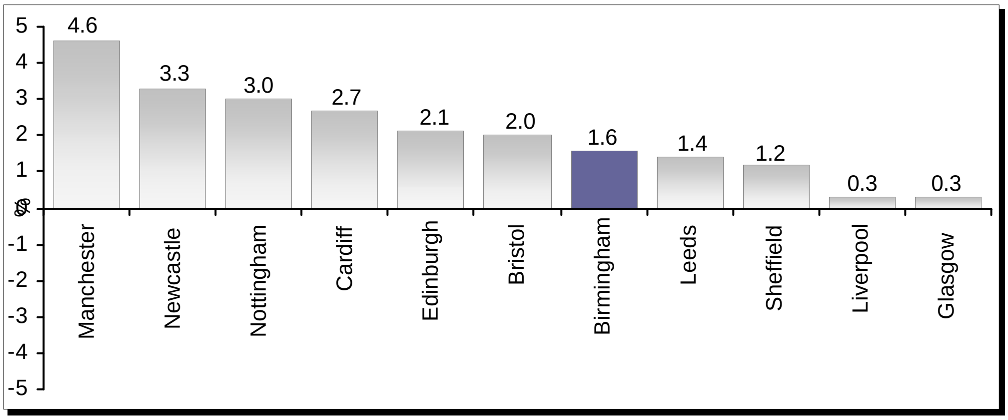
4.7 The following parts of this section provide more detail to illustrate the key messages identified here. The Annex provides even more presentation and discussion of data.

Birmingham is big and growing - but less quickly than some cities

4.8 Birmingham is the largest local authority in the United Kingdom, with 992,400 residents in 2005. It is the UK's largest city after London, and is more than twice the size of Edinburgh, Liverpool, or Manchester. In common with all large cities across the UK the residential population of Birmingham fell substantially between 1971 and 2001, decreasing by 11.1%. This fall was slightly lower than that experienced by the English Core Cities combined (-14.2%). Manchester and Liverpool experienced the greatest falls in population - both losing more than a quarter of their residential population.

4.9 More recently this trend of population decline in the UK's big cities has been halted. Since 2001 small increases in residential population have been seen in all the comparator cities. Between 2001 and 2005 the residential population of Birmingham increased by 1.6%. But many other cities are growing more quickly.

Figure 4.1: Population change 2001-2005

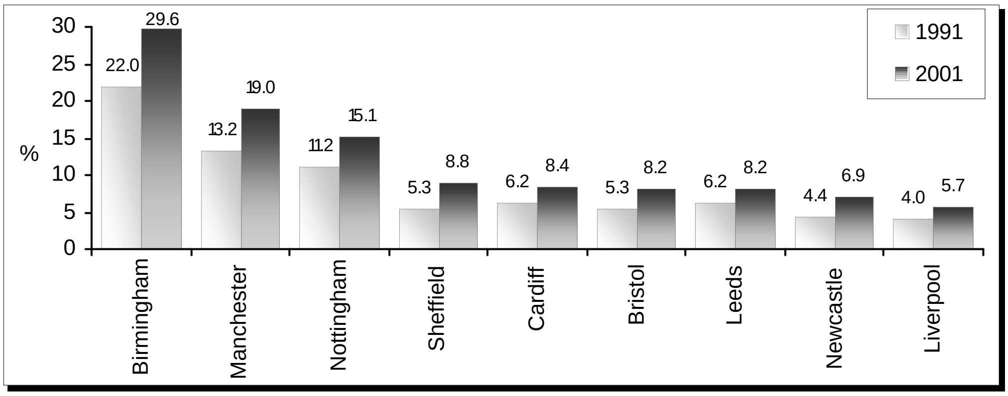


Source: NOMIS Mid-Year Population Estimates

Significant Ethnic diversity

4.10 Birmingham has a large BME population. Almost three out of every ten residents are from black or minority ethnic background. And this figure has grown during the past decade. This makes Birmingham one of the most ethnically diverse places in the UK outside London.

Figure 4.2: Percentage of population BME 2001 and 1991

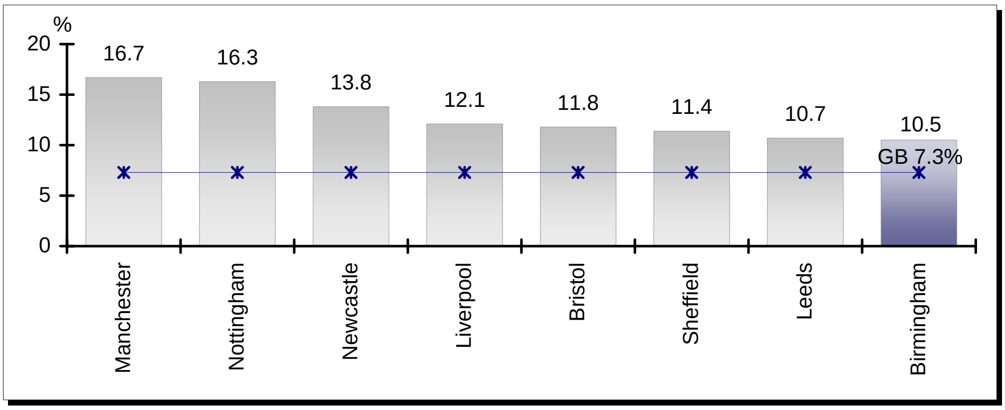


Source: ONS Census of population 2001 and 1991

Smaller proportion of students

4.11 Although it has a large number of students, Birmingham has fewer as a percentage of population than any other comparator cities.

Figure 4.3: Percentage of residents who are students 2001

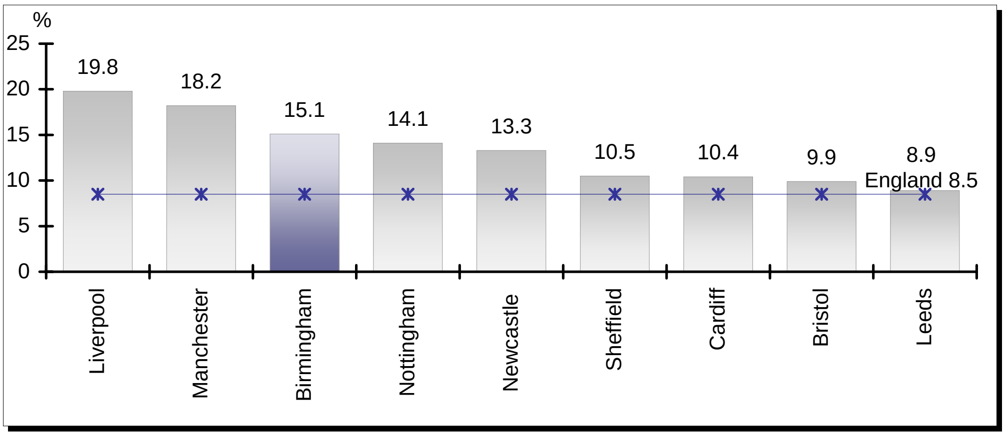


Source: ONS SOCD Census of population 2001

Low Income, and High Benefits and Unemployment

4.12 Household incomes in Birmingham are lower than the national average, but higher than in many of the Core Cities. A high proportion of Birmingham's residents were in receipt of benefits in 2003, with some 15.1% of the working age population in receipt of Income Support or Income Based Job Seekers Allowance. All the Core Cities had claimant rates above the national average of 8.5%.

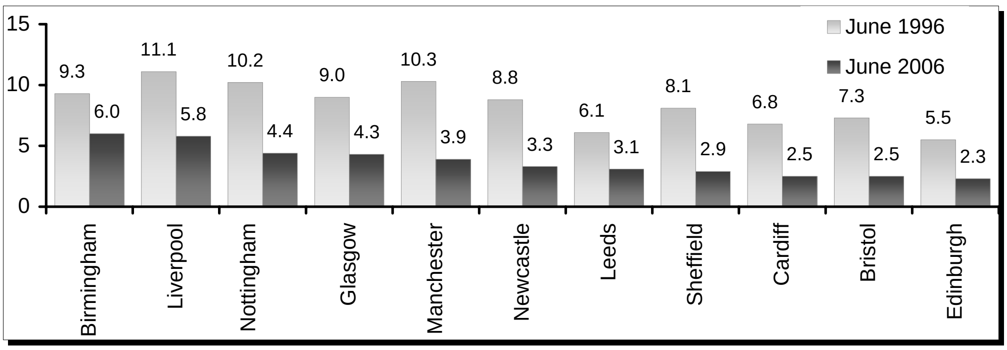
Figure 4.4: Percentage of working age population in receipt of Income Support or JSA 2003



Source: Department for Work & Pensions

4.13 Unemployment rates in Birmingham are high. 6.0% of the working age population are registered as unemployed. Today Birmingham has the highest unemployment rate of any of the Core Cities. In 1996 unemployment rates in the city were lower than those for Liverpool, Manchester and Nottingham.

Figure 4.5: Unemployment rates



Source: ONS/NOMIS Claimant Counts

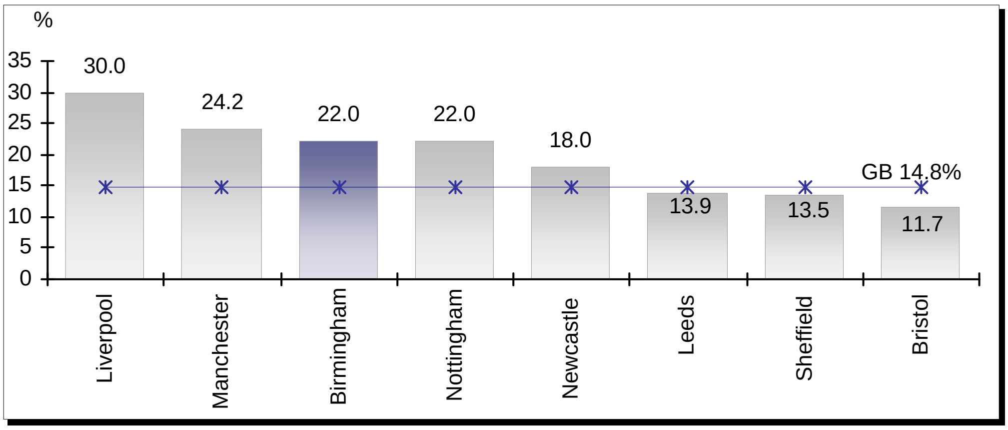
4.14 Long-term unemployment is a particular challenge for Birmingham. More than a quarter of those registered as unemployed in Birmingham have been out of work for a year or more. This is a higher proportion than in any of the comparator cities, and significantly above the national rate of 16.0%.

Qualifications levels are low

4.15 Skills are a crucial aspect of economic competitiveness. Birmingham has major challenges. In 2003 22.0% of Birmingham's working age residents held no qualifications. This is significantly above the national rate of 14.8%.

Liverpool and Manchester are the only comparator cities to perform less well than Birmingham.

Figure 4.6: % of working age residents with no qualifications 2003



Source: ONS SOCD Labour Force Survey Annual Database

Schools are improving

4.16 Although Birmingham's working age population is relatively poorly qualified, attainment levels in Birmingham's schools are good. The proportion of year 11 pupils completing compulsory education without achieving any GCSEs is lower than in any of the other comparator cities.

4.17 Birmingham's schools perform well in terms of the proportion of year 11 pupils attaining good GCSE results. 56.6% of pupils complete compulsory education with 5 or more GCSEs at grades A*- C. A higher proportion than in any of the comparator cities.

Table 4.1: % of Year 11 pupils achieving 5+ GCSEs (A* to C) 1996-2005

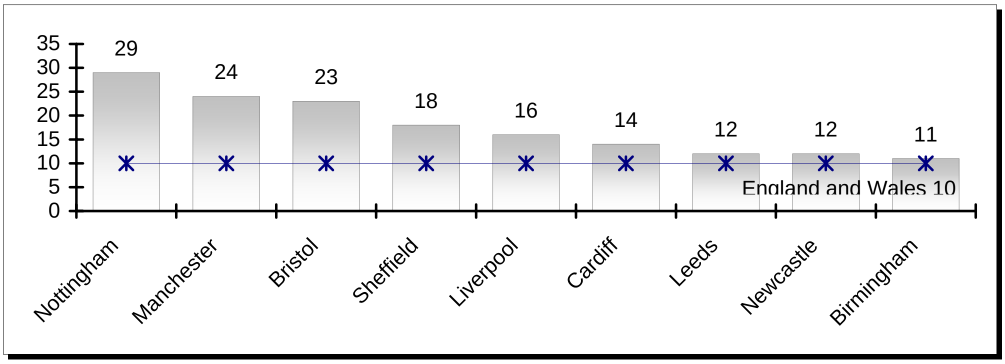
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Birmingham	**32.9**	**35.3**	**35.9**	**38.1**	**40.8**	**41.2**	**45.3**	**49.4**	**51.2**	**56.6**
Newcastle	32.7	31.6	31.0	33.6	35.0	36.7	38.0	40.0	45.6	52.3
Cardiff	38.6	39.7	43.7	43.7	44.6	45.1	46.4	47.8	48.2	50.1
Leeds	36.6	37.4	37.9	39.4	40.4	39.6	42.4	44.4	45.3	49.7
Liverpool	27.6	30.1	30.9	32.4	35.3	35.1	39.2	41.3	44.6	49.2
Sheffield	37.2	38.3	38.0	37.6	41.1	41.9	41.4	43.3	44.7	46.8
Manchester	27.0	26.3	28.7	30.2	30.3	31.0	33.3	39.6	39.5	43.9
Nottingham	n/a	n/a	26.2	28.7	28.7	30.3	31.3	35.1	37.7	41.7
Bristol	30.9	32.1	29.0	31.0	31.2	31.8	31.0	35.3	35.1	36.5
England	44.5	45.1	46.3	47.9	49.2	50.0	51.6	52.9	53.7	57.1

Source: Department for Education & Skills/StatsWales

Lower crime levels

4.18 In terms of burglary and theft from a vehicle Birmingham performs very well, with recorded crime rates below those of the comparator cities. Recorded crime rates for violent crimes against the person for the city of Birmingham are not quite so good. But they are lower than those for Liverpool, Bristol, Manchester and Nottingham.

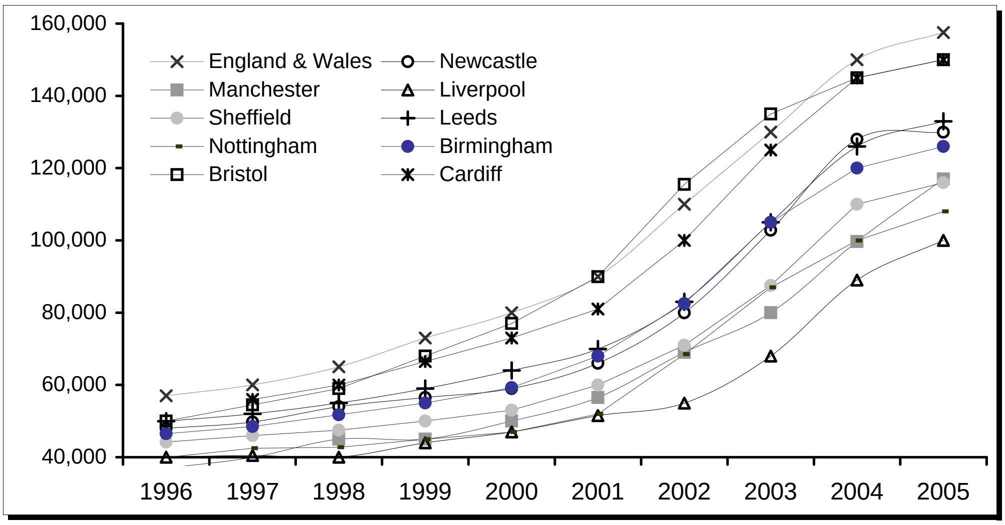
Figure 4.7: 'Theft from a vehicle' offences, per 1,000 population, 2004-2005



Higher property prices

4.19 Property is more expensive in Birmingham than in five of the comparator cities. In 2005 the median price for a semi-detached property stood at £147,400 up 136% since 1999.

Figure 4.8: The median price of a semi-detached house, 1999-2005

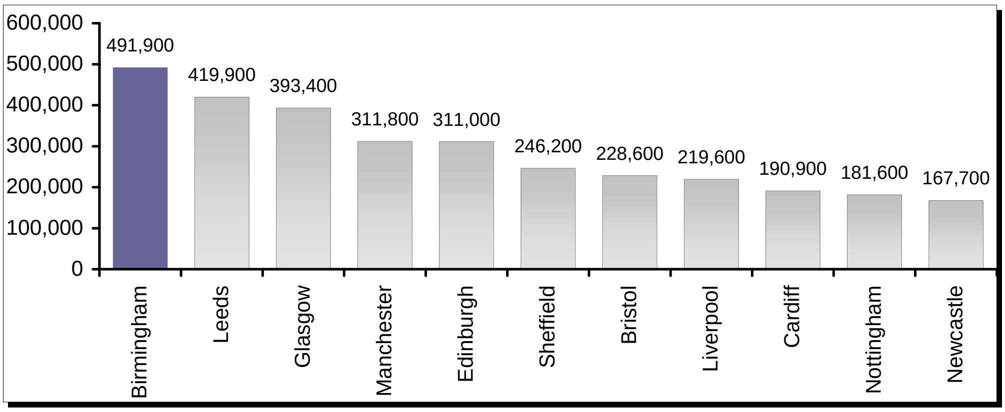


Source: HM Land Registry

A big employer

4.20 Birmingham is a major employment centre. It is home to twice as many employees as Sheffield, and nearly three times as many as Newcastle-upon-Tyne. It is second only to the City of Westminster in Central London.

Figure 4.9: Total employment, 2004

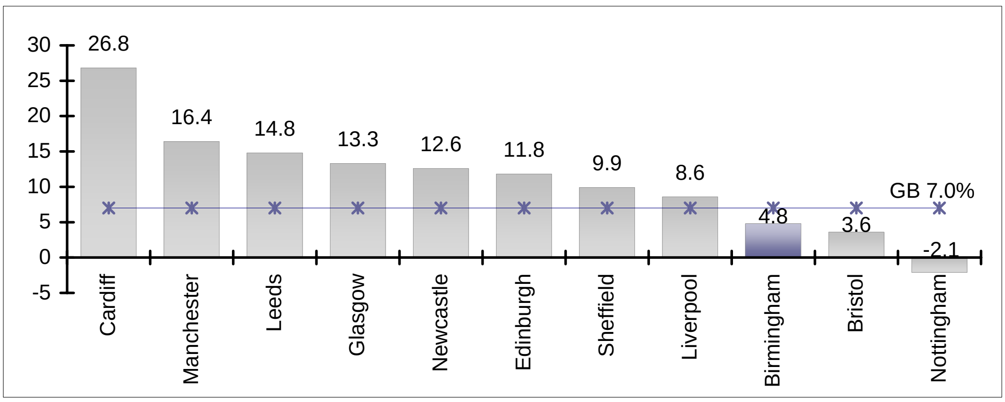


Source: NOMIS Annual Business Inquiry Employee Analysis 2004

But jobs are growing slowly

4.21 Between 1998 and 2004 the number of people employed in Birmingham increased by 4.8%. This employment growth rate is relatively low when compared to the comparator cities or national trends; Birmingham, Bristol and Nottingham were the only comparator cities with employment growth rates below the national average.

