
WEST MIDLANDS REGIONAL HOUSING STRATEGY – BRIEFING PAPER

Housing and Economic Trends

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INTRODUCTION

The objective of this briefing paper is to raise awareness of the economic trends and issues that are key factors in determining housing market demand in the West Midlands region, and in particular the relationship between different economic drivers and the housing market, including the linkages between employment and housing demand. In addition low incomes in some sub-regions impact negatively on house purchases, levels of refurbishment, maintenance etc.

The paper utilises appropriate regional reports and data including the issues and options paper under production for the RHS, and the Midlands Way document. Reference is also made to some of the emerging research in the region including ongoing analytical work by ECOTEC and CURS for the Urban Living Scheme Update, the initial case for a Black Country Telford Housing Market Area and the study on housing and the BME community being undertaken for the RHB.

The paper highlights the medium and longer term implications for housing policy of current economic trends. As such the paper is less concerned with – but important – issues of current resource allocations for housing. It also has messages for economic strategies within the region. The starting point for the paper is the need to ensure that housing, economic and spatial policies are in line with each other.

A paper of this scope (budget and timescale) cannot address or answer all of the issues, nor was there much scope for original research. It does though highlight the need for additional research.

In **section one** the paper sets out the key elements of the RES/RPG and other key regional policy statements (including the Midlands Way) in so as they potentially impact on housing policy issues.

Section two provides a brief resume of some key regional and sub-regional trends and their impact on key trends. This section is illustrated by a set of colour maps in Annex A.

Section three outlines the key policy implications and research recommendations from the paper.

As part of the paper we had originally hoped to look back to the 1970s to map long term trends. Given boundary changes and data availability it has not been possible to do this although some sub-regional analyses exist, for example, in North Staffordshire.

SECTION ONE – POLICY REVIEW

In order to provide a succinct and useful overview of the spatial ramifications of key regional policies this element of the paper focuses on the Regional Spatial Strategy (RSS), the Regional Economic Strategy (RES), the Issues and Options Paper for the Regional Housing Strategy (December 2004) and the Interim Report for ‘Smart Growth: The Midlands Way’.

There are – as would be hoped and expected - substantial synergies between these key documents, particularly in terms of the spatial focus set out in both the RSS and RES. The key focus of both is around Urban and Rural Renaissance and the Diversification and Modernisation of the Regional Economy – with sustainability and high quality as cross-cutting themes. The RSS also addresses the key issue of a Modernised and Integrated Transport System, whilst the RES, in addition to the shared goals, places emphasis on Skills and Social Cohesion (although all themes are contained in both with varying emphasis).

The Spatial Strategy

The **RSS** is committed to taking forward a realistic approach to development, recognising the different roles played by different parts of the region, with the major urban areas (MUAs) as the main economic drivers for the region and home to the bulk of the region’s population.

Major Urban Areas: Birmingham; (MUAs) Black Country; Coventry (including Solihull and Warwick); and, North Staffordshire.

This focus on **urban renaissance** is in response to the polarisation within the region in terms of economic activity and prosperity, housing stock, condition and affordability, environment, infrastructure and community cohesion. This in turn is closely linked to the on-going economic rationalisation and restructuring in the West Midlands. The region’s period of economic transition – still underway - from ‘old’ to ‘new’ has not been spatially even.

Polarisation and decentralisation in the urban core areas of the West Midlands is due to a loss of economic success, poor health and a low skills base in residents coupled with an increasingly inappropriate housing and environmental offer for individuals successful in the ‘new’ economy.

The challenge for urban renaissance is illustrated by the fact that both the West Midlands conurbation (Birmingham/Black Country) and the urban area of North Staffordshire have lower levels of population than in the 1970s. The region overall has lost population – mainly from the urban areas - to elsewhere in the UK which has been balanced by international immigration. In contrast population levels are rising in the neighbouring East Midlands region and also within the major urban areas – Nottingham, Derby and Leicester.

In addition to the MUAs the RSS also highlights the changing role of the key towns of Hereford, Rugby, Shrewsbury, Telford and Worcester and through the allocations programme

(Table 1.1) sets to ‘buck the trend’ of using these areas as areas for development overspill from the urban core - with the focus on supporting local need rather than facilitating further decentralisation. The same is true for the other major shire towns of Lichfield, Stafford and Warwick/Leamington as these areas have become commuter towns, which is unsustainable in many forms – affordability, provision, demands on social and transport infrastructure.

Table 1.1 Allocations

	To 2007	2007 – 2011	2011 – 2021
MUAs (approx)	6,450	7,250	8,500
Other Areas	10,230	8,030	6,150
West Midlands	16,680	15,280	14,650

The RSS is realistic in understanding that solely restricting development outside of the MUAs alone will not reverse a well established ‘Pathway of Choice’ where higher skilled and more affluent residents have in some cases chosen to move away from the urban core areas, although often remaining in the built up areas. For lower skilled and less affluent residents the choices are considerably more limited. There is a recognition in the RSS that significant attention has to be given to policies required for the urban core to become a vital and viable location for citizens and business alike. The majority of funding which the RSS will indirectly influence will be focused on this area, key aspects of the approach include:

- **Transport Infrastructure** – this issue is complex due to the role that the region plays at a range of levels, international to local. The focus for the region and local is very much based around behavioural change and ‘hearts and minds’, aiming to provide an integrated system of rail, bus, cycle and pedestrian provision which will encourage both a change in the mode of transport used, but along with other investments (such as in the housing offer) encourage those with jobs in the conurbation to live there. Investments will include extending the current Metro system, increasing the number of ‘Showcase’ and ‘Super Showcase’ bus routes as well as enhancing the quality of the service – particularly along priority routes. The development aim is that well balanced communities will lead to an overall reduction in the need to travel.
- **Social Infrastructure** – the quality of education facilities for all age groups, relevant and responsive health care and a safe and high quality urban design environment are all pre-requisites to success. These are not in the gift of the RSS to influence in isolation; however the strategy lays the spatial foundations for partners to build upon.
- **Land Supply** – within the MUAs there is a limited supply of land which meets the needs of all sectors of the economy, particularly those requiring high quality and high design. Therefore the RSS focuses on the medium to long term investment required for bringing current Brownfield sites to market. In terms of land supply, a major

concern is the provision of land in the short to medium term and ensuring that this does not encourage further decentralisation and partners need to confirm that sub-regional and local development plans support the aims of the RSS and support growth in the MUAs.

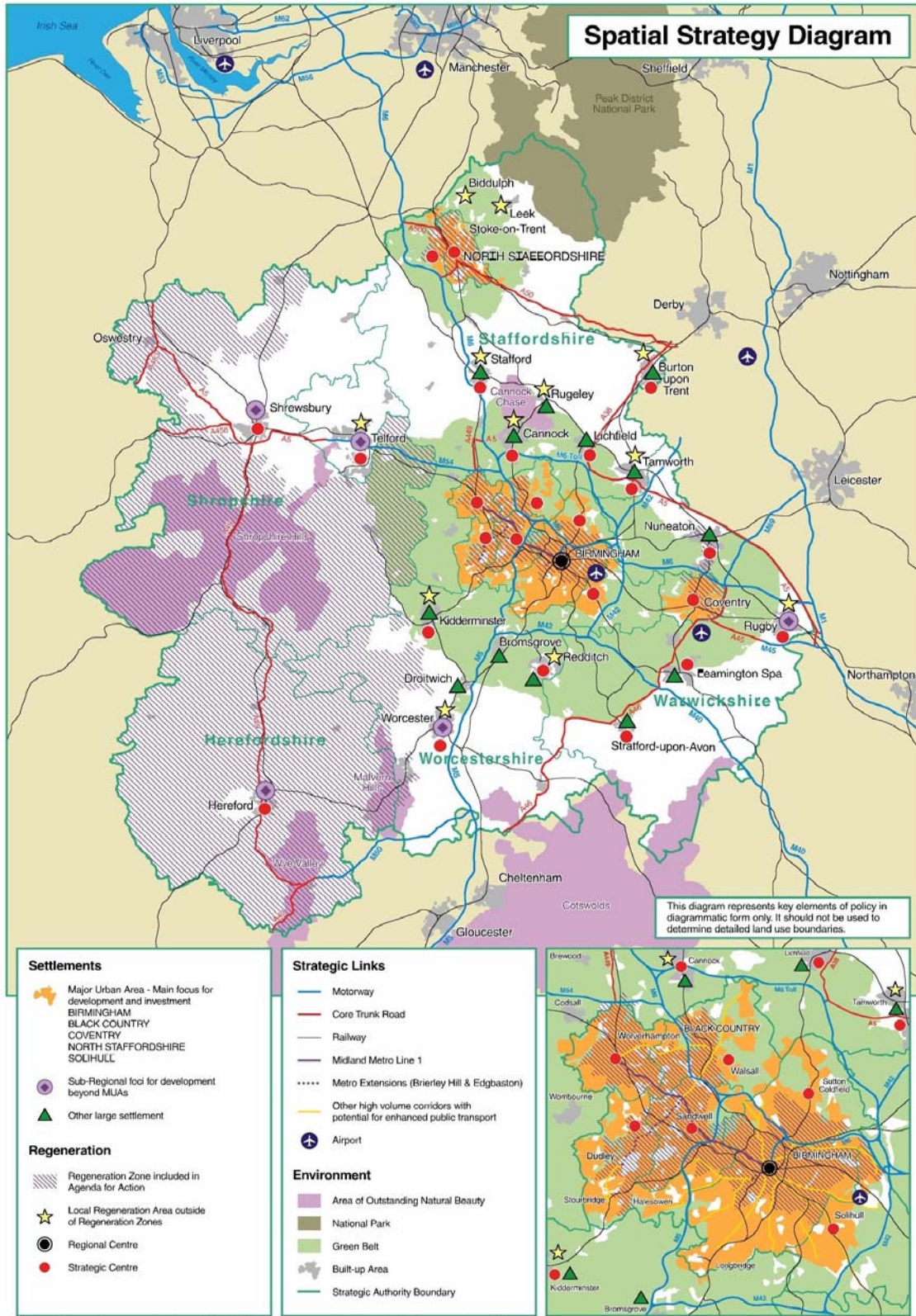
- **Sense of Place** – in terms of sustainability the RSS recognises the need for areas to have an ‘identity’ there are a number of ways this can be achieved, with one mechanism being forging synergies with the Regional Cultural Strategy and building on existing assets, such as the Walsall Art Gallery, Stoke’s Regent Theatre, the Phoenix project in Coventry and Brindley Place in Birmingham.