Figure 4.10: Percentage change total employment 1998-2004



Source: NOMIS Annual Business Inquiry Employee Analysis 2004

Fewer jobs in innovative industries

4.22 Manufacturing continues to play an important role in Birmingham's economy, 13.3% of all employees work in this sector, a higher proportion than in any of the comparator cities. Almost three out of ten employees working in Birmingham are employed in public administration, education or the health service. More than a fifth work in banking, finance and insurance.

4.23 The picture is mixed for key employment sectors. But Birmingham tends to have fewer employees in the high value added, knowledge based innovative and creative sectors than other cities.

Table 4.2: Employment in key sectors, 2004

	Higher Educ.	High technology sectors	creative industries	knowledge intensive business services - narrow	knowledge intensive business services - wide	Medium - high tech industries	Research & Development
Birmingham	**2.7**	**1.5**	**4.3**	**7.4**	**19.3**	**4.9**	**0.0**
Bristol	2.8	1.4	6.2	8.7	24.6	1.7	0.2
Cardiff	3.9	1.4	4.3	5.9	19.2	1.5	*
Edinburgh	4.0	2.6	5.2	9.1	29.9	0.8	0.7
Glasgow	4.0	0.8	5.2	7.1	21.9	1.1	0.2
Leeds	2.8	1.5	5.3	8.2	21.3	2.5	0.1
Liverpool	5.6	1.5	2.9	4.9	18.6	2.0	*
Manchester	4.9	1.2	5.8	10.4	27.2	1.5	0.2
Newcastle	6.1	1.1	5.5	7.9	24.3	2.5	*
Nottingham	*	0.9	4.5	7.7	22.2	1.4	*
Sheffield	4.7	1.5	3.1	5.4	18.0	2.1	0.2

Source: ONS NOMIS Annual Business Inquiry * figures suppressed due to confidentiality.

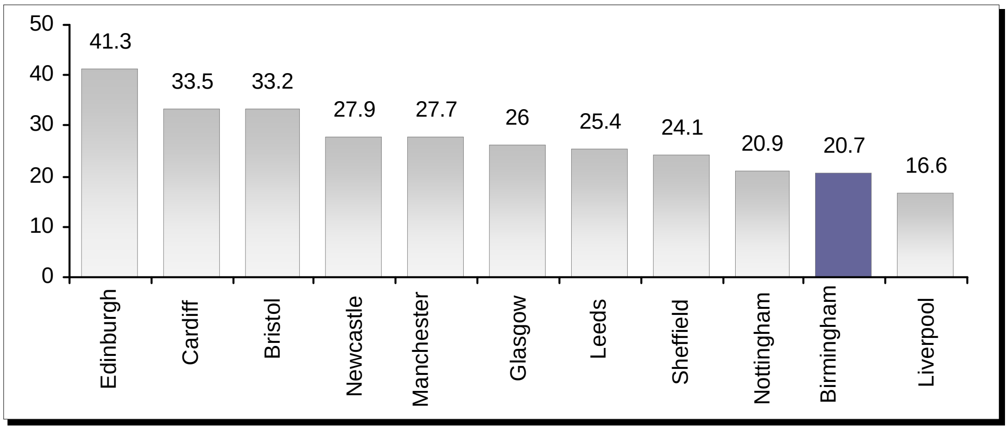
Low Employment Rate

4.24 65% of Birmingham's working age residents are in employment or are self employed. This is a relatively low rate. The national figure is 74.2%. Among the comparator cities only Nottingham, Liverpool and Manchester have lower employment rates.

Low Qualifications

4.25 Birmingham's working age population is not well qualified. In 2003 only one in five residents were qualified to degree level compared to one in four residents across England, Liverpool is the only comparator city with lower qualification levels.

Figure 4.11: Percentage of persons of working age educated to NVQ level 4+ 2003



Source: ONS/NOMIS Local Area Labour Force Survey

4.26 Birmingham has fewer residents employed in higher and intermediate managerial, administrative and professional occupations, 19.5% compared to 25.5% nationally.

Low Productivity

4.27 The Birmingham economy is big. In 2003 it generated £1,765 million Gross Value Added – 42% of the West Midland's total. This is larger than any of the comparator cities. And total GVA is growing ahead of national trends, up by 54.5% between 1995 and 2003 compared to the national figure of 34.9%. However, this was less than many comparator cities.

4.28 However GVA per capita provides a better comparative measure of productivity. Here Birmingham does not perform as strongly. It is £17,201, ahead of only Tyneside (which includes Newcastle), Liverpool and Sheffield. Between 1995 and 2003 GVA per capita for Birmingham increased by 55.6% compared to a national increase of 49.7%. Among the comparator cities only Sheffield and Nottingham had GVA growth rates lower than Birmingham's.

4.29 The UK Competitiveness Index ranks Birmingham 90th out of 434 local authorities in 2002, up twenty places since 1997. But it lags behind many of the comparator cities.

Table 4.3: GVA per capita ranking 1997 and 2002

	GVA per capita 1997 £ per head	1997 Rank	GVA per capita 2002 £ per head	2002 Rank
Edinburgh	£18,301	21	£24,016	24
Manchester	£16,810	29	£22,928	27
Belfast	£15,932	40	£22,123	33
Bristol	£16,630	32	£21,513	36
Glasgow	£15,398	46	£20,575	40
Nottingham	£16,919	28	£20,113	44
Cardiff	£13,451	76	£19,904	46
Newcastle	£14,330	53	£19,640	47
Leeds	£13,817	67	£18,305	61
Birmingham	**£12,608**	**110**	**£16,466**	**90**
Sheffield	£10,705	195	£13,835	160
Liverpool	£10,508	204	£13,776	164
UK/GB	£12,339	n/a	£15,614	n/a

Source: UK Competitiveness Index (Huggins 2005)

Lower levels of entrepreneurialism

4.30 VAT registration and de-registration data provides an indication of entrepreneurial activity in an area. Birmingham has slightly lower registrations and slightly higher de-registrations than the comparator cities. So it has low levels of net-registrations.

Table 4.4: VAT Registrations, de-registrations and net registrations per 10,000 residents 2004

	VAT Registrations	VAT De-registrations	VAT Net Registrations	VAT Stocks
Bristol	31.9	28.8	3.0	291.3
Cardiff	25.1	22.4	2.7	234.7
Edinburgh	31.5	29.0	2.5	272.6
Nottingham	23.6	22.0	1.6	225.0
Liverpool	21.4	19.8	1.6	180.9
Newcastle	20.0	18.7	1.3	194.4
Sheffield	23.6	23.3	0.4	220.5
Manchester	33.0	33.5	-0.6	254.1
Leeds	27.9	29.6	-1.7	253.1
Glasgow	26.4	28.3	-1.9	212.8
Birmingham	**24.4**	**26.3**	**-1.9**	**224.8**
Great Britain	30.5	30.1	0.4	303.0

Source: NOMIS ONS VAT Registrations

Well connected

4.31 Birmingham is a very well connected city, with quality national train and road links and a major international airport linking Birmingham with more than 179 destinations worldwide. In 2005 more than 9 million passengers used Birmingham International Airport, making it the third of the provincial cities. But it is still a long way behind Manchester. Along with many regional airports Birmingham has experienced significant growth in recent years with the number of terminal passengers up 74% since 1996.

Low on Overall Competitiveness

4.32 The 'UK Competitiveness Index 2005' combines a variety of measures to calculate a competitiveness score for each local authority in the UK. Birmingham ranked 224th in 1997. It slipped back slightly to 229th in 2005.

Table 4.5: UK Competitiveness index 1997 and 2005

	1997 Rank (out of 434)	**2005 Rank (out of 434)**
Edinburgh	60	66
Bristol	77	80
Cardiff	151	115
Manchester	132	122
Belfast	180	130
Leeds	148	159
Glasgow	228	204
Newcastle	258	226
Birmingham	**224**	**229**
Nottingham	197	249
Sheffield	276	271
Liverpool	379	370

Source: R. Huggins (2005) UK Competitiveness Index The changing state of the nation 1997-2005

Lower on Boho Britain

4.33 Richard Florida ranked the forty largest UK cities on his 'Boho Britain Creativity Index'. Manchester is top. Birmingham is seventh.

Table 4.6: 'Boho Britain Creativity Index'

	Creativity Index	Ethnic Diversity	Sexual Diversity	Patent Applications
1	Manchester	London	Brighton & Hove	Manchester
2	Leicester (2=)	Leicester	Manchester	Bristol
3	London (2=)	**Birmingham**	London	Aberdeen
4	Nottingham	Manchester	Edinburgh	Nottingham
5	Bristol	Wolverhampton	Bristol	Leicester
6	Brighton & Hove	Bradford	Leicester	Coventry
7	**Birmingham**	Coventry	Nottingham	Cardiff
8	Coventry	West Bromwich	Glasgow	Brighton& Hove
9	Cardiff	Nottingham	Derby	London
10	Edinburgh	Oldham	Southampton	Milton Keynes
11	Leeds	Derby	Cardiff	Sheffield
12	Glasgow	Walsall	Liverpool	Edinburgh
13	Milton Keynes(13=)	Rochdale	Leeds	**Birmingham**
14	Sheffield (13=)	Milton Keynes	Newcastle/G'head	Belfast
15	Aberdeen	Bolton	**Birmingham**	Leeds
16	Wolverhampton	Brighton and Hove	Plymouth	West Bromwich
17	Liverpool	Bristol	Belfast	Stockport
18	Bradford	Cardiff	Hull	Hull
19	Derby	Southampton	Sheffield	Glasgow
20	West Bromwich	Leeds	Aberdeen	Stoke-on-Trent

A good city to do business

4.34 Cushman & Wakefield's European Cities Monitor is based on a survey of 500 senior managers and board directors with responsibility for business location. In 2006 three new cities were added to this list including Birmingham. In its first year in the survey Birmingham performed strongly on many measures of success and was ranked 19th overall, the leading English city outside London. However, despite this strong overall performance only a third of respondents were familiar with Birmingham as a business location. And none of the companies interviewed had plans to expand in the city. Birmingham ranked well in terms of easy access to markets and external transport links but performed less well in terms of quality of life for employees and freedom from pollution.

Good in the UK Cities Monitor

4.35 In 2006 Cushman, Wakefield, Healey and Baker produced a UK Cities Monitor for the first time. Birmingham scored very well on a number of measures. It was identified as the second best city to locate a business, second only to London. It was the best city for relocating a new headquarters building. 78% of respondents said they knew Birmingham well or very well as a business location. It ranked highest on availability of office space and availability and cost of car parking. However, as in the European Cities Monitor, the city scores poorly on quality of life for employees and freedom from pollution.

Table 4.7: Best city in terms of . . . .

	Birmingham's Ranked Position 2006
. . . easy access to markets	2
. . . ease of recruiting qualified staff	2
. . . external transport links	2
. . . international transport links	3
. . . cost of staff	9
. . . availability of financial incentives	7
. . . value for money of office space	2
. . . availability of office space	1
. . . internal transport	6
. . . availability and cost of car parking facilities	1
. . . quality of life for employees	11
. . . availability of retailing and leisure facilities	3
. . . freedom from pollution	14
. . . lively city environment	6

Source: Cushman and Wakefield UK Cities Monitor 2006

Good in Marketing Birmingham's Perception Survey

4.36 Marketing Birmingham commissioned an annual survey to assess consumer opinions of the city. Manchester scored highest as both the best city to visit and the best to do business in 2005 and 2006. Birmingham scored second highest as the best place to do business in 2005 and 2006 however the city scored lowest as a place to visit.

A good tourist destination

4.37 Birmingham is popular with visitors. The ONS's International Passenger Survey shows it is the third most visited city in the UK with more than 700,000 estimated overnight visits in 2004.

High investment in culture

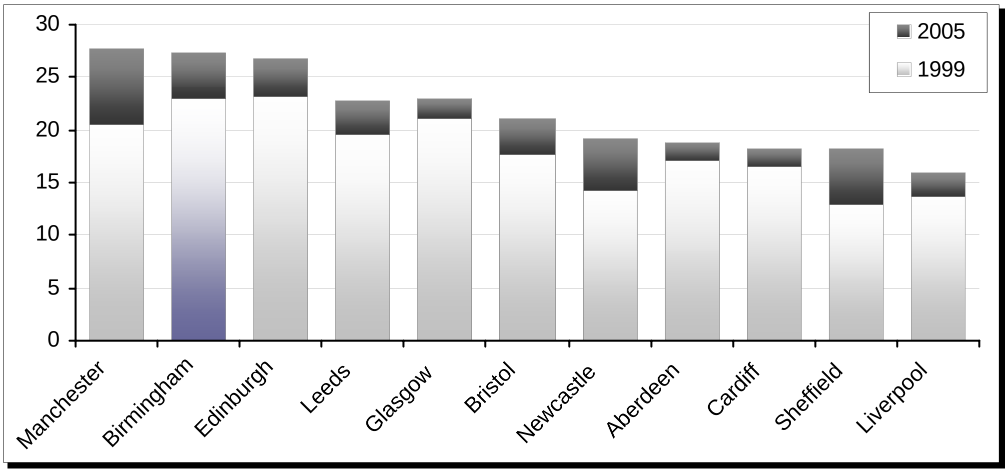
4.38 The most recent Business Investment in Cultures index placed Birmingham as the top city in the UK for business investments in the arts, with visual arts and dance organisations experiencing strong year on year growth in private sector investment.

A leader in offices and retail

4.39 Birmingham has more total retail floor space than any other English local authority. It also has a significant concentration of office space. Only four local authority districts have more - Westminster, City of London, Camden and Manchester.

4.40 Prime office headline rents, an indicator of commercial attractiveness in Birmingham at £27.25 per sq. foot in 2005, are second only to Manchester at £27.75.

Figure 4.12: Prime Office Headline Rents, 1999 and 2005

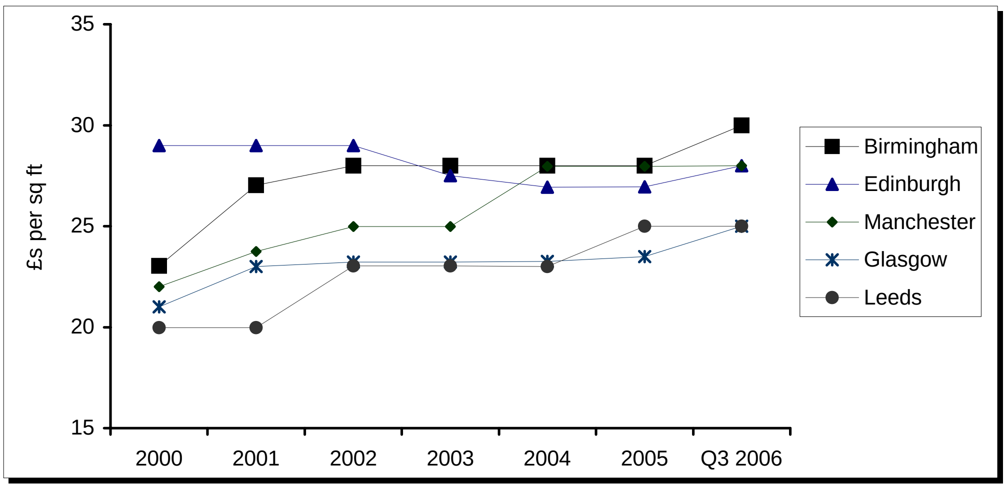


Source: Knight Frank

4.41 Birmingham retail space grew by over 10% between 2000 and 2004 – above the national increase rate of 7.8%. Office space grew by 5.6% behind national trends (9.5%) but above Newcastle, Bristol, Cardiff and Liverpool. The rateable value of retail space in Birmingham was £104 per square metre in 2004, higher than in five of the comparator cities. Birmingham was also one of only a handful of the comparator cities to experience growth in the rateable value of retail floor-space between 2000 and 2004. The increase was 13.0%, the biggest of the comparator cities.

4.42 Birmingham's office rental performance has been relatively strong.

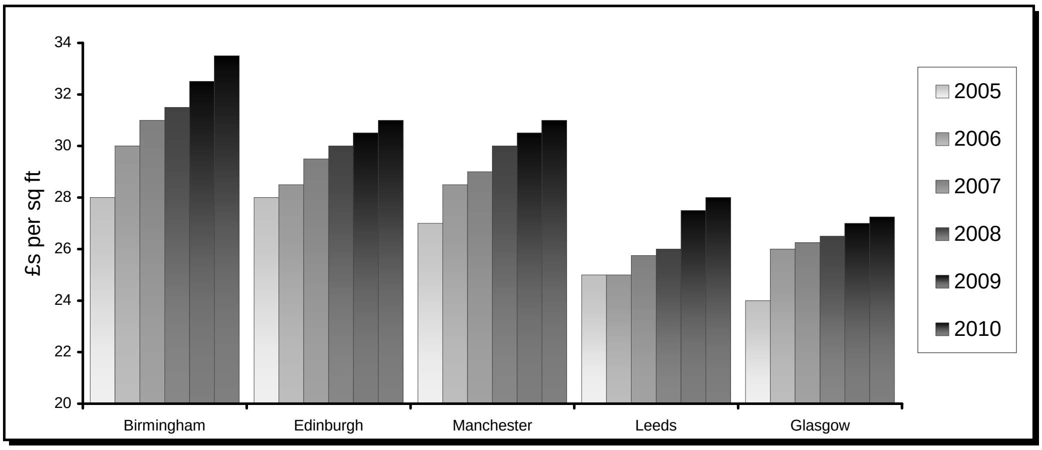
Figure 4.13 Prime office rent (£s per square foot), 2000-2006



Source: Jones Lang LaSalle

4.43 Even better news is that office rents are predicted to grow at very high levels in future. This should stimulate further development.