The RSS has the additional spatial focus of the **Rural Renaissance** agenda with the focus on the area covered by the Rural Regeneration Zone (established through the RES) this area which covers parts of the counties of Herefordshire, Shropshire and Worcestershire has significant sustainability issues and is suffering from a mix of deprivation based polarisation and major affordability issues. In support of the former the RSS states that rural transport investment will focus on enhancing the current offer of community and public transport, whilst housing allocation have been set to meet local need over continued new developments for MUA out-migration.

The Economic Strategy

In terms of the economic context for the region the key policy driver is the **RES**, there are a number of spatial implications of the current approach which are based around a series of geographical focuses in the guise of six Regeneration Zones (RZ) (five of which are urban based – South Black Country/West Birmingham; Coventry/Nuneaton; East Birmingham/North Solihull; North Staffordshire; Walsall, Wolverhampton and South Staffordshire and fit within the MUA approach of the RSS, the sixth is the Rural RZ noted above) and three High Technology Corridors (HTC) which cover the following areas. (Illustrated in map A below)

- Central Technology Belt – covering the A38 corridor south from Birmingham to Worcester;
- Coventry, Solihull and Warwickshire Corridor; and,
- Wolverhampton to Telford Corridor.



In addition newly established urban regeneration companies in Sandwell and Walsall (and others may established) have been set up to provide an investment impetus in those areas. Collectively these policies have re-inforced the urban and rural renaissance agendas.

This spatial focus is further supported by the modernisation and diversification agenda which aims to ‘future proof’ the regions manufacturing base and develop a series of key clusters in order to secure a viable economic function for the area.

The need to change the industrial base towards higher value added goods and services is a major issue for the region. Table 1.2 below illustrates that the West Midlands is performing poorly against the UK in terms of productivity (when using GVA as a measure):

Table 1.2: GVA £ per head

	GVA £ head	
	2001	Change from 1998
UK	14,418	12.1%
West Midlands	13,031	10.4%

Source: Office for National Statistics, Gross value added (GVA) and Gross Disposable Household Income by NUTS 1, 2 and 3 areas at current basic prices, 2002

The clusters identified for the region are set out below:

Established	Transport Technologies Building Technologies Food and Drink Tourism and Leisure High Value Added Consumer Products
Growing	Specialist Business and Professional Services ICT Environmental Technologies
Embryonic / Aspirational	Screen and New Media for Education and Entertainment Medical Technologies

The RZs and HTC's have a very distinct spatial impact – reinforcing both the urban and rural renaissance agendas outlined above - and through the development of the various implementation plans offer clear opportunities for synergies with housing and infrastructure developments – Eastside in Birmingham is a good example of this with increasing relationships being forged with RSLs and the Housing Corporation in terms of ensuring development programmes complement and fit with a shared aspiration for the area.

The cluster agenda, which aims to support economic growth, increase the regions productivity and facilitate a move to a higher valued added economy, is a key factor for consideration for the RHS. As research into the critical success factors of clusters¹ highlights the need for a high quality environment for both the location of employment sites but importantly for the workforce. Therefore an iterative process needs to be established between the cluster managers at AWM and the RHB in order that a clear understanding of the locational and investment requirements can be obtained, which can be used to ensure the RHS is responsive to economic demands, providing the housing (type and locations) that is required to support the ‘new’ economy whilst ensuring that the provision is managed in line with the objectives of the RSS. It follows that transport, environment and education/social infrastructure provision needs to be firmly linked to these developments.

Given the geographical focus of the RES, support for cluster development is largely contained within the HTCs and RZs (or using RSS terms, supporting the development of the MUAs and Rural Renaissance). Different sub-regions have a specific focus based on the those areas’ economic legacy and the current offer, for example North Staffordshire is key to the High Value Consumer Products Cluster due to the potteries legacy and the CERAM research facility, the Black Country leads on Environmental Technologies which fits with the diversification of the areas manufacturing base, Coventry / Warwickshire is taking forward the Medical Technology agenda due to the HEI and Research presence and Birmingham is naturally leading on the development of the Specialist Business and Professional Services Cluster.

The RES also picks up on the impact the current available workforce in the region is having on the areas economic success. The region is performing worst in the country in terms of the achievement of NVQ Level 2 and has lower than average performance in attaining 4 ‘C’ or above grades at GCSE. This has major and serious implications for the future and is a contributory factor in the regions lower than average productivity rate. This set against the fact that by 2010 over half of the regions workforce will be over 50 years old means that a multi-agency response is required if the ‘hollowing out’ being experienced in the urban core does not substantially expand its borders.