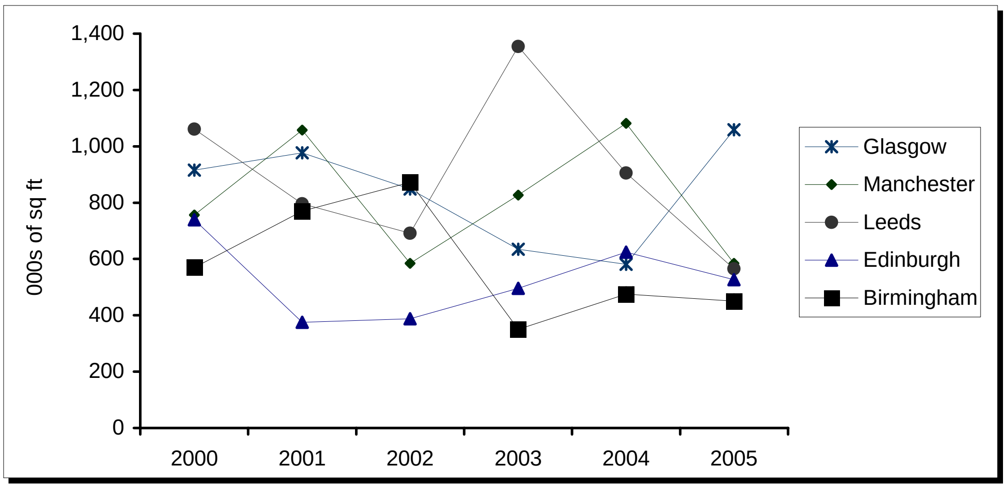
Figure 4.14 Prime rental forecast (£s per square foot), 2005-2010



Source: Jones Lang Lasalle

4.44 Birmingham's supply of city centre office stock is comparable to its peer cities. However, outside Brindley place, speculative development of substantial new schemes has been limited. The widely held view is that there is a lack of available quality product as a result. Take up has been lower than in peer cities, and it has been dominated by the churn of existing local occupiers rather than new entrants to the market place.

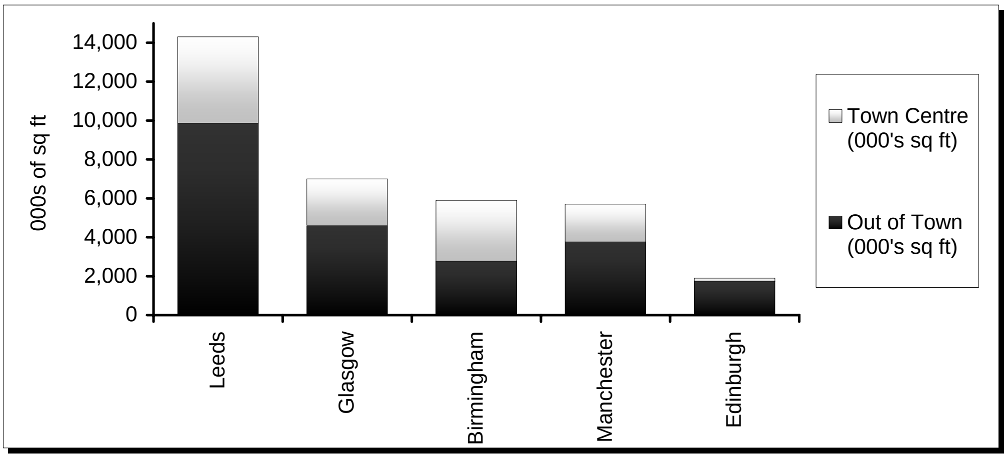
Figure 4.15 Office take-up by city (000s of square feet), 2000-2005



Source: PMA 2006

4.45 Birmingham has a lot of office provision in the pipeline. However, a number of key projects still face challenges like Arena Central or Paradise Circus. Many others are in Eastside where the market has not yet been fully tested. The scale of potential development and the limited demand history of Birmingham makes individual developers cautious about starting development. The result has been slow delivery of quality new stock.

Figure 4.16 Office development pipeline, planned space (000s of sq.ft)



Source: PMA 2006

Shopping much better

4.46 Shopping in Birmingham has dramatically improved. Experian's 2004 retail destination rankings rated Birmingham as the UK's third most attractive shopping destination after London and Glasgow – up ten places since 2003 following the opening of the new Bull Ring shopping centre.

Table 4.8: Top 10 Retail Destinations 2004

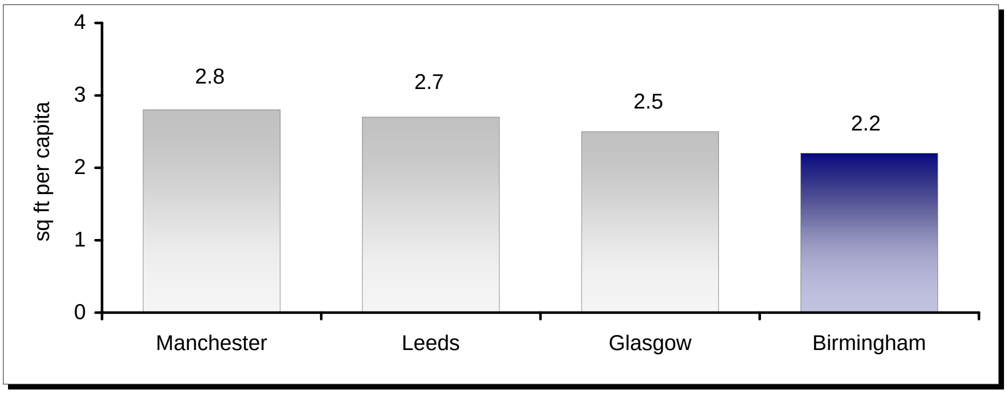
	Rank 2004	Rank 2003
London West End	1	1
Glasgow	2	2
Birmingham	3	13
Leeds	4	3
Nottingham	5	4
Manchester	6	5
Southampton	7	7
Cardiff	8	6
Norwich	9	9
Bluewater	10	10

Source: Experian Ltd Retail Ranking 2004

4.47 CACI's Retail Footprint 2006 shows that Birmingham is the third largest retail centre in the UK with an estimated comparison expenditure of £2,206 million per year and a shopper population of 1.069 million. CACI predict that Birmingham will still hold the number 3 spot in 2008. Birmingham differs from the other primary centres as it is home to a higher proportion of value retail than the rest of the top eight ranked retail centres.

4.48 However, relating the retail stock to the number of regular shoppers shows a different story. Birmingham has less A1 retail provision per shopper than its key competitors. It also has a relatively small A3 leisure provision given its catchment area. The scale and range of retail in Birmingham is relatively weak given its size in comparison with its competitors.

Figure 4.17 Retail floorspace per capita (square feet), 2006

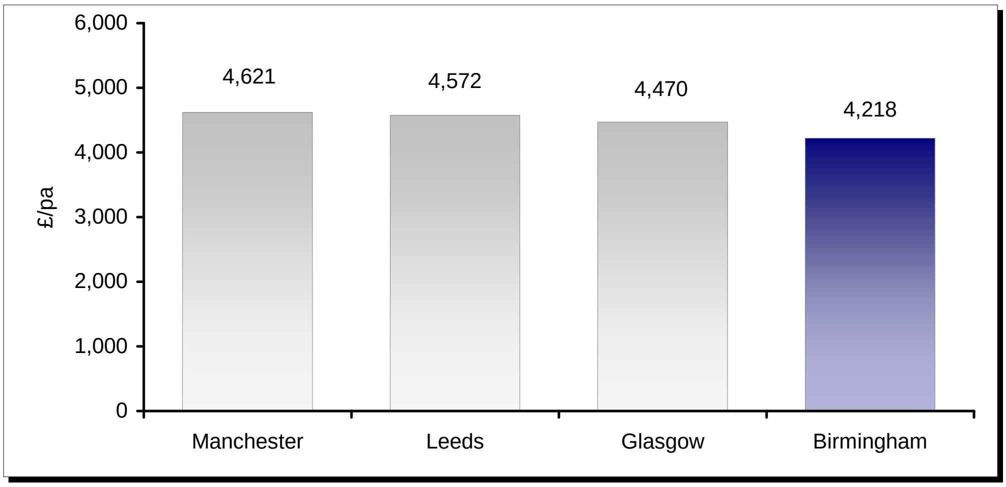


Source: CACI 2006

4.49 Also Birmingham's market penetration is relatively low for a primary centre. It regularly attracts 6 million shoppers giving it a market share of 17%. This is higher than Manchester and Leeds. But Glasgow gets 34%, Newcastle 23% and Cardiff 21%. Birmingham does contain a number of competing centres but this still suggests it would do better with a more varied, diverse offer.

4.50 Despite the fact that wages are relatively high, consumer spending in Birmingham is lower than many other cities, again suggesting a better offer would attract more spending. The city has decent representation of department stores. But there is above average representation of mass market and discount shopping, a relatively substandard provision of catering and leisure facilities, a limited choice of independents and upper market shops. Martineau Galleries will obviously help this. And because of this and other developments Birmingham has more development in the pipeline than comparable cities.

Figure 4.18 Retail spend per capita (£/pa), 2006

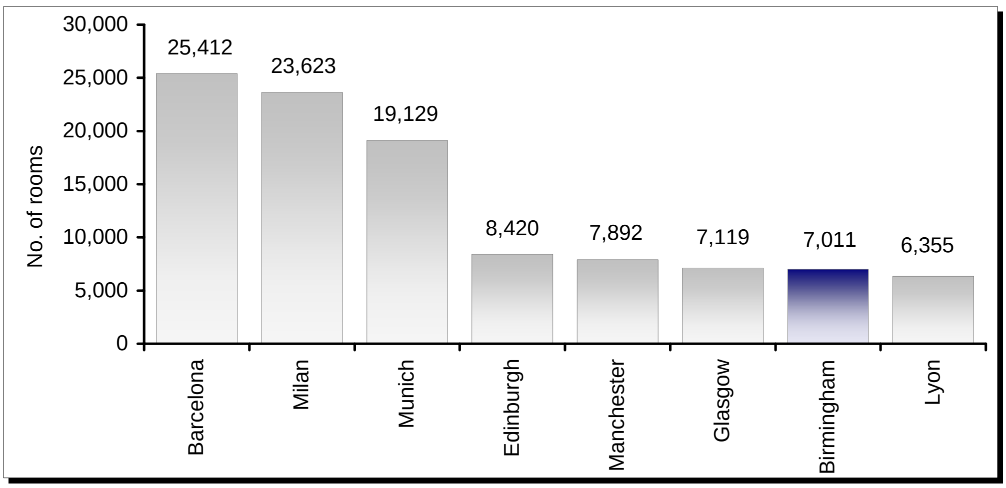


Source: PMA & Experian 2006

Hotels improving

4.51 Hotels are a critical part of a city's economic offer. Birmingham did well in the late 1990s with substantial growth in supply. But new supply has recently slowed down, although four have been built this year. With 45 graded hotels and just over 7,000 rooms Birmingham lags slightly behind its English peers and rather further behind successful continental cities. As well as having a smaller hotel offer than other cities, Birmingham has rather lower quality with fewer 5* rooms than comparable cities.

Figure 4.19 Number of graded hotel rooms by city, 2006



Source: Jones Lang LaSalle 2006

What about the city centre?

4.52 There is limited data about the city centre defined here as the 800 hectares within the middle ring road. But the Census data does show some important features of it.

A big employer

4.53 Almost a third (32.2%) of all employment in Birmingham LAD is located in the city centre. In 2004 some 158,500 employees were working in the city centre, an increase of 1.7% on the previous year. This increase in total employment was ahead of city-wide or national trends. Between 2003-4 the number of people employed in specialist retail increased by 9.8%, a result of the redevelopment of the Bullring shopping centre.

A young population

4.54 Just over 23,000 people were living in Birmingham city centre in 2001 census, 2.4% of Birmingham's total population. City centre residents are younger than the rest of the city. 28.1% in 2001 were between 15 to 24 years reflecting the relatively high proportion of students living in the area. 25.9% of residents are students compared to 10.1% city wide.

Fewer families in the city centre

4.55 10,700 households lived in the city centre in 2001. Just 10% of city centre households consist of a married family with or without children compared to 30.4% of households city wide. And there is a higher proportion of lone parent households in the city-centre – 16.5% compared to 13.5% city-wide.

Fewer cars

4.56 Householders living in the city-centre are far less likely to have access to a car than residents city-wide. Only 37% of city centre residents have access compared to 61.5% city-wide and 73.2% nationally.

Lower employment levels

4.57 34% of 16 to 74 year olds living in the city centre are in work or self employed. Across the city as a whole 60.4% of residents are in employment or self employed. 7.4% were retired, 26.6% were students and 10.2% were unemployed in 2001.

Less good health

4.58 At the time of the 2001 census 12.4% of residents described themselves as not in good health, a higher proportion than in Birmingham as a whole or nationally.

A well qualified population – but many leave

4.59 City centre residents are relatively well qualified. A high proportion of residents are qualified to Level 3 (2+ A levels or equivalent). This reflects the high number of students living in the area whilst studying for their first degree. The proportion of residents qualified to degree level or above is in line with the city-wide average. This suggests that once they have achieved their degree, a large proportion of students move away from the city centre. 32.5% of all 16 to 74 year olds have no qualifications – below the city-wide average of 37.1% but above the national rate of 28.9%.

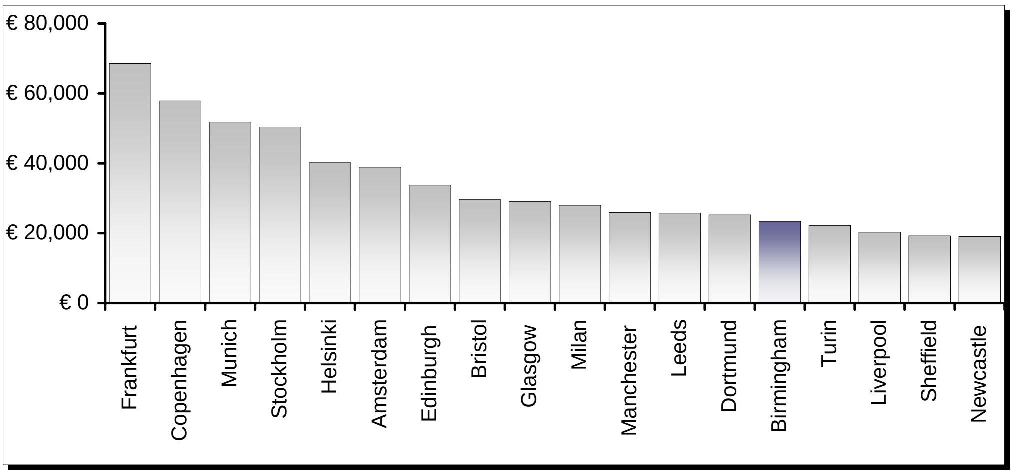
Birmingham in a European Context

4.60 How does Birmingham compare with some of the leading continental European cities? In some ways it performs better than some other English cities. But in critical respects it still has ground to make up.

Productivity

4.61 Figure 4.20 shows productivity levels. Birmingham lags quite a long way behind the most successful cities.

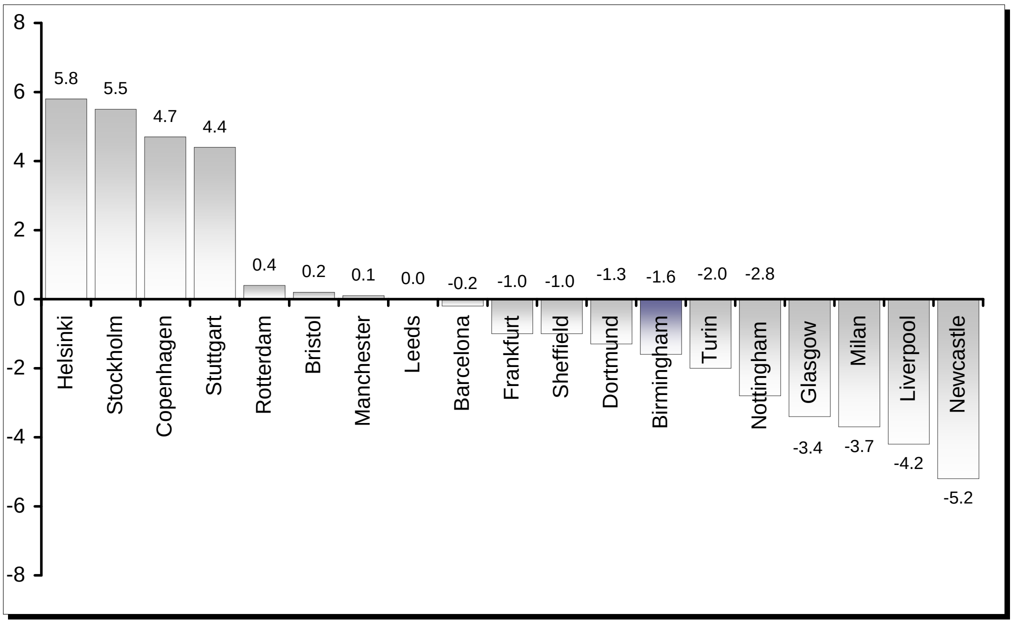
Figure 4.20: GDP per capita 2001



Source European Cities: Urban Audit UK cities ONS

4.62 Birmingham until the turn of the century was also losing population as many of the more successful European cities were attracting people.

Figure 4.21: Percentage Change in Residential Population 1996-2001

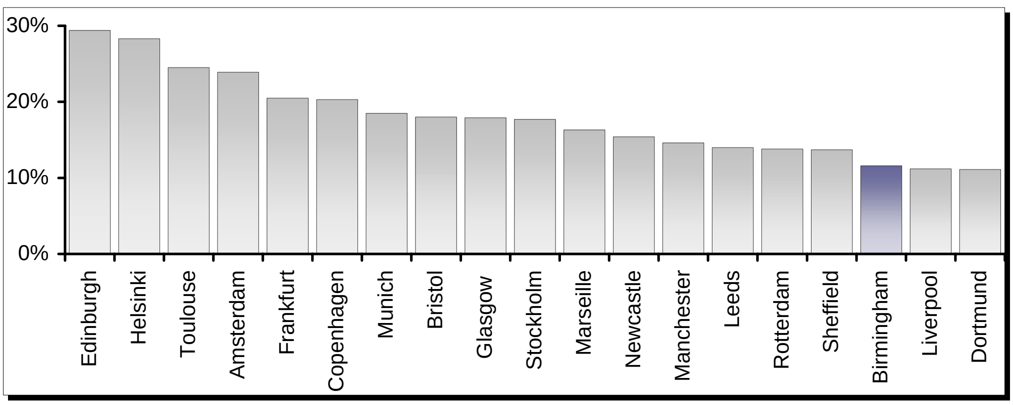


Source: Urban Audit Data and ONS for UK Cities

A Skilled Workforce

4.63 Again Birmingham lags behind many other continental cities in terms of skill levels.

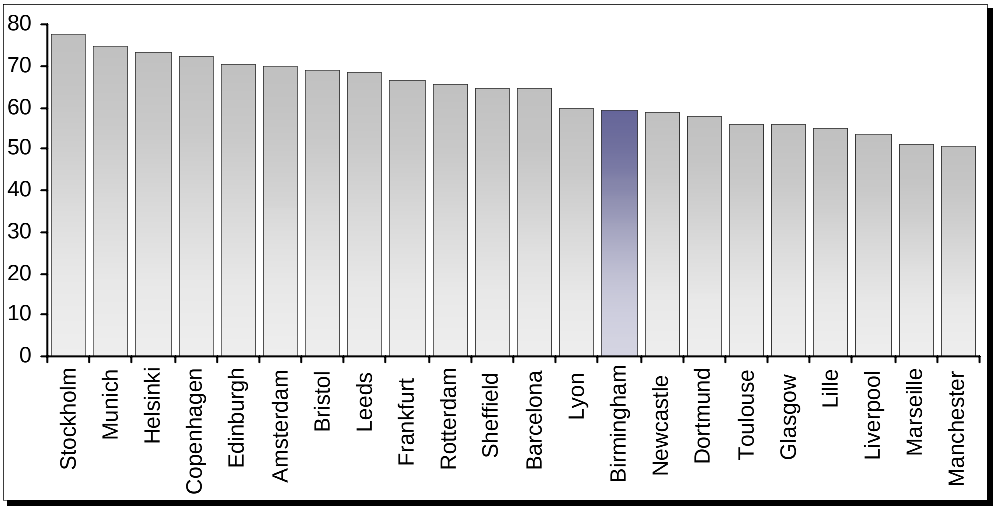
Figure 4.22: Percentage of population qualified to degree level or equivalent 2001



Employment rate

4.64 Employment rate, that is the proportion of working age residents in employment, impacts on welfare rates and measures of well-being. Prosperous cities tend to have higher employment rates. The highest employment rates are seen in Stockholm, Munich and Helsinki. Birmingham sits mid-table.

Figure 4.23: Employment Rate 2001

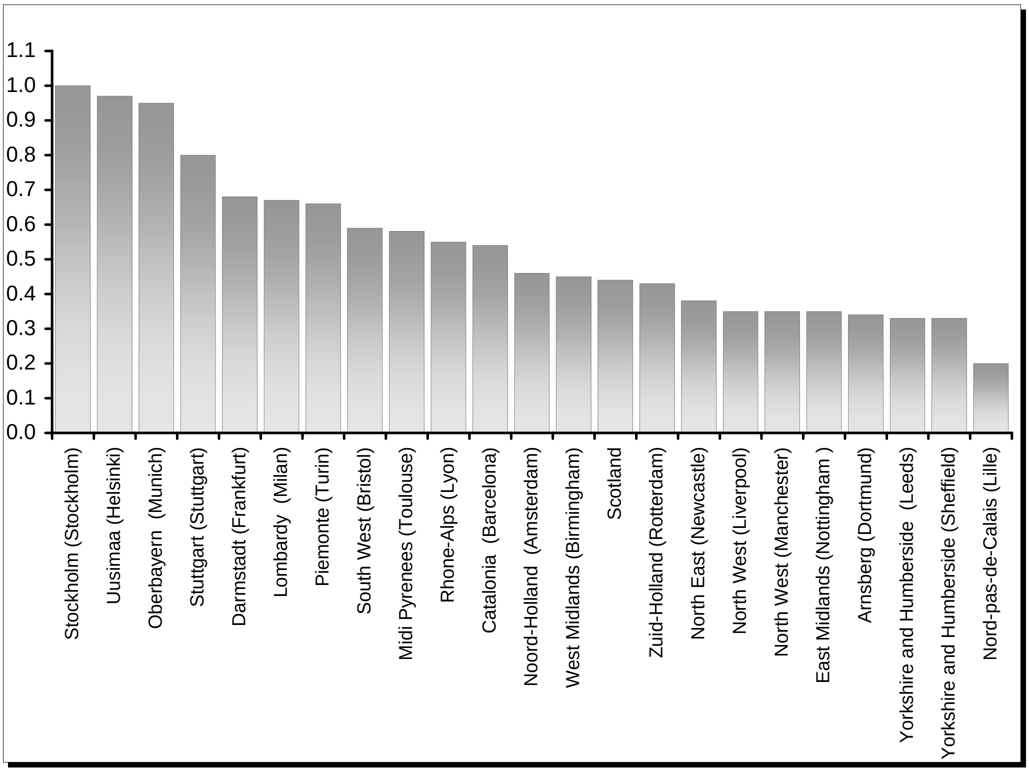


Source: Urban Audit

Innovation

4.65 The importance of innovation to successful competitive cities is widely recognised, however there is not a simple measure that can be used to summarise a city's performance in this area. The European Union has developed an Innovation Index to track the 'EU's progress towards becoming the most competitive and dynamic knowledge-based economy in the world'. The figure shows that Stockholm and Helsinki are the most innovative, that many English cities do not perform well. Birmingham is in mid table.

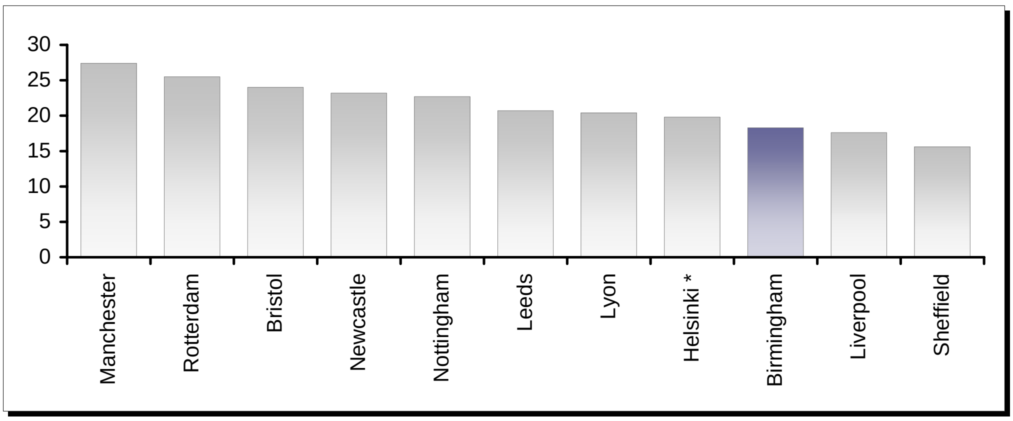
Figure 4.24: European Innovation Scoreboard 2003: Revealed Regional Summary Innovation Index



Source: European Commission (2003) 2003 European Innovation Scoreboard: Technical Paper No 3 Regional innovation performances Brussels: European Commission

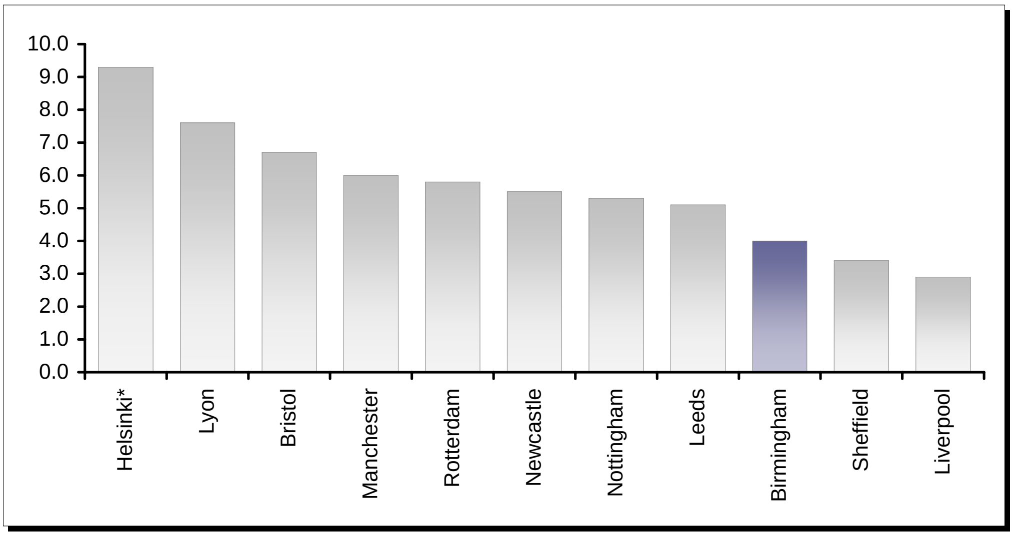
4.66 Birmingham has relatively few employees working in knowledge intensive business services or the creative Industries.

Figure 4.25: Percentage of employees working in Knowledge Intensive Business Services 2003



Source: UK data ONS/ABI. Other cities data from city sources* Helsinki data is for 2002

Figure 4.26: Percentage of employees working in Creative Industries 2003

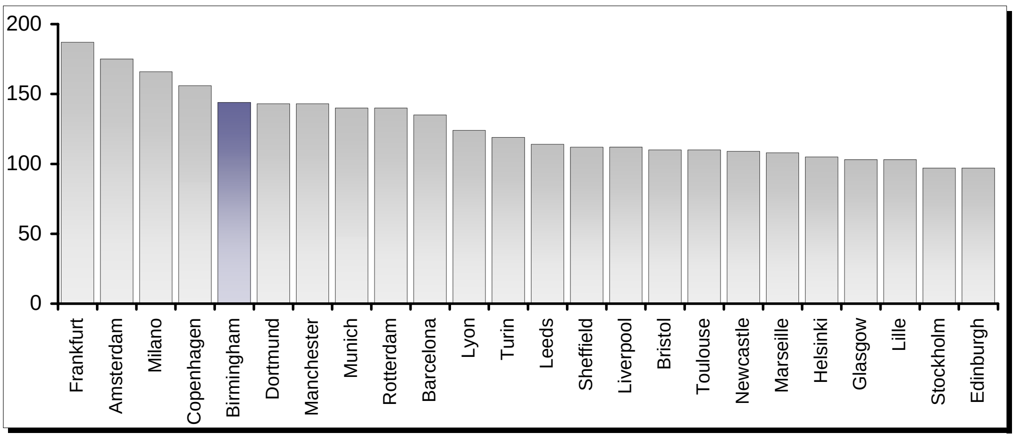


Source: UK data ONS/ABI. Other cities data from city sources* Helsinki data is for 2002

Connectivity

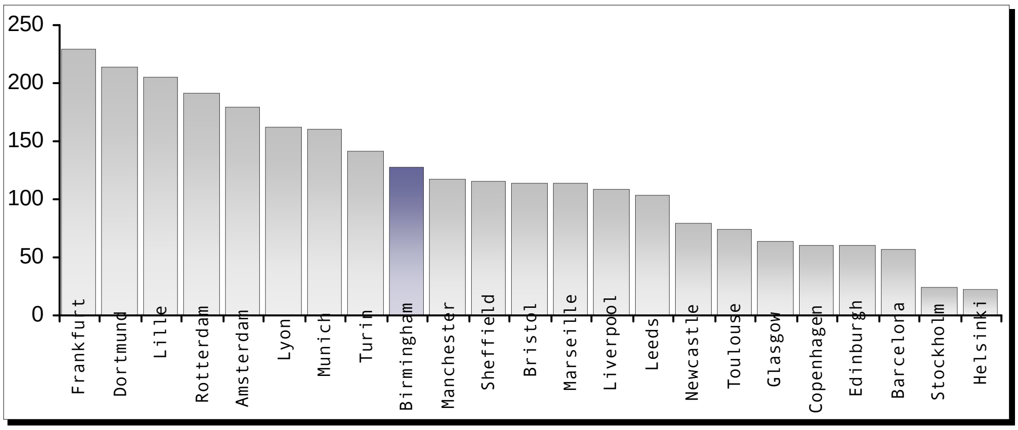
4.67 Airport passenger numbers provide one measure of a city's connectedness. Frankfurt has nearly 50 million, Amsterdam 40 million. Birmingham is at the low end of the table with 9 million. However in terms of accessibility by air, rail and road, Birmingham is well located.

Figure 4.27: Accessibility by air (EU27=100)



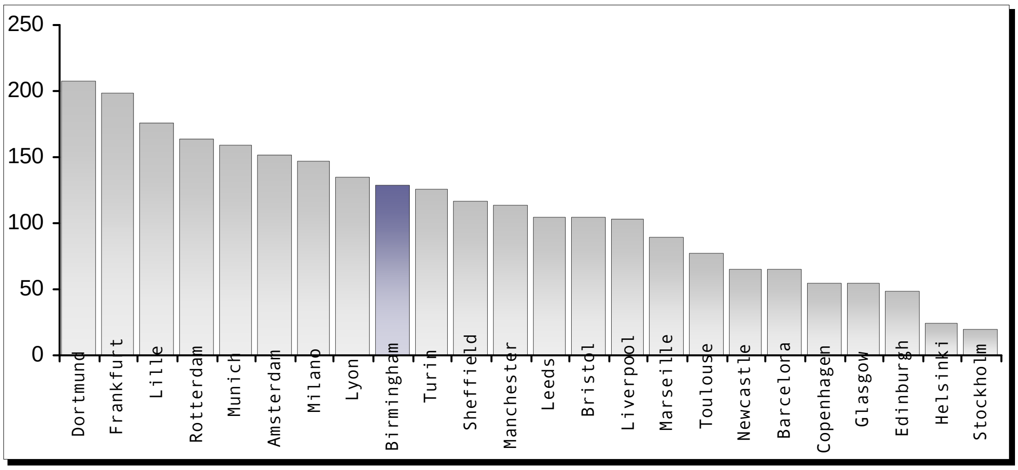
Source: Urban Audit

Figure 4.28: Accessibility by rail (EU27=100)



Source: Urban Audit

Figure 4.29: Accessibility by road (EU27=100)



Source: Urban Audit

5. WHAT ARE BIRMINGHAM'S BIG ACHIEVEMENTS IN THE CITY CENTRE?

5.1 The last section showed that Birmingham faces many challenges posed by economic and industrial restructuring. But despite that everybody agrees that Birmingham city centre has come a long way in the past fifteen years and delivered some impressive physical changes in a strategic and consistent fashion. During this period Birmingham set the standards for other cities in terms of economic development and regeneration. It defined a new vision and role for the city centre. It delivered big change through innovative public private partnerships. It attracted huge amounts of European, national government and private sector resources. But since the world moves on and the competition sharpens, Birmingham needs to find a second act to build upon the success of the first.

5.2 It is absolutely critical when looking to the challenges ahead to recognise the achievements of the city centre in recent years. It is impossible to exaggerate the scale of the achievements that have been made since the first Highbury conference in addressing the problems created by the post war development of the city. These key achievements include:

- The development of a leading business, professional and financial services sector with an international reputation.
- The development of a business tourism industry in the city centre.
- The massive improvement in the quality and range of the retail offer.
- The development and maturing of the Brindley Place complex.
- The creation of the Symphony Hall, International Convention Centre and National Indoor Arena.
- The removal of the concrete collar of the inner ring road.
- The creation of the Bull Ring.
- The opening of Eastside.
- The development of the Jewellery Quarter.
- The pedestrianisation of New Street.
- The renovation of much public realm including Centenary, Victoria and Chamberlain Squares.
- The development of the Mailbox.
- The improvement of the hotel offer.
- The innovative Attwood Green housing initiative.
- The creation of a city centre housing market.

5.3 It is clear from the experience of the past fifteen years, that Birmingham has the ability to manage and lead huge economic changes. It is impossible to underestimate the size of the challenges faced after the decline of traditional manufacturing during the 1980s and the knock-on effect that it had on the confidence of investors, employers, residents and politicians. During this period, the city had to reinvent itself and find another role. It is important to remember that many of those involved in responding to the crisis did not know what would happen next. They certainly did not know whether they would be successful. But they knew they could not simply wait upon events. They had to act. The fruits of their labours are now visible for everyone to see. This means that partners in Birmingham are big enough to match the challenges they face, because they have done it in the recent past.

6. OPPORTUNITIES AND CHALLENGES – WHAT STILL NEEDS DOING IN THE CITY CENTRE?

6.1 The Birmingham City Centre Masterplan must be much more than a collection of pictures and maps. It must be a business plan for the future of the city centre in the Birmingham city region. It must respond to the key economic, social, environmental, and institutional challenges and opportunities facing Birmingham city centre. In this section we present those challenges in a simple way, drawing upon our wider work on competitive cities. This identifies five key drivers of urban success – innovation and skills, economic and cultural diversity, connectivity, strategic decision-making capacity and place quality. We report how Birmingham stands on those key drivers in the views of its key partners. We have turned a mirror to Birmingham's face and this is what people see. The views are those of the majority not the minority of players. This section lists many things that people want to see done better or differently in the city centre future. It does not mean that there has been no progress. Everybody agrees there has been a lot. But it does mean the city has many things to do in the coming years.

1. Innovation and Skills

6.2 In a knowledge based, high value added economy, the key to success for a city is whether it can continuously innovate in products, processes and services. OECD calculates it contributes up to 40% of national economies. This is not a random process and can be planned at national and city level. Our benchmarking showed that Birmingham performs relatively poorly on European innovation scores, although it compares reasonably with UK cities. It certainly does not compare with the economic heavyweights of Europe. Some cities like Helsinki make innovation a key feature by which it runs the city and takes strategic decisions about its development. And Helsinki tops the list of innovative cities in Europe. But partners believe that this theme does not yet sufficiently inform thinking about the future of the Birmingham economy and the city centre.

6.3 The OECD review of entrepreneurship in the West Midlands underlined that the region is performing below the UK average in terms of new company registrations and total entrepreneurial activity. The UK itself is performing below the OECD countries average. It made three broad recommendations for the region that apply equally to Birmingham. First the region needed a more integrated approach, with all partners pulling in the same direction around clearly agreed priorities. Second it needed: to understand better where the potential entrepreneurs were, to have a clear strategy for the relative contribution of start ups, modernising existing SMEs, general workforce development, technology entrepreneurs and university graduates and it needed to support entrepreneurship amongst social groups underrepresented in business. Third it needed to scale up its initiatives. There were many around but they were too small to have a major impact. All three are a challenge for Birmingham.

6.4 The universities and colleges are really key players in the Birmingham and city centre economy and crucial to the debate about innovation and skills. Aston, UCE and Mathew Boulton are physically located in the city centre. The University of Birmingham is on the edge of the centre. They have a major impact on the city centre in terms of production and consumption - employment, housing, leisure and retail. They have a major impact upon the physical infrastructure of the city. They can be major anchors for different quarters of the city. But many question whether the contribution that the universities can make is sufficiently realised; whether the universities and colleges are working sufficiently close together; and most critically whether the universities are making a sufficiently large contribution to the future of the city centre economy. Our benchmarking study underlined some of those concerns. It showed that Birmingham has a lower percentage of students than many other Core Cities. It has fewer graduates in its workforce. It has a relatively low retention rate for graduates, which contributes at least partly to lower levels of small firm formation.