Graduate retention, starter homes, café culture, access to learning and design all need to be central as only by intervening to align the housing offer to economic aspirations will the aim of the RES that the region is a desirable place to invest, work, learn, visit and live be realised.

Housing Strategy

Finally in terms of region specific policy the Issues and Options paper submitted to support the development of the **Regional Housing Strategy** complements the spatial approach set out in both the RSS and RES. The region is broken down in to four Housing Market Areas:

¹ ECOTEC Study (DTI - full ref. required)

Area	Key Issues	Completions/annum 01-04
South (Warwickshire, parts of Worcestershire)	Affordability	3,493
West (Shropshire, Herefordshire and parts of Worcestershire)	Rural deprivation, affordability	1,729
North (Staffordshire)	Limited offer in terms of housing type, low demand, some housing stress	1,948
Central (urban core)		9,719

Also in line with the spatial priorities set out in the RSS there is a focus on developing a network of key urban centres / market towns to support regional growth and to ensure social, economic and transport provision is linked to support the creation of sustainable communities. The paper (and the RSS) identify a number of urban centres which could be improved via local regeneration policy and programmes (however these should not be undertaken at the expense of the urban core), the centres are: Biddulph, Burton-on-Trent, Cannock, Kidderminster, Leek, Redditch, Rugby, Rugely, Stafford, Tamworth, Telford and Worcester. Within these Hereford, Rugby, Shrewsbury, Telford and Worcester have been identified as areas of longer term strategic growth – although there is potential conflict here with the draft RHS which highlights a reduction in allocations for these areas and a changing role from their previous overspill development function to the urban core. The rural area addressed through the paper mirrors the Rural RZ.

Housing, as with all investment programmes on such a large geographical scale is an extremely complex issue with, as the HMA breakdown illustrates, sub-regional synergies however within those are substantial variations and differing needs. For example, the Birmingham Sandwell housing market pathfinder set up to address low demand, also has problems of affordability within its boundaries. The same is true to some extent for the North Staffordshire pathfinder, although this area is closer in characteristics to the northern pathfinders. Additional areas which are the focus for further development work within the region are the South Telford / Black Country HMA, East Birmingham / North Solihull HMA, and the former Coalfields area spanning Cannock Chase – Nuneaton and Bedworth. .

The broader policy context and economic climate have a key affect on both the development and delivery of the Regional Housing Strategy. An understanding of the key drivers of demand is crucial and needs to be embedded in regional and sub-regional strategies, leading to a more sustainable housing and economic mix.

Regional policy reflects **existing and emerging national agendas**, often involving the development of a more polycentric approach over one confined by administrative boundaries. There are a number of key elements to this:

Housing Market Renewal – the region hosts two of the national Pathfinder areas, North Staffordshire and Birmingham and Sandwell which aim to address issues of low demand, inappropriate provision and social cohesion and to support the development of more appropriate and viable HMAs.

Milton Keynes and South Midlands Growth Area – whilst outside the West Midlands there is a need to ensure policy and investment mechanisms in this area are established to ensure that this major national programme can have a positive impact on the West Midlands economy, and does not simply provide London and the South East with a larger commuter belt.

‘Smart Growth: the Midlands Way’ which sets scopes the synergies between the East and West Midlands reviewing ways in which the sum can be greater than the parts through joint initiatives, sharing of ideas and approaches etc. It does not imply a ‘physical joining’ of the two regions although accessibility between the two regions remains an issue in some areas. The Midlands Way is consistent with the policies of the RES and RSS and has specific commitments to the urban and rural renaissance agendas

Core Cities – these have been identified across the EU and the concept is supported by ODPM who recently commissioned an evaluation by Parkinson et al which found that a number of the UK’s cities (including Birmingham) are lagging behind their European counter-parts against key indicators such as population growth, GDP, innovation levels, educational levels etc. More importantly this and additional research has shown a direct link between the performance of a Core City and its impact on its hinterland – well performing cities leads to well performing regions and vice versa. ODPM is committed to supporting the development of core cities which complements and adds capacity to the regional policy response set out in the RSS and RES – focusing on the urban core.

Surface Infrastructure of National Economic Importance (SINEI) – in part driven by the PSA2 Target *‘Make sustainable improvements in the economic performance of all English regions and over the long term reduce the gap in growth rates between the regions, defining measures to improve performance and reporting against measures by 2006’* the 9 English RDAs combined to respond jointly to the issues of national infrastructure – air, road and rail. The region plays a key role in this agenda, as noted previously, lying at the heart of the motorway network and hosting one of the expanding airports, this position currently provides both advantages and disadvantages however through this co-ordinated approach there is significant potential to influence the DoT.

SECTION TWO – REGIONAL AND SUB-REGIONAL TRENDS

Introduction

This section needs to be read in conjunction with the maps 1 to 16 and A to E in Annex 1, which illustrate a number of key socio-economic variables at a district level. The purpose of the section is to highlight some of the underlying trends and patterns in the region and the impact on the regional housing policy debate.