6.5 This study found first, there is not enough evidence that the universities systematically collaborate to identify their potential contribution to the future of the local economy and the city centre. Second, it shows that working relationships between the universities and the city council have improved during the past five years. As a leading Councillor put it, 'We are now holding hands.' But those relationships are not yet systematic enough or sufficiently sustained. Opportunities to commercialise university knowledge, to build upon their potential contribution to the local economy and city are being missed. Birmingham lags a long way behind for example Munich or Helsinki which have formed economic development strategies around innovation. It also lags behind Manchester which since 2002 has had a Knowledge Capital Initiative, a partnership of all the key partners in the city region to exploit the potential of knowledge industries to the local economy and the city centre in particular.

6.6 Many of the key players confirmed during this study that they were very keen to get more involved. The decisions made by these key players are crucial to the future of the city and city centre. They involve huge sums of money. Nobody wants talking shops. But the city needs to create a long term forum where the issues can be consistently discussed and acted upon.

6.7 The University of Birmingham would like a small physical presence to demonstrate its commitment. UCE has major aspirations to increase its presence in Eastside. It needs the encouragement of the city council to recognise that it will be a major contributor and will get reasonable access to land. More generally Birmingham needs to take the steps necessary to make the Learning Quarter a reality rather than an aspiration.

6.8 All the partners accept more could and should be done. A variety of things have been suggested to improve the relationship. Some are about process. Others are about particular projects and places. There should be a learning partnership created in which all the partners involved in education, research and innovation are drawn together systematically to plan the future development of the Birmingham economy. The city really needs to develop the Learning Quarter. This means that a robust commitment must be made to the UCE in Eastside. More generally there needs to be a way of engaging all partners systematically in the debate about the future Eastside.

6.9 The city needs to develop a series of Centres of Excellence in key academic sectors in the learning quarter. HE and FE teaching and research should reflect more the needs and opportunities of Birmingham's economy. Schools should be better linked to universities. The city should capitalise upon the extensive visible international connections of the universities. It should use current and former students as ambassadors for the city. Birmingham should engage the University of Warwick as a major player. The universities should collaborate more and perhaps pool their resource in key areas, to create a centre of world class excellence. Much of this is crucial to the city centre.

A city partnership for innovation?

6.10 Birmingham needs to develop a more systematic working relationship between the numerous universities in the region, the local authority, other public sector agencies and the private sector. The model it develops should obviously be appropriate to its particular circumstances. But it is worth exploring whether the model that is used in Manchester, the Knowledge Capital partnership, has potential. This is designed to do three broad things: Increase innovation for research, science and knowledge; benefit the people of Manchester by engagement in employment, education and training; creating the environment for knowledge intensive business success, quality of life and cultural openness

6.11 The partnership consists of the four universities, the ten local authorities in Greater Manchester, leaders of industry, the North West Regional Development Agency and NHS Trusts. It tries to provide a strategic framework for investment and growth in the city region combining strategic intent and operational actions. The partnership has identified six key knowledge sectors to work in life science and health industries, creative and digital industries, finance and professional, advanced materials and manufacturing and aerospace and aviation industries, including the airport environmental and nuclear technologies.

6.12 The partnership has set itself a set of clear simple targets. By 2015 Manchester GVA per capita will be ahead of the UK average; 90,000 new jobs will have been created; increased from start up rate to national average; research income from grant and contract source doubled; GCSE passes in science subjects will be ahead of UK average, there will be brain gain through the attraction of knowledge workers. Despite the efforts being made to strengthen these linkages, the arrangements are not yet perfect. More needs to be done in this field as a recent NWDA review of the spatial economy of the region underlined. So such challenges are not peculiar to Birmingham. It should not necessarily imitate this but it should develop a partnership innovation model which meets its own needs in this field.

6.13 More generally the creation, attraction and retention of a highly skilled but potentially mobile workforce are critical to the long term success of modern economies. Birmingham faces some challenges in creating and retaining skilled talent. It has a less qualified workforce, fewer graduates, lower graduate retention rates, lower percentages of university students. However there has been recent improvement in the school system so that young people leaving school at 16 are better qualified than their peers in many other English cities. So there is scope to change the position.

2. Cultural and Economic Diversity

6.14 Increasingly cities are places of consumption as well as production. To succeed in future, cities will have to differentiate themselves from their competitors. Potential consumers will look for uniqueness, diversity, authenticity. It is a crucial economic factor. Many partners believe that, despite the huge physical achievements in the city centre, the quality of the Birmingham city centre experience is not sufficiently diverse for residents or visitors in terms of its architecture, public realm, cultural facilities, heritage, retail offer, services, especially for young and minority ethnic groups. The city centre is too much like every other centre in the UK. Birmingham needs to complement its mainstream successes in business tourism in the west end and retail in the core with a grittier, innovative approach. This has real, implications for the Masterplanning process. It must show how diversity and grittiness can be achieved in different parts of the city centre. This should lead to a greater concentration of resources on existing but under-used areas like the Jewellery Quarter, the Custard Factory or the area around the Hippodrome. It will particularly need to show how the area which has the greatest potential - Digbeth - will be developed in ways that capitalise upon its existing graininess and ensure that standard development does not eliminate Digbeth's distinctive qualities

6.15 Birmingham is still coming to terms with economic restructuring. Its economy still depends heavily upon manufacturing. But there is agreement that the city needs to move more quickly into the high value added parts of manufacturing industries. Many key figures say Birmingham has been trying to prop up failing industries instead of exploiting advanced sectors of the manufacturing industry. There are also some concerns whether the limits have been reached with business and professional services and whether there is a risk in simply concentrating upon that. Many believe that the city has not sufficiently exploited the opportunities in creative industries or in high value added knowledge industries. So partners are looking for more small firms, more independents, and more workers in the creative, cultural, digital and environmental industries. The benchmarking exercise showed how Birmingham lags in some of these areas. But our study has also shown there is a lot happening on which Birmingham can and should build. However, the city needs to actively promote them in future. Again this will have implications for the Masterplan and the kind of provision of workspace, housing and cultural facilities.

3. Connectivity

6.16 At one level Birmingham is an ideal location to be a successful city. It is right in the middle of the country with extensive rail, road and air connections as the benchmarking section showed. The problem is that none of the connections works as well as they should. Problems of connectivity were cited as a key problem for Birmingham by nearly all partners. There is an absolute consensus that the quality of external and internal connectivity is simply inadequate to a city with ambitions to be a leading European - let alone global - city. In particular the quality of the four key gateways into the city - the airport, New Street railway station, Digbeth coach station and Spaghetti junction - is far too low for a city with Birmingham's aspirations and need substantial improvement

The Airport

6.17 All partners agree that the airport needs to be expanded, its external links increased and fast rail connections to the city centre needs to be developed. There are probably opportunities to develop low cost tourism which need to be exploited.

New Street Rail Station

6.18 New Street station needs to be upgraded in capacity and quality. It is not only the major external connection point. It is also an important internal connection which prevents free movement through and within the city centre. The station needs to be expanded and access to it improved. Questions have been raised whether the current proposals are of high enough architectural quality and will provide enough long term capacity. Some other locations have been proposed but the business case has not been proven. Whatever happens, New Street must not be seen primarily as a railway station which needs upgrading, but rather as a crucial part of connectivity and circulation within the city centre. At present it is a blockage to full use of the city. Any solution must maximise the contribution it can make to improved internal connectivity since this in turn will lead to increased development and land values. This project is so important to Birmingham that it must not wither on the vine and government must not dither on its funding.

Digbeth Bus Station and Spaghetti Junction

6.19 Both of these major gateways are poor adverts for the city upon entry. Both must be significantly improved. It is crucial that the proposed redevelopment of Digbeth bus station takes place. It is equally important that access from the station to the city centre is made much more attractive and efficient. Multi-modal transport systems in continental cities make this look like a joke. Spaghetti Junction is a crucial potentially iconic structure. The city council and many partners made an innovative, well received proposal to the Lottery's Living Landmarks Committee to light up Spaghetti Junction and develop the area around it. The bid was finally not funded. The city must find ways of making that innovative idea a reality. It could turn a bad news story into an exciting public landmark, which would be clear evidence that Birmingham has big ideas and big ambitions.

Metro and buses

6.20 The status of thinking about the future of the metro is unclear. Many partners believe that there should be an extension of it. Currently it only links to the Black Country and is significantly underdeveloped. Many have argued that a good metro with stations at crucial points within the city centre would have a variety of benefits. It will ease internal mobility between city centre businesses and hence increase economic efficiency. It will improve the ability of visitors and shoppers to move around the city and so increase consumption and expenditure. It will connect the different city centre neighbourhoods better and so increase the legibility and permeability of the city centre. It will increase the sustainability of the city centre by giving an efficient alternative to cars. It will serve as an economic developer for the city, because metro stations will create islands of economic activity around the city centre. Given the structure of national funding there are huge issues involved. But because of the significance to the long term development of the city there must be a full debate about the merits and challenges of this area. If there are better alternatives - they need to be publicly aired and resolved. The metro issue must be resolved.

Cars

6.21 Many partners believe that, despite the significant achievements of the past decade, the car still dominates the city centre - and too many people's ways of thinking. Most stakeholders argue the car should be less dominant in future and the focus should be on reducing use and improving the quality of public transport in contrast to speeding the flow of private transport. This is a complicated issue and views about what is desirable and possible vary. There will be many trade-offs to be made. Businesses want workers to be able to use their cars. Retailers want shoppers to be able to use cars off peak but want efficient peak time public transport for their workers. It has been suggested that the whole city centre should be pedestrianised in future with park and ride metro or buses only entering the centre. The city should look at its current policy to provide extensive car parking spaces to see whether it is encouraging sustainable transport in the city and encouraging the investment in and use of public transport.

Moving around the city

6.22 Many partners find the city centre illegible and argue Birmingham needs a new approach. It needs to make the new city centre work as a whole. It needs to make people understand that the centre is more than the Bullring. Getting access to the centre by car, bus or train and tram needs an integrated approach. People using the centre need to know where to park, how to walk to the centre, what to see en route and how to change from train to bus without having to walk in unattractive places or being unsure where to go or waiting at cold bus stops. It is not simply a question of improving public transport. The logistics behind access need to be systematically improved. For example people need to know how to get from Eastside to Southside - education leisure to nightlife leisure; or from the Jewellery Quarter to Eastside both creative industries or even from the City Centre to lower Eastside. The centre needs not just pedestrian routes but also cyclist routes. And the fine grained road structure needs to be looked at. The city must review all the dead end bus routing in the city centre. There are virtually no through routes - north/south, east/west. All bus routes come in and turn round, meaning the centre gets clogged up twice. The city should review and create better pedestrian walking routes. It should produce better information for all users and workers in city centre to get from A to B. The metro obviously a has major potential role, emphasising the need to have firm decisions on this by the city and government.

6.23 Many of these huge infrastructure schemes are expensive, time-consuming, disruptive and long term. Also they are not under the simple control of one agency – local authority or anyone else. There will have to be complex negotiations about many of them to generate internal and external support – let alone resources. But the city has to start making some very ambitious decisions soon about these key strategic choices precisely because they will take so long to deliver. The first task is to encourage a really serious debate about these issues within the city, about what is possible and desirable and how transport decisions will affect economic development. Many feel it has not yet been had within the city. The Masterplanning process must encourage that debate. It must also generate some specific schemes.

Digital connectivity

6.24 Cities need to be connected virtually as well as literally. Digital technologies are an integral part of 21st century living, learning and working. Birmingham city centre should lead in its use as the focal point and gateway to the city. There are huge economic opportunities for the city and city centre. Between 1995 and 2000, 40% of Europe's productivity growth and 25% of the EU's GDP were due to ICT alone. The UK IT Industry alone contributes £30bn GVA, and ICT intensive industries now contribute 45% of the entire UK GVA. Birmingham will see a significant shift from 'blue collar' to 'white collar' job over the long term. By 2015, around 39% of jobs will be in the highly skilled, professional and managerial occupations. The Birmingham economy is forecast to grow by 25.9% between 2005 and 2015. The communications industry is expected to grow over-proportionately by 41.7%.

Digital strengths and weaknesses

6.25 Birmingham does have strengths in this field. It has comprehensive provision of broadband services with choice. It has a range of wireless hotspots, and an agreement with BT to WiFi the city centre. Digital Birmingham is in its second year. A draft digital charter has been circulated. Birmingham is one of the ten finalists for the National Digital Challenge to generate an exemplar of social inclusion supported by technology. But there are some real gaps. Take-up of broadband in Birmingham is below most other comparable areas.

There is a similar gap in IT skills. Birmingham lags nationally in diversifying its industries and taking up hi-technology industries and services. This has helped keep Birmingham's economic growth rate and ability to create jobs below that of the UK for the last 25 years. Some current strategies, policies and planning processes do not include digital technologies and their impact.

What is the opportunity?

6.26 The investment in the physical infrastructure in the city centre, business parks, technology corridors, brownfield builds and refurbishment, and the redevelopment of New Street Station and Eastside all create an opportunity to install 'future-proof' technology links as part of the design rather than as a more expensive afterthought. This does not just apply to connection but also to the debate about intelligent buildings which includes environmental, security and flexible working considerations. A series of actions could be helpful.

6.27 It could explore an integrated approach to providing information to the public – residents, shoppers, learners, businessmen and visitors. This could include emergency planning information, parking availability, civic heritage, shopping offers, location of public toilets, traffic delays, time of the next bus, local events, directions to public buildings, healthy eating advice, local news.

6.28 The city should ensure that the future infrastructure developments include digital technologies and opportunities. This should be forward looking and 'future proof' - more than 3-5 years ahead. This should apply across the investment areas. But the Eastside developments and the New Street Station redevelopment would be ideal for a joined up approach. Corridors of connectivity and information could be created to provide seamless access for typical citizen, business or visitor needs e.g. linking Birmingham International Station, the NEC and Airport and the train to New Street and the A45 route and the city centre. The city should exploit the opportunity to develop street, traffic and transport technologies to make a more accessible and environmentally sustainable city centre.

6.29 The ethnic diversity of Birmingham's population means it has people who have contacts, understanding and the language of many countries across the world. There is an opportunity to link to 'home' countries in order to foster trade with manufacture in the developing world and finishing and marketing in Birmingham within the European community. The richness of cultural background means that in music, literature and drama it can draw on a major range of traditions to create entertainment packages for an international market. There is a strong basis of companies capable of using new technologies to deliver this.

In the shadow of London

6.30 The term 'second city' divides Brummies. Some are proud of it - others find it demeaning. Birmingham is schizophrenic about its place in the middle of the country and possibly in the shadow of London. Some have argued that it is difficult to market a city which is physically too close to and culturally too similar to the capital. They argue it is easier to market a city like Manchester which is far enough away to have its distinctive culture. There is a feeling that the south of the country gets the growth, the north gets the political attention but that the middle misses out on both. There may be something in that. But Birmingham must resist that attitude. There is a much bigger prize in emphasising Birmingham's closeness to and links with London. Birmingham has the ability to take some of the pressure off London as that city pays the price of success with overheated labour and housing markets and inadequate transport infrastructure. One entrepreneur said 'We should sell Birmingham as an attractive suburb of London.' The linkages and connections will be complex - with a mix of relocation and almost commuting. But Birmingham should work hard to improve its transport links to London and shrink the distance between them so that it becomes an increasingly realistic option for investors, employers and workers who must see it as a part of a wider south east. Increasingly cities are looking for high value added public sector and government jobs which bring high impact rather than high volume. Birmingham should work harder on its case that it is a good place to which civil service jobs can be relocated.

4. Strategic decision-making capacity

6.31 The ability to mobilise strategic support consistently to deliver long term development is a crucial feature of successful cities. Indeed the quality of decision-making and governance has again been recognised by OECD as a major driver of success. Many senior stakeholders believe that Birmingham could improve its performance in this field. They have raised a wide range of issues.

Clarity and continuity

6.32 Many think there has been a slight loss of momentum and of strategic clarity in recent years as a consequence of a changeover to a new administration and the creation of an Executive with more than one political party. This is not necessarily a criticism of individuals but simply a reflection on the loss of momentum as priorities, policies, and processes have inevitably been reviewed by a new administration.

Leadership and vision

6.33 Many argue that the city needs to be given strong visionary leadership by the politicians and officer classes on a range of issues which affect the future of the city and the city centre in particular. It is constantly stressed that the council needs to take a clear lead on outstanding projects and take the brave if difficult decisions on issues which are crucial to the city such as for example the metro, the library, tall buildings policies, New Street Station.

Singing from the same hymn sheet?

6.34 Many partners have argued that the city council needs to adopt a more integrated approach to development and regeneration so that planning, estates, finance, economic development, transport and housing are singing from the same hymn sheet and have the same broad priorities and approaches or ways of working. This is not an unusual problem in local government. But because Birmingham is the biggest UK local authority - and it is said that no one individual can understand the place - it is much more of a challenge. Those institutional barriers within the local authority need to be bridged. The current re-engineering of the local authority by its leadership should help that process.

Building the partnership

6.35 Some partners argue that the city council does not engage in as much partnership working as many other local authorities do. They stress it needs to be less of a controlling and more of an enabling organisation in future. There does need to be a culture change to engage more partners in the process of shaping and delivering the future of the city centre.

Lobbying friends in high places?

6.36 Many argue that the city does not punch its weight in national political circles to attract the support of government. It is felt that the city does not lobby government sufficiently hard to attract necessary resources to the city. Some question whether the city's MPs have done enough to promote the interests of the city in Westminster and Whitehall.

Long-term or short-term asset management

6.37 Many questions have been raised about the city council's current use of land, money and assets. Some private sector partners believe the local authority holds too much land and should divest itself to become a leaner more fleet of foot operation. But many more argue the city council does not use its land assets sufficiently proactively. It does not use them to lever in private sector cash through innovative partnerships. Many also argue that the city council needs to take a more long term view of best value rather than trying to achieve maximum short term income from asset disposal. It is argued that the council needs to think more strategically about the long term value of land and find ways of retaining increases in value created by regeneration rather than allowing those benefits to flow to the development community. Of course the city does need to fund revenue and to use property disposals for this purpose. The Treasury also makes requirements about capital receipts which prevent more long term thinking. But the city could do more to rebalance the relationship between short term and long term management.

Managing the property portfolio

6.38 It has also been argued that the city council is not sufficiently flexible in the management of its property portfolio, for example in its leasing and rental policies. There is agreement that the city centre needs a wider mix of activities and services, some of them gritty and low income. Many want the city council to be more flexible in its rental and sales policies so that a range of innovative creative economic activities could take place in the city centre to help diversify its current rather bland offer. Section 106 agreements could be better used to ensure there was a supply of specialised retail units at subsidised rental levels for a period of years to make it easier for entrepreneurs to get going. The Business Transformation process the Council is currently conducting should lead to a more strategic and efficient use of assets.

Grands projets or urban grain?

6.39 Many partners raised the relationship between the city council's Grands projet mentality as opposed to a concern with fine urban grain. Some argued that the city council under different leaders has been too focussed upon Grands projets like Brindley Place or Bullring and has been less good at dealing with smaller opportunities, with finer urban grain. Explanations differ ranging from votes, to visibility, to impact. But the result is that existing places like the Jewellery Quarter or rapidly changing places like Digbeth and the areas around the Custard Factory do not receive the attention and support that they should and that opportunities are missed. It has been argued for example the local authority has not been as creative as some others in using Section 106 resources within the quarters to allow them to develop. In future the focus must be on developing, maintaining and animating existing quarters as well as delivering the prestige projects. More generally the sense of quarters that was developed after Highbury 1 has diminished and needs to be re-energised.

Selling Birmingham and swaggering more!

6.40 There is much argument that the marketing of the city has not been good enough. Many see this as the key problem. 'The product is good - we just don't sell it well enough.' Many argue that Birmingham has an offer which is as good as Manchester but that it does not promote itself as well. Others are actually concerned about the quality of the product. But whatever the relationship, the marketing of the city does need to be strengthened. It currently is being strengthened by Marketing Birmingham. But that organisation has not received the financial support of its peers in other cities, although the council is now committed to investing further resources.

Cultural self-confidence.

6.41 Part of the challenge is cultural. Birmingham must be much less self deprecating, less conscious of its failures in the recent past to win a series of high profile competitions and more positive in the promotion of its case. Many

English cities have had to face difficult times in recent years and to find new ways of doing new things. This has required a change in culture and attitudes. They have found ways of becoming more positive about themselves and their place and of convincing the outside world they have much to offer. Birmingham needs to raise its game and persuade investors, employers, skilled workers, students, governments that the city is going places, has a plan, is confident it will deliver. That confidence can come from a variety of sources. It can come from the hard won gains as in Manchester. Or it can come from an orchestrated campaign as was the case twenty years ago in Glasgow. Or it can from a deep well of self confidence that makes Liverpool and Scousers swagger. The old joke is worth repeating. When asked which is the second most important city in the UK, Glaswegians say Glasgow, Mancunians say Manchester, Brummies can't decide. But Liverpudlians say London. If Birmingham does not believe and push its own case - why should anyone else?

Internationalising Birmingham

6.42 Birmingham is a major city with vast global potential, partly because of its ethnically diverse population. But the city does not yet sufficiently exploit those opportunities in a coherent way with a clear internationalisation strategy. The city remains too parochial in its thinking and needs to be seen as an international player. By contrast the University of Birmingham is already a global player and has recently begun to develop a serious internationalisation strategy. The city needs to strengthen its performance here, in tandem with the university. Its developing links with China should be encouraged. There are many aspects it needs to focus upon. Some are in trade and commerce. Others are in culture and learning. At least three specific opportunities suggest themselves.

6.43 The city has good links with China. Many organisations in that country are very interested in Birmingham's experience of urban regeneration. The city should explore the prospects of establishing a major international institute for regeneration and getting the Chinese government, firms and cities to support it. Equally, the city should explore the prospects of some form of prestigious language teaching to attract potential students who could become future ambassadors for Birmingham. Third, the city should continue to explore the Chamber of Commerce's proposed International Business School. Fourth Lyon, Munich and the Hague have done well from attracting international organisations to their city in law, medicine, justice, patenting. These are high value added and high visibility. Birmingham should be looking for similar opportunities. All these projects could also serve the purpose of providing the city with some outstanding architecture.

Making Birmingham a leading sustainable city

6.44 Many partners have argued that the city has a great opportunity to become a leading exemplar of a sustainable city which would play well to international and national policy concerns at the moment. There are opportunities to work for effective international leadership in this field. For example, it should work towards the reduction of its carbon footprint each year. Rotterdam has just made a major commitment in this field which has attracted significant international attention and got it a place in the top 20 club for sustainable cities. Birmingham should build sustainability into its planning system so that buildings are designed for low energy use and sustainable energy sources, recycling facilities are inbuilt, materials and construction waste is minimised. It should seek intelligent methods of waste disposal, sustainable electricity sources for street lighting, easy movement by foot and by public transport. It should reach for a sophisticated integrated transport system where public transport is the preferred choice. It should strive to become a city of choice for businesses with green credentials and try to develop a thriving economic sector in sustainable goods, services and expertise. The council should: have planning policies which require high eco-standards in new development, use its land holding as a lever to obtain zero carbon developments, use its purchasing power to source sustainable goods locally, try to cut its own energy use and use renewable energy sources.

Treating the city centre coherently

6.45 The city centre is a key asset. But at present no single body has clear responsibility for it. There is no organisation which could exercise leadership or stewardship of the proposed city centre Masterplan. For example, the city centre is not seen as a coherent entity or asset by the city council. Too many councillors and officers have too much responsibility for too many different bits. There are a series of Business Improvement Districts which are doing good work in parts of the city. But they do not cover the whole place. There needs to be greater focus on the city centre. It must be treated as a coherent whole in future.

Financing urban development

6.46 Any Masterplan for the city centre will not be cheap. The city will have to devise ways of paying for the building and maintenance of many significant assets in future if the aspirations of partners in the city are to be met. There is a large debate taking place in the UK with the Lyons review of local government about the future of local government finance and how cities can be given greater powers to encourage and pay for development. There is much discussion of tax increment financing, hotel taxes, sales taxes, lottery money, public subscription. The field is open. Birmingham should capitalise upon any consideration it has given to these issues and make a clear case to government to develop new financial mechanisms, or that the city be used as a pilot for innovative mechanisms that are created. We discuss one aspect of this issue at greater length in section 7.

5. Place Quality

What kind of city centre does Birmingham want?

6.47 This report has emphasised the importance of the quality of place in attracting and retaining investors, employers, workers, students and visitors to a city. It has also underlined the many achievements in Birmingham city centre in the past fifteen years. But despite that real progress, partners have expressed a wide range of concerns about the quality of the architectural, cultural, recreational, retail, and residential offer in the city centre. There is room for significant improvement, much of which could be realised in the short-term. There are some quick wins, which would galvanise and mobilise partners for the longer term.

More for young people and ethnic minority communities

6.48 The city council constantly argues that is has three main assets – it is the youngest city in Europe, it has one of the highest BME population in Europe and it has larger property assets than any other local authority. But many have argued that the city fails to exploit any of those assets in a coherent way. We discuss the case of land assets later. Many also argue that the city centre does not offer enough to young and black people in terms of culture, retail or economic opportunities. There must be efforts to improve the attractiveness of the city centre to these groups. At the moment it feels to many partners 'dead white male.'

More grit and authenticity

6.49 Despite all the progress of recent years, the city centre seems to respond to major national developers rather than local developers or end users. Many argue that the city centre is overdeveloped, that it does not have enough areas with grit, diversity, and authenticity. There is no area with the quality of the Northern Quarter in Manchester or Ropewalks in Liverpool. The city centre needs to have much more diversity. Business tourism is all right on the west and the retail has grown. The Eastside and Digbeth is a major opportunity to do a different kind of urban development.

Where can we go on Sunday afternoons? – more hang out places

6.50 The city centre lacks places to hang out on Sunday afternoons - apart from bars. It needs a Mac central – a central arts centre. The current Mac doesn't provide a regional facility because of its location. A film theatre is needed.

Celebrate diversity

6.51 A key gap in this most multicultural of cities is a major multicultural attraction in the city centre. It is a symbolic gap which must be filled. An arts centre could be a world arts centre, celebrating the best of world art. The city centre does not currently have a public prayer place. Given the ethnic composition of the city this is a significant gap which if filled would encourage members from different communities to visit the city centre more often and see it as their place. Both would help reduce the number of people from ethnic communities who say the city centre is not for people like them.

More markets

6.52 The city centre needs a good market to display and sell the products of those made in the creative industries in the Custard Factory and the wider region. This would provide commercial opportunities, animate the city and attract other services. The owner of the Custard Factory insists he gets no help in the project because it would affect the city council's monopoly of markets. The local authority has an underused market facility which doesn't open on Sundays or Mondays. These should be let out to the private sector for a flower market/craft market. More generally Birmingham should review the city council's control of markets, since it stifles creativity by requiring a permission and payment for independents to hold markets. It should embrace independent markets as a way to add something to the wider city centre and to help budding entrepreneurs.

More animation – food, fashion and festivals

6.53 The city centre needs much more animation. It needs more musicians and pavement artists. It needs to celebrate its multi-cultural mix and could do much around the theme of food in a multicultural context. The Balti Quarter is a start but much more could be done. There is a large market in the top end of Asian fashion design which would be perfectly located in the city centre. The city should do much more to exploit festivals. The city would need to decide on the kinds of festivals it wants. Some want the big bang equivalent of Edinburgh and culture or Cannes and property conferences. Others argue for a series of smaller, more indigenous festivals for fashion, arts literature, cinema which bring regular activity with fewer risks. Either way, Birmingham should be exploiting these opportunities.

Better shopping

6.54 The retail offer has improved enormously in recent years as we have shown. The city needs to capitalise upon that - both at the top end of the market and at the more funky, alternative end. Martineau Galleries are an important opportunity to improve the offer at the classy end and attract a major retailer as anchor. There are too many chains and not enough independents in the city to attract the clientele Birmingham will need in future. The city centre must be less bland. It must differentiate itself from other places and diversify the range of its offer. It should improve its offer for alternative activities and groups. The city needs more book shops and music shops. This is not the high-end independent that it also really needs, but the innovative low end where good ideas can start. The city should do more to attract such firms. This involves the whole culture of rental levels, provision of property and premises. The Jewellery Quarter and Digbeth are perfect locations for this. Section 106 agreements could be used to target those activities in these areas. When the Martineau centre gets demolished what will happen to the little cluster of alternative shops? Will they disappear? Birmingham should be planning ahead for the Jewellery Quarter particularly to host these.

Better offices

6.55 The quality and range of the office offer in Birmingham is improving but it is not yet high enough for a city with global ambitions. There is wide agreement that the city has performed adequately in retaining existing companies. But it has not got the critical mass to allow existing companies to expand significantly or more importantly to attract the HQs of national and international corporations. Many people believe that developers have been too willing to reflect the existing market rather than attempt to raise the standards. Not only should developers be more ambitious and bring really high quality buildings to the market as in Colmore Plaza or Baskerville House. The city should also be more proactive in marketing its offer to London based and international firms. There should be a pincer movement which both improves the quality of the offer itself and promotes more aggressively the offer the city has. Either way it will require a step change in the attitudes of developers so they are more adventurous in the kind of office development they bring forward. The view of those inside is that there is considerable unmet demand for investment and that substantial investment would come if the offer was better and more aggressively promoted.

Better city centre housing

6.56 Birmingham like many other Core Cities faces large challenges and opportunities in housing. It has to balance a set of competing demands with declining resources. For example, to meet projected need, the city will have to provide new housing in the next ten years at a far higher rate than it has achieved in the last ten years. It has been undertaking a massive improvement programme in the council housing sector which is well advanced but consumes major resources and still presents major challenges. Homelessness is a major problem, twice the national average and more than other Core Cities. In the city centre there is growing population but the range and quality of housing is not balanced. There is an oversupply of private rental stock, an undersupply of affordable social rented housing and a shortage of family housing. And there is evidence that more affluent and white communities want to relocate outside the city.

6.57 The city has achieved much in terms of city centre living in recent years. The private sector housing market has contributed to regeneration of certain parts of the city. But much of it has been limited and targeted at one and two bed roomed apartments for young professional classes. Private sector family accommodation within the inner ring road is virtually unknown. It is very difficult to provide affordable housing for sale in the city centre to meet need. Many properties are short term lets, are speculative or not fully occupied. One result is that many city centre residents are happy with their private apartments but not with the lack of facilities necessary to build a community. Families, older people and black and minority families are also underprovided. Families do not appear to want live in city centre accommodation because they are concerned about the lack of facilities for children, perceptions that the city centre is a high crime area, the perceived lack of good schools, the dominance of young professionals and the lack of community. The city council and its partners need to address these issues seriously and provide the necessary social infrastructure to support family housing in the city centre and in particular tackle issues of educational provision.

6.58 Birmingham does not have a coherent housing policy for the city centre. It has policies for land and for council housing. But there is no bigger picture. And there must be. Birmingham needs to work hard on the housing offer in the city. In the future it should provide more family housing with a wider range of facilities rather than simply high rise blocks. In the words of one senior player, they run the risk of becoming the slums of the next decade. There are many reasons why city centre flats have been built – in part because of commercial considerations and in part presumptions about what people really want. But views about what is desirable and possible and what the market demand will be in future are changing. Now is a good time for the city to promote that conversation.

Build on Attwood Green

6.59 The city council should explore the potential of using the innovative model in Attwood Green to provide housing in the city centre. Attwood Green is one of the most exciting parts of development in Birmingham. It has provided high quality architecture, created mixed communities, provided very high quality public services and realm and is an excellent example of how to create place and community in a city centre location. It allowed the city council to retain the benefits from development rather than passing the profit to developers. It is a model which could be used to improve other parts of the city centre public housing stock. The estates in Ladywood immediately behind Brindley Plaza which provide such a contrast to the development around them could benefit from this approach. Like so many of Birmingham's assets not enough people inside and outside the city know about this excellent example of urban development in Birmingham. It should make much more of it.

6.60 More generally, the Masterplan will need to identify ways in which the city centre can improve its attractiveness to skilled workers. More needs to be done to identify and create opportunities for skilled workers to visit, work in and live in the city centre. Housing will be crucial in this. But the range and quality of the housing package on offer to graduates is not attractive enough. The expansion and diversification of city centre housing market will be critical for retaining graduates and attracting knowledge based workers. This has implications for the quality of cultural, housing and job opportunities in the city centre and the kinds of developments that should take place in the next two decades.

Better architecture

6.61 The range and quality of new buildings in Birmingham city centre has improved substantially in recent years with the Mailbox, Selfridges, Colmore Plaza. But despite this, many argue that architectural standards are not high enough for a major European or global city. There are few iconic buildings.

The city council needs to raise the bar higher. It should be more self-confident. It must not be a willing victim for developers and insist upon higher standards in future. It should continue its work exploring the potential for more high rise buildings and greater massing in the city centre. Birmingham must move away from off the shelf developments by national developers that characterise so much of building in the city. It should begin to cultivate a generation of local developers and architects who do work that is appropriate to the place and history of Birmingham. There are constant stories of local architects finding it easier to work outside the city than inside it. It should do more to get into long term relationships with local developers and architects so that the pool of local indigenous talent is grown. Local competitions only open to young local architects should be encouraged.

Value the city's history

6.62 The city's historic environment is an asset that contributes to distinctiveness and character- it's part of what makes Birmingham Birmingham. The city must protect that historic environment for its own sake. But it should also value it because of the contribution it will make to urban sustainability by retaining existing built, natural, cultural, social assets and by using existing rather than new materials and energy.

6.63 Birmingham has not done well enough in this area. Many historic buildings and structures in the city centre have been lost or poorly treated. This has led to a loss of character, mediocre new design, the isolation of quality buildings and disjointed development. The explanation varies - weak policy, lack of vision, problem-oriented attitude to development or failure to recognise their importance. Non-listed structures are particularly vulnerable to wholesale clearance, as in Eastside. Even street patterns are vulnerable, for example the original line of Dale End will be lost in the Martineau development.

6.64 This is short-sighted. Protection of the historic environment need not stifle investment and new development. The Bullring development demonstrated that substantial archaeological requirements can be integrated into major development. The city must not miss similar opportunities in new development like at Venture East, including the Ashted Engine House or the Park Street Burial Grounds in the new City Park. There is a great opportunity at the Wholesale Markets, where the remains of Birmingham's medieval manor house and moat survive underneath the existing buildings and could be displayed within any new development.

Celebrate the Quarters

6.65 A city centre needs different stories, identity and diversity to attract different kinds of people - not just those who want to work or shop or live there for a few years in their 20s or 30s. To become a real part of the city centre and offer a range of activities and events, people need to be linked not just to the old city centre but also to other Quarters. Birmingham should celebrate its quarters more. For example, it signposts the Chinese quarter but it needs a management and development plan to expand and improve the quality of the offer. It needs a major entrance feature. The quarter is expanding – but not as a conscious policy of the city council. Rather it is because when building new apartment blocks the city council insists on ground floor retail. But the council should do much more. It may need a BID for the Chinese quarter. The Gay Village should be invested in and managed in the same way. The Irish Quarter equally has much to offer but needs to be systematically developed and invested in. Similarly the Balti Quarter is different and interesting but is still not invested in, promoted, managed, connected and marketed as much as it should be to people who live in and visit Birmingham. Birmingham is again missing tricks.

Improve the Jewellery Quarter

6.66 The Jewellery Quarter is a gem - but underdeveloped. It needs more activity, visitors, management and money. It needs student housing, a film theatre, an alternative arts centre. It needs much better connections to the city centre. It needs better lighting. It could have a craft market in St Paul's Square. It needs more flexible use of the council's property portfolio - not solely for jewellery but for the creative industries. A charter for the Jewellery Quarter identifying a set of key actions was prepared in 2005. It underlined that the Quarter needed substantially improved business services, better quality buildings and public spaces, improved connectivity to the city centre with high quality bridges across the A38, more affordable housing, a higher profile to make it a unique visitor destination and a robust partnership with the powers and resources to deliver it. The city must ensure that the key points in the Charter are delivered.

Develop the Gay Quarter

6.67 The council has not focussed upon the gay quarter so it has lagged behind other parts of the central city in terms of refurbishment, redevelopment and neighbourhood renewal. It is one of the first places visitors to Birmingham see as they go to the Hippodrome and creates a very poor impression as a gateway to the city. It is an unattractive and dirty area with few green spaces or architectural interest. It is not particularly safe in terms of street lighting. Policing in the Gay Village is very patchy. It has incompatible or badly managed mixed uses of area. Birmingham should explore a forum which could plan the redevelopment of the area to make a significant contribution to the economy and cultural scene in the city as it does in Manchester. Again a BID could be an appropriate vehicle.

A coherent approach to Eastside

6.68 Eastside is an absolutely critical strategic site in Birmingham. It is not an easy development site. There have been difficulties with fragmented land ownership. There have been problems with industrial contamination. There were problems which prevented the city getting a delivery vehicle agreed originally. However, many things happening in the area with a number of developments planned and in the works. If the City park is delivered it will help enormously to green the area, to provide a context for Millennium Point and to make the connection to Digbeth.

6.69 On the other hand, some people have raised a variety of concerns about eastside. It has been said that is not a clear enough vision for the area. The proposed supplementary planning guidance fell between two administrations. There is no strategic delivery vehicle for the area. The Eastside team does not have the necessary powers and resources. Development is pushing up land prices and occurring in an uncoordinated fashion, which could leave an incoherent place if the property boom goes bust. The loss of the Library, whether the business case was adequate or not, has led to a loss of direction. The Learning Quarter has not been fully developed. Millennium Point and the Masshouse developments look like – not very elegant - oases in a desert.