By its nature the analysis presented here is broad brush and there are many subtleties and variations at the local level. However, given that much of the research and policy responses are locally or sub-regionally focused, it is helpful to ‘stand back’ and to try to understand what is happening to the economic base of the region. From academic and other research more broadly it is clear that housing markets respond more slowly to economic change but once patterns are set they are more difficult to reverse. Within the West Midlands this is best illustrated in the example of North Staffordshire and Stoke-on-Trent in particular. The logic following from the sharp economic decline is that the population base should have shrunk accordingly with the more mobile and economically active population seeking work and residence elsewhere. The population base of North Staffordshire has shrunk but not by much (although this needs to be set in the context of growth elsewhere, especially in neighbouring districts). There has been some movement of population from the urban core but largely within North Staffordshire. This conclusion is not surprising given the importance of family and social ties and often inertia within traditional communities. Furthermore, many are trapped by low house prices which effectively prices out moves elsewhere. If though, as in Merseyside and Hull, population decline takes hold it is very difficult to reverse, even if economic recovery takes place. Indeed there is no obvious UK example of a town or city outside of London that has significantly reversed population decline other than changes at a neighbourhood level.

As a general conclusion there is a very strong link between housing and employment within the region and as the region’s economy appears to be broadly dividing into a more prosperous south and east of the region and a less prosperous north and west, notwithstanding local and neighbourhood variations, so the region’s housing position follows. Therefore the problems of affordability in the south and east are likely to grow whilst lower income levels in the north and west impact on housing demand, the value of properties, the levels of private sector investment and the resources available for repair and maintenance.

Key Economic Issues

From our broad analysis a number of points can be made:

Areas of Economic Influence

- Birmingham exerts a key influence as a city region (Table 2.1). It has a large proportion of the higher income and higher skill jobs which have provided

employment for Birmingham residents (78% of Birmingham’s labour force work within Birmingham’s boundaries) but also for neighbouring districts. This needs to be placed in the context of the distribution of skills. Many of those resident in the MUAs, and especially the urban core areas, have low skill levels (NVQ1 or less) and are restricted in their job search areas.

- The ‘outwards reach’ of Birmingham is not uniform and tends to follow those areas well served by public (e.g. cross city rail) and private (M40, M42, and probably increasingly – although the evidence is not there yet – the M6 Toll) transport and with good quality housing, pleasant and safe environments, good schools etc. The commuting flows are stark. Solihull (34.7% of working residents travel to work in Birmingham), Bromsgrove (24.7%), Tamworth (16.4%) are all strongly linked economically to Birmingham. However, only 4.7% of Wolverhampton’s workforce work in Birmingham on a regular basis. And the economic links from Birmingham to the north and west are significantly weaker than those to the south and the east.

Table 2.1 Travel to work between districts

	% travelling within LA	% to Birmingham	% to Sandwell	% to either	% elsewhere
Birmingham	78.3	NA	3.3	81.6	18.4
Sandwell	55.5	20.5	NA	75.9	24.1
Solihull	47.4	34.7	1.0	35.7	16.9
Bromsgrove	41.2	24.7	3.1	27.8	31.0
Dudley	61.0	9.4	12.7	22.1	16.9
Walsall	60.8	13.6	7.5	21.2	18.1
Tamworth	50.7	16.4	0.7	17.1	32.3
North Warwickshire	41.8	15.8	0.5	16.4	41.8
Litchfield	48.8	13.9	1.6	15.5	35.8
Redditch	60.2	10.5	0.9	11.4	28.4
Wolverhampton	64.1	4.7	5.8	10.4	25.4

Source: CURS

- The intra-regional commuting data requires explanation, and probably further analysis. Generally the pattern appears to be thus: very low levels of commuting in the rural areas to the north and west of the region (work journeys of less than 2km); higher levels of local journeys to work (above 2km) in all of MUAs, and Telford as well, reflecting the dispersal of industry and business in those areas (e.g. North Staffordshire has a linear economy broadly following the A500). However, we know from local studies that travel to work movements in the Black Country and North Staffordshire are highly localised, emphasising the very strong links – and well established - between place of residence and work in those areas.
- There are limits to Birmingham’s ability to be the economic powerhouse for the region, or even an extended sub-region. ECOTEC’s work on the Manchester – Salford

and Merseyside pathfinders illustrates similar points. The number of jobs generated in the key regional centres is not sufficient to service the potential labour market that could be attracted to those centres. Clearly, that would neither be sustainable nor socially desirable given significant pockets of inner city deprivation and unemployment close to those regional centres (Birmingham, Manchester and Liverpool).