6.70 This is a hugely important area which could become a key point of a wedge through the south eastern part of the city which would link to Digbeth, the Wholesale Markets, a revamped New Street down to the regenerated Attwood Green. It would be a huge contribution to the city and is a perfect opportunity for Birmingham to demonstrate it can deliver in a strategic fashion long term sustainable development which has a clear economic rationale, a mix of communities and facilities, high quality architecture, is green and is well connected with quality public transportation. Birmingham must focus on this area. It must ensure that there is political commitment for a clear vision for the area. It must generate a clear sense of what the are will mean in the long run to the city.

Seize the Wholesale Markets opportunity

6.71 The Wholesale Market sites are the jewel in the crown for the city centre. They are the next significant bit of development and as we have just seen occupy a hugely strategic site next to the Bullring and into Eastside and Digbeth and further into the south of the city. It is critical the opportunity is not wasted. There should be a high profile world class development that would signal the scale of Birmingham's intentions. It should not be a standard mixed use development. The city must take the opportunity to get a major public asset. The development should not be solely commercial. The Bull Ring is a major addition to the city. But it needs to be counterbalanced by a public building. Birmingham should be looking for Brindley place – plus.

6.72 A number of ideas are worth exploring. One proposal would be to create a Global Institute for Sustainable Technologies. It could address the need of the city to focus upon innovation, to draw in the universities to attract skilled labour to have an iconic building to increase its international linkages, to build upon some of its traditional industrial strengths and respond to the big idea of sustainability, and provide iconic architectures. A second consideration is the historic significance of the site. The original 12th century Birmingham manor house lies under the foundations of the markets. It would make a critical statement if the historic entry to the city could be resurrected and made the centrepiece of a development. Third, outside its canals which are not yet fully redeveloped, Birmingham has little water. This is a crucial asset for cities. It has been proposed that part of the area could become a man made lake which would dramatically increase the value of the land as it would appeal to both businesses and residents who would value the waterside location. A fourth proposal has been a major leisure development. All of these proposals raise major financial, logistical issues. But the key thing is that the city's imagination should be allowed to leap on this site and not be constrained by conventional development.

Invest in creativity and culture

6.73 Birmingham has made major strides in this field in the past decade. As our benchmarking shows, it now compares very favourably on some measures with other cities. But again there is no room for complacency. Many argue that there are not enough opportunities for creative and cultural industries to flourish. Much effort has gone into providing and promoting high culture which has set very high standards. But it is argued that it does not attract enough young people or BME people into the city centre. The local authority should find some premises it owns and reserve it for creative low income small firms and give them incentives to go there. This would transform some dead spaces, bring a different order of provider and user in, make the place more animated, raise land values and create a demand for related services.

Capitalise on the Custard Factory

6.74 There is a flourishing TV media and digital scene. That should be supported and expanded. More generally Birmingham should do much more to develop the cultural and creative industries around the Custard Factory and the Bond. At the moment these areas are not making the impact upon the city centre which they should and are a crucial missed opportunity. The lack of connectivity between them and the city centre is absolutely crucial. At the moment the area feels very cut off - and people say it is. But in fact it is very close to the city centre. There are opportunities to reduce the road scale and improve the feel and appeal of the approach areas. More generally the city council has not really seen the potential of these areas. Partly it is the grand projet mentality. Partly it is the failure to recognise the potential of creative industries. Partly it is a lack of imagination about what a vibrant dynamic creative city should look like. This is one of the most exciting parts of the city which has authenticity, grit, great buildings, waterways. In other cities it would be a jewel. It is absolutely critical that this area is developed in the right way for the city. It certainly must not be overdeveloped or sanitised by conventional development.

Photographic museum

6.75 Birmingham is strong on music, particularly classical music, but weak on the visual arts. There is real potential in a project around one of its world assets – its photography collection. This contains 3 million photos. In addition, there is a gap in the UK since major exhibitions cannot easily be hosted.

Birmingham should explore a facility that could show its own assets but also host incoming major exhibitions. The Photographers Gallery gets 400,000 visitors a year despite being very small. A photographic museum should be able to get that level of visitors if it attracted major touring exhibitions.

Modern Art gallery permanent collection

6.76 Birmingham has a variety of galleries. But it does not have a major gallery for modern art. The IKON gallery shows first class international art on an exhibition basis. Its Director has an international reputation. There should be the equivalent which would provide a permanent collection. It is not necessary to repeat the arguments about the benefits of the Guggenheim museums to different cities. But even medium sized continental cities have modern art galleries. And smaller English cities like Liverpool, Gateshead, and now Middlesbrough and Nottingham have such collections. Birmingham should actively explore what could be done to bring one to the city and how the local authority might support it by possibly contributing public land to the project.

Attract a national museum

6.77 There should be a real effort to explore the potential of a joint venture with a national museum, for example the Victoria and Albert museum. They are one of the main national museums who have not set up an offshoot. Birmingham does not have a national museum presence – unlike many Core Cities. It should consider providing the building if the VA could cover the building costs. We might need to look at how this could be cross-subsidised by passing assets to the project. Economically it would be vital – it would attract extra visitors. Many of Birmingham's European competitors have such a facility. For really major shows it could be combined with existing exhibition facilities at the ICC/NEC. This could be located in a reused industrial building preferably in the Jewellery Quarter or Digbeth which is on the bus route to the NEC.

The city centre as art gallery

6.78 Birmingham holds extensive collections of art and artefacts. Many of them are not well known or displayed well or tucked away in small galleries or even basements. The CPA assessment noted on the relatively low usage of museums and galleries. Partners constantly talked of the 'hidden treasures of Birmingham.' The city should commit to get its collections out of the basements and into the streets and find ways of letting people celebrate their inheritance with constantly changing exhibitions.

Encourage music

6.79 The Arts Council has awarded Birmingham £700,000 towards creating a Music Hub in the city. This is the chance to develop and promote Birmingham as a world class centre for music - building on its existing strengths.

Central Museum

6.80 The city should consider creating the Central Museum Glass House encompassing the Gas and Water Halls – relocating the entrance as Central Library is redeveloped. This would also help to create a new casual meeting place but with cultural content.

Architectural exhibitions

6.81 The city could provide architectural exhibitions of what Birmingham is working on - not just to sell apartments or rent offices. This would be ideal for Eastside or Millennium Point.

Sports city

6.82 The city centre does not have huge opportunities for young people to play. Also the city centre does not have top class sports facilities. Birmingham needs to work on both weaknesses and explore the scope for making the city more young person friendly, specifically through the provision of neighbourhood and top class sporting facilities. It does not have an Olympic sized swimming pool. Paris has nine. It should do whatever is necessary to get one. More generally the city needs to explore the potential that exists for providing sporting facilities for BME communities. And it needs to exploit any opportunities from 2012 and the Olympics. Any investments it might make at this stage will only strengthen its hand in future bids for sporting events like the Commonwealth or Asian games. The city must positively explore the opportunity that is presented for a Sports City complex with Birmingham City Football Club on the Wheels site.

The public realm

6.83 This needs to be significantly improved, building on early improvements that have been made in the past decade. For example, the jewel in the crown, the walkway from Brindley Place through the city centre to the Bull Ring should be made much livelier. Centenary Square needs to be much more animated. Another missed opportunity is the link from the exciting developments at the Mailbox and the Bullring. Some small efforts have been made to make it easier on the eye. But something dramatic at the Mailbox end would pay great dividends. It would surely increase footfall between the two areas and lead to increased expenditure in the shops.

Great public art

6.84 Birmingham should make a clearer commitment to install great public art at key points throughout the city. No major development should take place in future without a substantial commitment. But existing places and spaces should be made more attractive and interesting with investment now.

Maintaining the public realm

6.85 The quality of maintenance should be higher. Many have said that the city council does not put enough resources into maintenance. Some of the developments of the 1990s are beginning to look tired. Birmingham has established the City Centre Partnership and has successfully voted in two BIDs. It needs to reappraise the policy principles of these. They should emphasise: management for quality not cash, a coordinated approach across the whole city centre and quality animation of public spaces.

Lighting and water

6.86 Birmingham has not been systematic or creative enough with its use of lighting in the city centre. It should do much more. The experience of its sister city in Lyon clearly shows the benefits that can flow from a sustained and inventive investment in lighting. The city should press ahead with its lighting strategy as fast as possible. But lighting has been done already. Birmingham could make a similar bid to be the city of water and fountains. Outside Victoria Square the city makes little use of water. The canals are good but many more could be developed. A strategy which was committed to installing water features and fountains at a series of key development sites would be a relatively low cost strategy which could have significant benefits for people who use the city. And it would help the marketing of the city in future.

City Centre Boulevards

6.87 The city should consider turning the inner ring road - the concrete collar - into 'boulevards'. This should be done by:

- Reducing speed limit to 20 mph everywhere.
- Planting trees wherever possible.
- Allowing short term parking wherever possible.
- Removing barriers in the road such as on Great Charles Street.
- Resurfacing to slow traffic down.

Build more public squares

6.88 Public squares can play a variety of important roles – meeting places, resting places, energising places. Birmingham has done some good ones but not enough. Barcelona has done many more. And it has helped that city's reputation internally and externally. They are not hard or expensive. Birmingham should commit to creating many more and using Section 106 agreements to fund them.

Connecting the city centre and the neighbourhoods

6.89 Many partners have expressed concerns about the level of development and investment in the city centre and the differences this has created between the centre and some of the neighbourhoods which lie just across the middle ring road. There is a demand that investment takes place in the neighbourhoods and local shopping centres as much as in the city centre in the future. This is an important issue since a decade ago there was considerable debate in Birmingham about whether investment in the city centre had been at the expense of outlying areas or even mainstream council services. That case was overstated and the evidence is that the city centre did not systematically bleed other areas or services of scarce resources. Nevertheless, given the attention that the city centre has already had and will continue to need, it will be important in future that the city council is more explicit about the relationship. It probably needs to make a better case of explaining the economic relationship between the two and of explaining which resources have gone where. At present there is some uncertainty and confusion about this which has led to a degree of understandable, but unhelpful, public cynicism. There is a real communication job to be done here.

6.90 The Masterplan must focus upon the city centre but it must also show how development there will help the remainder of the city. In particular, if the proposed scale of development of £8bn takes place in the next decade, there could be as many as 40,000 new jobs created in the city centre. It is absolutely critical that, as happened with the Bullring development, mechanisms are created to ensure that local people from the neighbourhoods on the fringe of the city centre get the training and opportunities necessary to make sure they get their fair share of those new jobs and that they simply do not go to commuters. That will be an acid test of the commitment of Birmingham's leaders to balanced economic development across the city.

Aligning development policies across the city

6.91 There is a risk that the middle ring road could become the new concrete collar, as the inner ring road was. The middle ring road is not easy to cross and tends to divide the city centre from inner suburbs. Since much of the family housing that the city centre needs may need to be in those suburbs rather than the centre itself, linkages between them have to be improved. The Masterplan should recognise the need to break down the barriers physically and culturally. The physical gap between the new inner and outer centre must be bridged. The Masterplan must show how development inside the city centre will complement and reflect those in the outlying parts of the city. The relationship between housing needs for the wider city and the city centre must be addressed. The Masterplan should show opportunities in the city centre will be made available to residents outside. More widely, the Masterplan will need to find ways of punching out from the city centre to arcs and areas of opportunity outside. It will need to link technology, training, housing and job opportunities in a more coherent fashion across the wider city rather than on a discrete project basis, as is the tendency at present. Industrial, economic, planning, housing and economic development strategies across the city must be better connected in future so that development takes place in an integrated way - spatially and sectorally.

The Masterplan - prioritising world class urban development

6.92 This Visioning study was not asked to identify specific development sites or projects, rather to identify the key issues that would become translated into development. The Masterplan is the next phase which will do that. Nevertheless this study has underlined that the Masterplan must decide the precise areas which will be developed, in what way, at what rate and in what order. It is critical that development is coherent and integrated. The city cannot do everything at once. It does not have the capacity. Also it would flood the market in an unhelpful way. It will have to prioritise areas. This study has suggested a number of areas that must be worked upon. The first is Eastside and the wedge that runs down the southeast to Attwood Green. Beyond Eastside, the Wheel site in Smallheath has huge potential. This brownfield site has never been sufficiently well developed. Although just beyond the city centre, it would be a major missed opportunity if such a comprehensive redevelopment strategy involved in the Masterplan missed out this critical site. It was the proposed site of an embryonic sports village which never materialised. Birmingham City Football Club is keen to explore the creation of a major Sports Village there. Birmingham should explore this opportunity with vigour. If realised it would bring immense advantages to a deprived area of the city and strengthen the city's capacity to benefit from the Olympics in 2012 and the prospects of attracting future high profile events like the Commonwealth games.

6.93 Third there are areas in the west end including Paradise Circus, Arena Central, Baskerville Wharf and the Library which need to be sorted out. Arena Central which has lain dormant for a decade since ITV closed will now be redeveloped with 2 million square feet of mixed use development with a proposed 50 storey residential tower. It is crucial that this is delivered to the highest architectural standards and raises the bar of major development in the city centre. Equally Library of Birmingham on that site is one of the most used libraries in the country. But its current condition is simply not adequate for a city with Birmingham's aspirations. It needs substantial investment and development. This would again make an important statement about the quality of architecture and public realm in a crucial part of the city and increase significantly Birmingham's cultural offer. Fourth, the area around Icknield Port Loop and the existing City Hospital are major areas which will virtually add a new town in the city centre.

6.94 The Masterplan must identify and prioritise the areas for development in the city. It must also recognise the significance of the expansion of the city centre. It must also think of the new parts of the city centre between the inner and middle ring roads as more urban in future. Currently it feels suburban with low densities, low rise and undistinguished architecture. The quality, density and height of the extended city centre must be raised over the next twenty years. It provides Birmingham with a great opportunity to undertake world class urban development.

7. HOW WILL BIRMINGHAM DELIVER AND FUND THE MASTER PLAN?

What kind of Masterplan does Birmingham need?

7.1 Partners in Birmingham want a Masterplan. They think it offers a wide range of advantages, including:

- Linking existing area plans.
- Reviewing existing plans.
- Raising challenging questions.
- Enabling benchmarking and check progress.
- Providing clarity and confidence to investors.
- Adding value by providing certainty.
- Sending the right signals about the city to current and future investors, employers, workers, residents and visitors.

7.2 Everyone agrees the Masterplan must be:

- Ambitious.
- Long-term.
- Strategic.
- City-wide.
- Sustainable.
- Encourage diversity.
- Encourage innovation.
- Encourage integration – of plans, programmes, places and partners.
- Encourage connectivity - externally and internally.
- Improve place quality.
- Authentic - build on Birmingham's history, culture, strengths and achievements and not clutch at imaginary straws.
- Deliverable – a business plan with clear mechanisms, milestones, management and money.

7.3 The Masterplan should be light and flexible, not set in stone. It should reflect the economic, social and environmental challenges and opportunities identified in the Visioning Stage rather than be physically led. Form should follow function. It should be aware of the global context and wider forces and opportunities which impact upon Birmingham and help Birmingham strive for world class standards. But it should concentrate upon maximising the existing assets, building upon current strengths and realising potential rather than inventing a new role for the city. Birmingham has reinvented itself too many times for many people's taste. It should connect processes, projects and people in a coherent fashion. It should encourage innovation, diversity and independence of product and integration of partners and processes.

7.4 Birmingham needs to develop a clear story about the city and the city centre that is easily recognisable by people inside and outside the city. It will tell people where the place has been and is. More importantly it will tell them where it is going next and how it will get there. It must be authentic, rooted in history and reality. But it must raise aspirations and ambitions. At present Birmingham lacks this and has no clear picture of where it wants to go and what kind of place it wants to be. The city needs to adopt a more long-term, strategic view of the city centre and its role in the economic future of the city region. The city council should adopt a more coherent approach to the city centre and regeneration. The council should use its assets more strategically in innovative partnerships to generate private sector resources for development given the squeeze on European and national funds. Most important, the Masterplanning process - whatever its quality - will be pointless if there is not the political will to deliver it and provide long-term stewardship of it.

Delivering the Masterplan- why does the city need a strategic vehicle?

7.5 There is significant agreement on the achievements and challenges faced by Birmingham city centre and the wider city region. There is also a broad consensus on the necessary shape of the Masterplan. There is equally agreement that a Masterplan is a necessary - but not a sufficient - condition of success. All partners agree there needs to be a way of making sure that the Masterplan is delivered. It will not simply happen on its own. It will need to be specifically encouraged. It will require a partnership based approach. This will require a shift in attitudes by both the city council and its partners. It will require a consistent focus upon the city centre. It will require long term political commitment. It will need be more flexible and creative in the management of its assets. The city will need to take some critical decisions about major areas, projects and sites in the city. The officer class running the city centre will need to be strengthened with a conscious policy of attracting the best people to it.

7.6 Birmingham is rather different from many of its competitor cities and traditionally has experimented less with innovative ways of delivering regeneration policies. Liverpool, Manchester and Sheffield, for example, all have Urban Regeneration Companies which have been successfully delivering development in and around their city centres for the past six years. There is considerable evidence that those vehicles have really brought quality, focus and increased development. By contrast Birmingham currently does not have strategic delivery vehicle for the city centre. This is an institutional gap which arguably has restricted its development.

7.7 The city needs to explore what kind of vehicle with what kinds of powers and resources would best deliver the proposed Masterplan. This is a rapidly changing institutional landscape. Many other cities are actively exploring new delivery agencies with a variety of different powers, resources and responsibilities. There are a variety of available options ranging from a city centre partnership, to an Urban Regeneration Company, to an Urban Development Corporation. There is growing interest in the role of Local Asset Based Vehicles (LABVs) in funding such partnerships. Very recently the government has issued a consultation paper on a new version of such arrangements, City Development Companies (CDCs).

7.8 All these arrangements have costs and benefits. For example, there are concerns that a URC or City Centre Partnership might not have the necessary powers and resources to deliver and might end up as talking shops. Urban Development Corporations have some attractions in terms of greater powers and resources but they suffer from a democratic deficiency. And the question remains who would provide the resources? The shape of CDCs is not yet determined. The government's consultation paper asks for cities' views on their potential powers, responsibilities and resources. Birmingham is in a good position to bring forward a CDC proposal and to influence their development and shape the national policy agenda.

City Development Companies – fitting Birmingham like a glove?

7.9 Government is considering the creation of a new generation of city economic development agencies partly on the experience of the first three Urban Regeneration Companies. It will not be prescriptive but wants local authorities and RDAs to develop proposals building on any existing special purpose vehicles especially URCs. The evidence from URCs is that cities benefit from a clear policy agenda for regeneration, from having a partnership and focussing upon the delivery of an agreed Masterplan. The government is particularly interested in the Sheffield experience where the original URC Sheffield One is developing into a successor body Creative Sheffield, which has many of the elements of a CDC. A key aspect for Birmingham is that Creative Sheffield is starting with a boundary of the city centre broadly defined, which precisely reflects the boundaries chosen for the Birmingham Masterplan.