- Growth is not confined to Birmingham and there are other important economic drivers in the region although mostly to the south and east of Birmingham (e.g. Solihull, Coventry – although not without its problems, the airport/M42 corridor). In the absence of significant changes to current policy this pattern is likely to continue as the links between the south and east of the region, and the wider south east of England (not just the south east region but eastwards to the East Midlands and East of England) grow. The challenge for the RHS is to accommodate the housing growth implied within the MUAs and in the context of the spatial strategy and its objectives and targets. This trend is reflected in forecast population growth analysis from ONS which provides population estimates by area up to 2021 (Table 2.2, with historic data presented in Table 2.3)). As the data shows the forecast growth from ONS does not reflect the aspirations of the regional policy framework with extremely limited population growth forecast for the conurbation and strong, steady growth in the more rural areas of the region and the more economically prosperous south east area (Warwickshire and Worcestershire) Telford and the Wrekin is forecast to continue its current high population growth.

Table 2.2 ONS Population Forecasts

Area	Population in 2021 (000's)	% Change since 2002
UK	63,239	7
West Midlands	5,411	2
Herefordshire	190	8
Shropshire	289	1
Staffordshire	810	0.1
Stoke-on-Trent	243	2
Telford and the Wrekin	176	9
Warwickshire	537	5
West Midlands (Met. County)	2,588	0.5
Worcestershire	578	6

Source: Sub-national population projections, ONS, 2005

Table 2.3: Population Change 1982-2002

Area	% Change 1982 – 2002
Cannock Chase	9.5
East Staffordshire	8.2
South Staffordshire	10.4
Tamworth	14.3
Newcastle-under-Lyme	1.3
Staffordshire Moorlands	-0.7
Stoke-on-Trent UA	-5.5
Area	% Change 1982 – 2002
Birmingham	-3.8
Coventry	-4.5
Dudley	1.2
Sandwell	-8.0
Solihull	0.5
Walsall	-5.6
Wolverhampton	-7.1

The Black Country and North Staffordshire – sub-regions in transition

- It is sometimes easy to underestimate the importance of the Black Country as a significant provider of employment. There are ongoing structural problems and the switch from manufacturing to service based employment still has some way to run. There are also issues around the attraction and generation of new business activity to the area, which is required if population is to follow. It underlines the importance of generating sustainable and high quality employment across the region within the MUAs is population is to be retained and attracted. This then also underlines the importance of the work being undertaken as part of the Black Country study and also the recently commissioned Urban Core study in North Staffordshire in securing new economies and economic growth in those areas.
- All of the indicators for North Staffordshire – which is generally disconnected from the Birmingham city region - highlight the known difficulties faced by this sub region and do not make the economic policy solutions any easier. On skills, incomes, and economic performance the area performs badly. The median incomes for the region illustrate the core problems. Stoke-on-Trent has a median income of £13,700 (ONS data on taxpayers – see Table 2.4) and a mean of £15,800, the lowest in the region. Indeed only seven UK districts have a lower mean income and only one city (Hull), the remainder being small rural and coastal districts. Wolverhampton has a lower median income level but a higher mean, reflecting the presence of higher income individuals in the city. That presence is not there in Stoke-on-Trent where the income levels are actually lower than in some of the Objective 1 Structural Fund regions. The importance of transformational change – high on AWM’s agenda and that of the local partners – in Stoke-on-Trent cannot be understated. New economic activity combined with infrastructure and transport improvements, better environments and facilities, and quality housing are all critical if the city is to have a sustainable economic future – and by extension housing and population.

Table 2.4 Total West Midlands income by borough and district or unitary authority, 2002 -03

WEST MIDLANDS	Numbers: thousands		
	Total Income No. of individuals	Mean £	Median £
Herefordshire, Co of UA	83	19,400	14,000
Stoke-on-Trent UA	113	15,800	13,700
Telford and Wrekin UA	74	18,700	15,400
Shropshire County			
Bridgenorth	25	24,100	18,000
North Shropshire	30	21,700	16,600
Oswestry	18	18,400	15,500
Shrewsbury and Atcham	52	19,300	14,400
South Shropshire	21	19,700	13,700
Staffordshire County			
Cannock Chase	49	16,700	14,500
East Staffordshire	52	20,100	15,000
Lichfield	48	24,300	16,700
Newcastle-under-Lyme	61	17,900	14,200
South Staffordshire	55	22,100	16,400
Stafford	66	20,700	15,000
Staffordshire Moorlands	53	19,500	15,900
Tamworth	39	19,100	16,900
Warwickshire County			
North Warwickshire	29	20,300	15,700
Nuneaton and Bedworth	58	17,900	15,200
Rugby	50	21,000	16,600
Stratford-on-Avon	61	26,800	17,000
Warwick	72	25,000	17,900
West Midlands Metropolitan County			
Birmingham	393	18,800	15,100
Coventry	119	18,200	14,900
Dudley	155	17,900	15,300
Sandwell	122	16,100	13,800
Solihull	106	24,100	17,700
Walsall	106	17,800	15,100
Wolverhampton	101	16,800	13,200
Worcestershire			
Bromsgrove	51	24,100	17,400

WEST MIDLANDS	Total Income		
	No. of individuals	Mean £	Median £
Malvern Hills	39	22,100	15,400
Redditch	42	18,800	15,500
Worcester	50	17,700	14,600
Wychavon	64	23,200	17,500
Wyre Forest	43	19,300	14,300

Source: Office of National Statistics

Other parts of the Region

- The position of Telford as an economic driver needs to be considered and is probably worthy of some significant research. There are some mixed patterns from the analysis (e.g. above average on incomes but below on skills, strong on business starts) but a stronger economic base would help to support the rural hinterland in the north of the region – where Shrewsbury as a market town performs best but has a relatively small economic base – as well as the planned population growth in the Telford area. The importance to the Telford of the high technology corridor initiative as an agreed policy tool is underlined by the evidence provided.
- The position of the former coalfield is also mixed. Some of the more deprived wards are in Cannock but the area has also historically benefited from commuting flows to Birmingham and the Black Country. Nuneaton and Bedworth and North Warwickshire perform poorly against a number of indicators and are likely to look increasingly towards the south and east of the region – and beyond – for future growth.

The Black and Minority Ethnic Community

- ECOTEC's BME and Housing research is providing evidence of key trends. It will show that the more affluent and skilled BME communities are moving away from the urban core areas to the suburbs and beyond. In East Birmingham these groups – mainly of Indian origin – have moved from the inner city areas and have bypassed the predominantly white working class estates of East Birmingham and North Solihull, leaving a predominantly Pakistani and Bangladeshi community with low skills, education and income levels. In general those communities do not have the income to invest in the housing stock and some of the housing vacated by more mobile residents is being back filled by asylum seekers, especially those asylum seekers with low skills and low incomes, all combining to challenge the sustainability of these inner city areas. The absence of programmes to encourage investment in the private housing stock has impacted on the quality and condition of privately owned and rented housing within the BME communities of the inner city areas of Birmingham, the Black Country and Telford. The ECOTEC research is also showing that the links between housing and BME communities throughout the region is not clearly understood. There is strong anecdotal evidence of informal and enclosed economies

based on family ties but with the effect of reducing access to the wider labour market and available employment opportunities.

Growth in the Business Base

- The economic base of the region has been restructuring in line with global trends over recent decades and significant success has been realised in relation to a number of key clusters (ICT, Business Services, Advanced Manufacturing etc) however it is clear to see the impact the previous dependence on traditional industries has had on the level of entrepreneurial spirit in the region - which is linked in turn to indigenous growth and investment. The historical overdependence of the region on traditional large scale manufacturing has had a negative impact on this and there is a clear correlation between economies which were dependant upon a small number of paternal / benevolent employers and a low level entrepreneurial culture. Although when viewing the spatial implications of this legacy there is a clear pattern which emerges. In terms of business growth between 1994 and 2003 it is clear to see that the urban core (and rural areas) have had very low level growth, generally less than 9.4%, however the east and south of the region (plus Telford) have all seen strong growth, e.g. Tamworth, Solihull and Warwick. The band of south to east local authority areas spanning from Wychavon to East Staffordshire have also performed well with growth ranging from 15.6% to 19.5%, although from a lower base.
- The R&D base for the West Midlands is weak, relative to other regions and there remains a strong dependence on manufacturing (almost a third of employment in Stoke-on-Trent and just under a quarter in Birmingham) but with relatively low proportions of high technology manufacturing (probably less than 2%). These are key challenges if the region is to meet the economic and household growth targets of the RES and the RSS.

The Skills of the Workforce

- The quality of the existing and emerging workforce is a major consideration, as relative success depends on the human capacity to drive the region forward to the ‘new’ knowledge based economy. Currently there are major concerns in the region and a multi-agency response to overcome indicators such as that the region comes 11th out of the 12 UK regions in terms of % of the working age population with degree (16.4%), within this statistic there are variations with Stratford, Warwick, Malvern Hills, Shrewsbury and Atcham, South Shropshire and Stafford all reporting above GB average (20.4%), however as Table 2.5 illustrates there are a number of areas where this is a major concern (again these can be linked to the economic function of the area and the ex-coalmining areas in particular have serious problems in terms of the provision of the appropriate skills to support not only the knowledge economy, but also the skills necessary to sustain the viable elements of the current manufacturing base). The relatively low levels of higher level skills needs to be set against the high levels of low skills (see Table 2.6).

Table 2.5 NVQ4 - % of workforce skilled

Area	% of workforce with NVQ 4+ (degree level)
Great Britain	20.4
West Midlands	16.2
North Warwickshire	14.2
Nuneaton and Bedworth	12.6
Redditch	13.7
Telford and Wrekin	14.2
Cannock Chase	10.7
Stoke-on-Trent	9.9
Tamworth	11.0
Black Country	11.8

Source: Local Economic Audit Model – ECOTEC 2005

Table 2.6 NVQ1 - % of workforce skilled

Area	% of workforce with NVQ 1 or no qualifications
Great Britain	46.8
West Midlands	50.7
North Warwickshire	53.0
Nuneaton and Bedworth	55.0
Redditch	51.3
Telford and Wrekin	50.4
Cannock Chase	55.2

- The region is above the GB average in terms of skilled trades, process plant and machine operatives and elementary occupations (excluding 3 exceptions) which reflects the generic over dependence of the region on manufacturing. However when viewing the columns (Table 2.7) relating to managers and senior officials and professional occupations it can be seen that the rural areas and the south east of the region have the highest proportions of their residents in these occupational groups. Staffordshire performs well and this is potentially due to a number of factors including it's over dependence on public sector employment and the presence of two universities.