7.10 City Development Companies are intended to be independent companies probably limited by guarantee. They would build on URC functions but have greater responsibilities for driving economic growth, a broader range of functions, increased profile and greater leverage over greater budgets.

What benefits could CDCs bring?

7.11 The CDCs are intended to bring the following kinds of benefits:

- Encouraging a more entrepreneurial approach by local authorities.
- Providing an economic leadership role around a vision.
- Reducing the number of players in the field.
- Helping deliver regional strategies.
- Attracting specialist development talents and skills.
- Improving the quality of development proposals.

- Increasing a city's capacity to bid for major projects.
- Increasing the fit between economic development and reality by operating across local authority boundaries.
- Championing economic development in other strategies.

What will CDCs do?

7.12 CDCs will themselves decide what functions they should have. But they could include:

- Coordinating the efforts of local authorities.
- Acting as the lead for economic Masterplanning.
- Coordinating and overseeing major physical projects.
- Integrating different public investment programmes.
- Coordinating housing market renewal or targeted housing growth.
- Coordinating promotion, marketing and branding.
- Coordinating major investments, events and projects.
- Improving the quality of investment propositions.
- Co-ordinating local authority services to business.

7.13 Birmingham is perfectly placed to respond positively to this national policy opportunity. It has undertaken this Visioning study and is about to start a Masterplanning process. The Visioning study has already addressed many of the issues raised in the consultation paper. Many partners in the city have indicated they want the benefits that a CDC might deliver. They want a more strategic, long term, partnership based approach to development across a wider territory than the narrow city centre which align the policies of a range of agencies already operating in the area. They want a more integrated approach to marketing and branding. They want higher quality development projects. They want the local authority to increase its capacity to deliver long term development. A CDC could attract a high powered development team which could complement the existing resources of the authority.

7.14 There are potential political advantages. Many argue that the local authority should be more willing to engage in long term partnerships with key stakeholders and continue along its journey from a controlling to an enabling local authority. A CDC could encourage that process by attracting the engagement of key partners. There is considerable appetite by key stakeholders to be more consistently involved in the future development of the Birmingham city centre. But at present there is no obvious forum in which they can play a role. A CDC would need a high powered board to steer its work. The CDC fits Birmingham like a glove. It should seize the opportunity and respond positively to the national policy initiative and demonstrate Birmingham has got its act together and influence the shape of development.

Finding the money for CDCs – what role for Local Asset Based Vehicles?

7.15 There is a related reason for Birmingham to explore the CDC model - money. Government guidance indicates it is looking at the way in which CDCs might develop a specific kind of financial mechanism to help pay for future development, Local Asset Based Vehicles. This should be especially interesting to Birmingham for two reasons. The city council does not have the resources that it has had in the past to pay for development. But it does have very large assets. LABVs are a way of making these assets work to fund development. So Birmingham should be as positive in exploring the idea of an LABV as it should be in exploring City Development Companies.

7.16 Much of the recent urban renaissance in the UK has been underpinned by the success of the national economy and by significant levels of public investment in the hard and soft infrastructure of cities. But the next ten years will be different from the last. There will be less public money around for all cities. The scale of European funds that helped fund the first act will no longer be available in future given the major changes in European programmes. The CSR07 will be one of the toughest during the past decade. And government insists that cities will have to make their existing assets work harder in future to support development. This is hugely relevant to Birmingham.

7.17 This study has underlined the scale of resources that were attracted to the city in its first act of regeneration from the late 1980s to the late 1990s. But it has also underlined how much circumstances have changed. As one senior partner put it, ‘We could never do again what we did in the city in our first act - from developing Brindley Place to breaking the concrete collar at Maashouse - because we just don’t have the money.’ Birmingham will have to find another way of generating long term resources for investment and capture the private sector money that is currently looking for opportunities to invest in cities. This Visioning study found there was considerable support in Birmingham for exploring the potential of something like Local Asset Based Vehicles, even before the government revealed its current plans.

7.18 LABVs consist of public sector property assets matched by private sector equity, with the option to raise borrowing to finance development. They can invest in and undertake physical development for economic growth and regeneration purposes, as well as provide financial returns to the partners. Reflecting the need to find more innovative financial mechanisms, many organisations are exploring such a vehicle. There is substantial interest from private funds and investing institutions and public sector organisations, including local Authorities, English Partnerships, RDA's in developing this approach. A number of local authorities are at the early stages in pursuing the options in this area. This debate will become more and more public in the coming months. In principle, LABVs could help Birmingham draw upon the substantial assets it owns and make them work to attract private sector investment which could pay for developments in the Masterplan. It should explore them.

7.19 LABVs are different from more limited public-private partnerships which local authorities have been using so far. Those partnerships have a number of limitations:

- They have been limited in scale, often developed on a site-by-site or project-by-project basis, and therefore generally of a tactical, rather than strategic nature.
- The more sophisticated and complex structures are often unique, and therefore expensive and time consuming to set-up, and involve greater risk in terms of their potential acceptance and approval by government.
- A number of investors are ruled out because they are too small to meet their minimum investment criteria.
- They rarely capture the longer term land value uplift for the benefit of the public sector which arises from transforming areas into sustainable communities and economies.
- They do not provide the framework for long term continuity in partnership working and public and private sector funding, and the flexibility to develop and respond to new projects and opportunities as they arise.

7.20 By contrast, LABVs offer the following potential advantages:

- More proactive efficient use of public assets, creating opportunities for recycling capital into priority service areas.
- Additional funding for investment in regeneration without needing extra government capital.
- They are structured to produce revenue investments for local authorities, in contrast to prudential borrowing which can only be used for capital purposes.
- Access to a broader range of public and private sector expertise.
- A stronger framework for engaging private and public sectors.
- Enhanced leadership and delivery at local level.
- Sustained commitment and investment to deliver growth and regeneration in deprived areas.
- Creating value by the more strategic approach to the management/ ownership of local authority land holdings.
- Delivery of large strategic regeneration projects at a faster rate.
- Long-term investment and continuity of funding.
- Co-ordination and improved focus of public sector bodies with land-holdings and interests in the city under the LABV umbrella.
- More potential choice and availability of private sector capital and investment.
- A move away from *ad hoc* disposals to fund capital requirements, towards a more strategic disposal programme.

7.21 Similar models are already operating at the national level with the British Waterways: ISIS portfolio and at the regional level through two RDA's - One North East's 'Buildings for Business' and EMDA's Blueprint. More RDA's will probably go down this route. The initial focus has been on local authority property assets because they are major stakeholders in economic development and regeneration as well as significant property asset holders. However, assets could be drawn in from other public sector organisations and development agencies. For example, higher education institutions, primary care trusts, government organisations and others could get involved.

7.22 It is the right time for Birmingham to be exploring this idea. The property investment sector has had significant growth over the last decade. Economic stability, low interest rates and inflation and favourable growth have supported the sector. Volatility in other asset classes has reinforced the attractiveness of the sector. The growth in housing demand has created the opportunity for residential development to underpin regeneration in new locations. There is a lot of money seeking investment opportunities in the sector. Central government wants to encourage new partnerships for economic growth based on greater local authority freedoms and leadership at the city and city-region level. The Core Cities in responding to the City Summits programme all identified the desire to develop property vehicles in the business plans for economic growth and regeneration.

7.23 In addition, there are political imperatives. Government underlines that CSR07 is likely to emphasise the importance of efficiency in asset management, and the need for continued investment in local service reform, which is likely to require local generation of investment capital. This will reinforce the role of the private sector in regeneration, and will provide a potential platform for LABVs and the opportunity to establish a clear framework for their delivery. LABV's align with a series of Treasury interests, in particular: improved efficiency in asset management, promoting investment in regeneration, continued service reconfiguration and reform including private sector involvement and empowering local authorities. Initial soundings from institutional investors suggest that public private sector funding vehicles, properly constituted, would be highly attractive to investors. This view is supported by the fact that the regional funds already established have attracted significant interest.

The balance sheet on LABVs

7.24 The potential advantages of LABVs are the following. The local authority retains control of its assets. The assets can leverage private sector investment which can fund development of a range of purposes – housing, schools, transport infrastructure. The value of other local authority assets will accumulate significantly over time. The advantage to Birmingham is that the assets can be used to fund long term development without giving up control of the assets i.e. selling them. The challenges are that in principle it might discourage the short term sales of assets which are currently being used to pay for development in the city or make a contribution to the local authority's overall finances. It may be possible for the local authority if absolutely necessary to dispose of some assets short term.

7.25 There is a political challenge in such vehicles for all cities. It does require their leaders to be brave. For leaders and officers in many big cities, day to day service issues tend to have higher priority than the long term value creation potential of a more active asset management approach. As a result, whilst the potential benefits of the approach are widely accepted and recognised in LAs, it does not tend to get to the top of the local priority list and command the commitment and resources necessary to make a new initiative happen. It would require a long term commitment from the local authority which might require a shift in current priorities and a willingness to postpone short term asset disposals. But it would generate more resources for regeneration in the long run.

7.26 It would answer the key question that all partners in the visioning process have asked – where will the resources come from? It could attract the contribution of a range of partners. A number of private sector partners have indicated that they believed such a vehicle would attract private sector investment. English Partnerships have indicated that they would be willing to support in principle such a vehicle in Birmingham.

7.27 This vehicle could have long term political attractions for the council leadership. It would allow the current leadership to demonstrate its concern for the long term future of the city and the wish to distinguish itself from previous administrations. It could make the current leadership look statesmanlike. It would allow some long term thinking about the kind of development that the city wishes to pursue. It would allow coherent, integrated development on a strategic basis rather than the current ad hoc project development. Many partners are concerned with the pace at which development occurs and the fact that commercial parts appear before the surrounding architecture and facilities are in place. This would encourage the phased development. For example the contrast between the phased development of housing and community in Attwood Green is contrasted with the current Masshouse development or indeed Millennium Point which appears isolated, surrounded by a roundabout and offers few community facilities. This vehicle could address that challenge. Such an asset based vehicle is quite compatible with a series of Business Improvement Districts which have emerged in the city recently. In principle they are an innovative way of generating the resource to provide the revenue to sustain the capital developments.

7.28 A senior local authority officer said this could offer an amazing short term prize for the current leader. 'It could make the leader look like the new Joseph Chamberlain, bringing public and private sector assets and expertise together to sustain the long term development of Birmingham for all its citizens.' It would show vision and leadership. It would attract the political endorsement of the private sector locally and nationally who are dying to invest in Birmingham but need the certainty that a Masterplan with a clear vision of the city's future and this kind of innovative financial engineering would provide.

7.29 It would gain the support of the government which is anxious to get local authorities to make their assets work much harder in future in the light of constraints upon public expenditure. There is mileage in Birmingham taking the initiative and being one of the first to endorse the principle. Birmingham has the largest asset base of any local authority – something like 60% of the city centre. Government would see it as great prize if Birmingham got in the lead. They are willing to support Birmingham in this effort and give it political visibility. The Leader of the council has said he is willing to explore. The details of these schemes are complicated. But the key ideas are not complex. Birmingham should commit to actively engaging in dialogue with DCLG, Treasury and English Partnerships about these issues. That conversation should be an important part of the wider debate that must now take place within the city about the kind of institutional arrangements and delivery mechanism is desirable and possible for developing Birmingham city centre during the next thirty years.

In the meantime create a revolving city centre project fund

7.30 Birmingham should positively explore the LABV vehicle. However, even if adopted, that will be a medium term measure. Birmingham city council should do something more immediate and visible to kick start the process of delivering some of the projects that have been raised in this report. The city council should commit to placing £10m new money each year on a rolling basis to fund some of the smaller projects that would have a visible impact upon the city centre and show people inside and outside Birmingham that the city council is serious about making a better city centre. There would be some important quick wins. Second, Birmingham should begin to use Section 106 agreement more creatively. It could use them as Brindley Place have managed their asset to get a balanced offer and say it requires, for example, a series of retail units with subsidised rental levels for ten years where some innovative, creative activities could take place to mix up the current bland mix in the city.

7.31 The city cannot ignore the thrust of government policy. But nor does it need to. Government is pushing on an open door in Birmingham. The big picture is that government wants to do what many partners in Birmingham have told us they want to do. It is critical that the city provides political and official leadership on these two big issues. The details can be sorted out later. The important thing is to be not merely at the table but leading the debate. Birmingham should be brave.

8. SO WHAT'S NEXT FOR BIRMINGHAM?

8.1 This report has reviewed the performance and prospects of Birmingham city centre. It has shown why cities and city centres matter more, not less, in a global economy and why Birmingham needs to focus upon the development of its city centre. It has shown how Birmingham's economy has been changing in recent years. And it has shown how Birmingham compares with a range of cities in the UK and some rather more successful ones in Europe. It has in particular reviewed the many achievements that Birmingham has made in the city centre since the path-breaking Highbury initiative in 1988. We have seen that the city has been transformed in many ways. But it has shown that as circumstances have changed, new challenges and threats have emerged because of continuing economic change and the improved performance of its competitors. Birmingham needs to go further and faster to sustain and deepen the obvious progress it has made.

8.2 It has shown what many key partners wish to happen in the city centre. It has shown how a Masterplan can be helpful in delivering the ambitions of many of those partners. It has discussed in some detail issues about delivering the Masterplan. More detail, on these important technical issues can be found in appendices. It has identified a series of principles that should inform the Masterplanning process. It has identified some places that the Masterplan might wish to focus upon. It has identified a series of projects that the Masterplan should consider.

8.3 However, none of this is set in stone. This report has begun a conversation. It is crucial that conversation is widened and deepened in the coming months. The Masterplan will be important when it is produced. But it will take some time to produce and even longer before it is enshrined in the formal planning guidance for Birmingham City Council. Two issues are relevant here. First, this report has shown there is a great appetite by many of the key players to remain involved in the process of developing the Masterplan. It is crucial that interest and commitment is not lost in the coming months. Second, as well as a wish for continuing involvement there is also a wish for action as well as words. Birmingham City Council will need to find a way of reconciling these challenges of reflection, engagement and action. The way in which the Masterplanning process is managed will be almost as important as the results of that process.

8.4 Birmingham City Council and its partners should use the Masterplanning process to build upon the achievements of the last fifteen years and upon the momentum generated by this Visioning Study and the Prospectus that they have recently produced. Birmingham should not be frightened of the challenge. In recent years it has done some of the best things possible in city development. The Masterplan should build upon the strengths of the city and in particular capitalise upon the many individual successes it has already had. For example, it should build more architecture like the modern building in Selfridges or the conversion of the Mailbox. It should manage its public realm as well as currently happens in Brindley Place. It should build more offices to the standards of Colmore Plaza and Baskerville House. It should capitalise upon the energy and creativity of the Custard Factory and the international reputation of the Hippodrome and Ikon gallery. It should celebrate its heritage more as it is doing in the Jewellery Quarter. It should expand the innovative housing and community developments taking place in Attwood Green in other areas of the city. It should build upon the contribution that is already being made in Eastside by Aston University, Mathew Boulton College and UCE.

And do what?

8.5 Birmingham should now press on and commission its Masterplan. It will increase clarity, certainty, confidence and investment. That plan should respond to the issues and challenges raised in this report. It should be both a physical expression of, and a business plan for, Birmingham. The Masterplan should be the route map for all partners during the next twenty or thirty years. It should be ambitious, strategic and long term. It should encourage innovation, diversity, integration, connectivity and place quality across the whole city. It should be authentic, sustainable and deliverable.

How big is the challenge?

8.6 Birmingham has a lot to build upon. It has experienced dramatic economic change in recent years which have created a series of challenges. But it has been through the worst of that change and there are green shoots of recovery apparent across the city. Birmingham does lag behind some English cities and some successful European ones on some measures of competitiveness. But in other areas it performs rather well. Everyone agrees that Birmingham has made great strides during the past twenty years in reshaping its city centre. But there is no room for complacency. But nor is there reason for despondency. Everyone agrees the ingredients are there. They just need to be better mixed.

Where should it concentrate?

8.7 The Masterplan should address the five drivers of competitiveness in this report and show how it will improve its performance on them in the city centre.

Innovation and skills

8.8 Birmingham needs to improve its innovation and skills performance. There needs to be much better working between the universities, the local government and the private sector. A new forum should be created to achieve this.

Economic and cultural diversity

8.9 Birmingham city centre must become more diverse for residents or visitors in its architecture, public realm, cultural facilities, heritage, retail offer, services, especially for young and minority ethnic groups. It should complement its mainstream successes in business tourism in the west end and retail in the core with a grittier, innovative approach in the east. It should diversify its economy and provide places and opportunities for more small firms, more independents, and more workers in the creative, cultural, digital and environmental industries.

Connectivity

8.10 The report identified a series of key challenges that must be faced especially the four key gateways to the city – the airport, New Street railway station, Digbeth bus station and Spaghetti Junction. Also critical issues like the role of cars, internal mobility, digital connectivity and connections and relationships with London must be faced. The city must have an open debate about these issues and then make some strategic decisions. Delay is not an option.

Strategic capacity

8.11 The report has identified a series of areas where partners want improvement. They want clarity and certainty of direction. They want continuing leadership and vision. They want a more long term, integrated and partnership approach to development and more innovative use of property assets. They want more internationalisation, better marketing, greater self–confidence. They want more sustainable development. They want a more coherent focus upon the city centre.

Quality of place

8.12 Birmingham city centre should become more diverse, more authentic and gritty, more multicultural, more friendly to young people. It needs more markets, more animation, more festivals. It needs better shopping, offices and architecture and more diverse housing. Birmingham should celebrate its history and its quarters more. It must become more legible, permeable and accessible. It must make much better use of some key areas like Eastside, the Wholesale Markets, Digbeth, the Jewellery Quarter, Attwood Green. It should invest more in creativity and culture. It should flaunt the treasures it has. It needs a much better public realm, public art. It must be better lit and use water more. The city centre must feed the wider city. Birmingham should not recreate the moon and the ghetto.

Mechanisms and money
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8.13 Birmingham must find a way of delivering and paying for the Masterplan. It needs a delivery vehicle to deliver the city centre Masterplan and should positively explore the idea of a City Development Company. It must think big about resources and explore the idea of using its extensive assets in a new financial vehicle.

Just do it

8.14 The partners should be realistic - but bold, confident and ambitious. They should recognise there are huge opportunities as well as big challenges. The city has delivered successful economic and physical transformation before. This Visioning Study has underlined what everyone in Birmingham knows – there is huge enthusiasm, talent and commitment in the city to do it again. Government wants to back winners. Birmingham's leaders should seize the time!