Table 2.7: Occupational structure for West Midlands Counties

	Managers and senior officials	Professional occupations	Skilled trades occupations	Process plant & machine operatives	Elementary occupations
Great Britain	14.6%	12.1%	11.4%	7.7%	11.8%
West Midlands	13.3%	10.8%	12.9%	10.6%	12.8%
Birmingham	11.2%	12.7%	10.4%	12.0%	12.5%
Coventry	12.4%	11.7%	11.7%	10.2%	13.9%
Dudley	14.1%	10.7%	16.8%	8.7%	10.7%
Herefordshire	15.5%	9.5%	15.5%	8.3%	11.9%
Sandwell	9.6%	7.8%	13.9%	14.8%	15.7%
Shropshire	13.7%	12.9%	13.7%	8.6%	13.7%
Solihull	17.5%	14.4%	11.3%	7.2%	8.2%
Staffordshire	15.1%	10.2%	13.4%	9.7%	12.9%
Stoke on Trent	10.7%	5.8%	16.5%	11.7%	16.5%
Telford and Wrekin	13.0%	9.1%	13.0%	11.7%	14.3%
Walsall	9.5%	10.5%	12.4%	14.3%	14.3%
Warwickshire	15.0%	10.8%	11.9%	9.6%	12.3%
Wolverhampton	10.5%	9.5%	13.7%	11.6%	15.8%
Worcestershire	14.5%	10.3%	12.6%	11.1%	11.8%

Source: Local Area Labour Force Survey, 2003 – 2004

SECTION THREE – HOUSING POLICY AND RESEARCH IMPLICATIONS

There are a number of implications from the analysis which need to be considered in terms of policy development and also a number of issues which will require further research to be fully understood so that policy can respond. The findings of the analysis have been broken down in to key themes to facilitate the Board and key partners in taking forward issues raised.

Housing

- Emerging key approaches – the Midlands Way and Core Cities (along with other policy) offer the region strong agendas and knowledge transfer which can be used to support the RHB. Utilising these sources will work to ensure that the housing offer presented reflects good practise and the economic and demographic needs for the medium to long term;
- The former coalfield areas (Cannock through to Nuneaton and Bedworth) have strong potential in terms of location, however the relative performance of the wards within this area is very much linked to the housing offer, skill levels and transportation links and an integrated strategy for this area needs to be developed in order to provide a co-ordinated response and lobbying tool for funders such as the CCT and the HC;
- Growth needs to be managed and LA housing strategies need to be fully supportive of regional strategy as current growth trends and projections do not fit with the aspirations of the RSS;
- Partners need to ensure that land supply is maximised, especially in the urban core and a register of land in public ownership (NHS, MoD etc) needs to be developed and actions to release such assets put in place;
- More research is required to understand the links and dynamics between the BME community, employment and housing.

Transport

- This paper has recognised the importance of transportation but our coverage here is by necessity superficial. Transportation needs to be addressed in an integrated manner with higher quality and faster public provision the aim. The role of transport in improving accessibility between employment and population needs to be better understood.

Economic / Partner

- Telford and its role in the regional economy needs to be researched further in terms of how its significant growth (which is forecast to continue) and its relative success in nurturing high value added manufacturing are contributing to the region and how they can be harnessed and duplicated;

- The reasons for limited private sector R&D expenditure needs to be more fully understood and the spatial and sector distribution identified;
- The sphere of influence (SoI) of areas is a key factor in performance and the limited SoI of North Staffordshire and the population profile within this area perpetuate the problems of the sub-region, similarly the Black Country has such trends – both of which are linked to industrial heritage and will only be fully broken by economic transition;
- The rural areas of the region have performed relatively consistently, however within the area are significant pockets of both deprivation and affordability and in order to develop effective interventions further research to understand the area is required;
- Need to ensure that existing area based initiatives do not contradict the aspirations of regional policy and that they work with partners to address adjacency issues and displacement;
- It is clear to see trends (although there are anomalies) when a number of indicators are layered, such as, qualifications, earnings, housing mix, affordability, occupational structure, industry structure and travel to work patterns. In crude terms the south and east of the region see these indicators layered in a positive form, whereas in the urban core and ex-mining areas the layering has negative connotations. There are a number of transitional areas such as Worcester and Lichfield, in terms of the latter this trend will increase as the impact of the M6 Toll is felt (research is required to fully understand the impact of this major route on the adjacent housing markets and local economies).

Generic

- Construction needs to be nurtured as a sector if the region is to meet both the trend and above trend planned developments. There are concerns from local research (e.g. ECOTEC construction skills study for RENEW, North Staffordshire) over the capacity of existing construction training providers and construction companies to meet the challenges faced by the transformational change planned for parts of the region, including the plans of the pathfinders, the RZs and the URCs. The under-representation of the BME population in the construction sector is both a concern and an opportunity.