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Brookes, Nadia and Kendall, Jeremy and Mitton, Lavinia (2016) Birmingham, Priority to Economics, Social Innovation at the Margins. In: Brandsen, T and Cattacin, S and Evers, A. and Zimmer, A, eds. Social Innovations in the Urban Context. Springer, pp. 83-96. ISBN 9783319215501.

### DOI

[https://doi.org/10.1007/978-3-319-21551-8\\_5](https://doi.org/10.1007/978-3-319-21551-8_5)

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# Chapter 5

## Birmingham, Priority to Economics, Social Innovation at the Margins

Nadia Brookes, Jeremy Kendall and Lavinia Mitton

### 5.1 Introduction

Birmingham is located in the West Midlands region of England and after the industrial revolution became the ‘workshop of the world’, an economically important manufacturing centre (Aldred 2009). Today, Birmingham is the regional centre for business, retail and leisure. It is the largest city in the United Kingdom (UK) outside London and has a growing population of just over 1 million inhabitants. It has the youngest population of any major European city, over half the population is aged less than 35 years, and it is significantly diverse in terms of ethnic composition. Over half of Birmingham is within the most deprived 20% of England and nearly 40% is in the most deprived 10% (Department for Communities and Local Government 2010). Local government for the city is the metropolitan authority of Birmingham City Council, the largest local authority in the UK made up of 40 wards (administrative/electoral districts).

Birmingham differed from many other large English local authorities following the second world war as these tended to be dominated by the Labour Party (Di Gaetano and Lawless 1999). In Birmingham, control of the city council moved back and forth between Labour and Conservative administrations until 1984 when a period of 20 years of Labour Party control began. The 2004 local elections resulted in no political party with an overall majority and the Conservative Party and

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N. Brookes (✉)

Personal Social Services Research Unit, Cornwallis Building, University of Kent,  
Canterbury, Kent CT2 7NF, UK  
e-mail: N.K.Brookes@kent.ac.uk

J. Kendall · L. Mitton

School of Social Policy, Sociology and Social Research, Cornwallis Building,  
University of Kent, Canterbury, Kent CT2 7NF, UK  
e-mail: J.Kendall@kent.ac.uk

L. Mitton

e-mail: L.Mitton@kent.ac.uk

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T. Brandsen et al. (eds.), *Social Innovations in the Urban Context*,  
Nonprofit and Civil Society Studies, DOI 10.1007/978-3-319-21551-8\_5

the Liberal Democrats entered into a governing coalition. The Conservative leader of the council used the term ‘Progressive Partnership’ to describe the coalition, but over time Conservatives from within and outside Birmingham publicly accused the Conservative group of teaming up with the Liberal Democrats to pursue ‘quasi-socialist’ policies (Birmingham Post 2011). Following the 2012 local elections, in a widely predicted result, the Labour Party won control of the city council once again.

Regardless of which party was in power, the city council fostered a cooperative relationship with the local business community. This strengthened in the 1980s with joint efforts to protect Birmingham from the negative economic effects of swift industrial decline. Also, at this time the Conservative central government did not support a central role for local authorities in local economic development, and partnership with local business was a way to circumvent this. For the past few decades Birmingham has pursued a pro-growth agenda and this has been described from different perspectives by several authors, particularly in the period between 1984 and 2004 when the Labour Party controlled the Council. For example, the validity of the distributional consequences of growth-orientated economic development policies, in particular property-led approaches, have been questioned (Loftman and Nevin 1996), and the relationship between urban governance and industrial decline has been explored (Di Gaetano and Lawless 1999).

This chapter focuses primarily on the period from 2004 and begins with an examination of the values and orientations influencing social policies, followed by an analysis of what this means for social innovation, with a focus on labour market and housing and urban regeneration policy. In the final section, findings are brought together to illustrate how Birmingham as an example of a ‘governance of growth’ regime (see chapter on urban governance and social innovations) leads to social innovation ‘at the margins’.<sup>1</sup>

## 5.2 Context and Governance of Social Policies

To understand the interplay between welfare policies and social innovation it is necessary to understand the local context in which these occur. Several important factors are highlighted here which have had an impact on the local situation, including the endurance of the pro-growth agenda, the importance of partnerships, the influence of central government, the role of devolved decision-making and the recent financial crisis.

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<sup>1</sup> The source material for this chapter included nine interviews with civil servants, policymakers, representatives of the third sector and independent observers (plus a further eight connected to innovative projects within the city). Documentary analysis was conducted of: relevant local newspaper articles (2002–2012, 1493 sources), national newspaper articles relevant to the local situation (2002–2012, 354 sources) and minutes of council meetings and other documents/reports (2005–2012, 147 sources).

### **The Enduring Pro-Growth Agenda**

In the early 1980s Birmingham experienced industrial decline alongside deep recession and this had a lasting influence on the city's political thinking (Di Gaetano and Lawless 1999). Both main political parties made strong commitments to a pro-growth agenda with the aim of reviving Birmingham's economic performance. This agenda was an overlapping set of strategies which included those to preserve manufacturing and diversify industries, city centre regeneration and training and employment (Birmingham City Council 1989). The Labour administration that came to power after the 1984 local elections supported and protected the council leader who took forward plans to develop an international convention centre, an idea initially proposed by the previous administration. This convention centre was the start of what became to be known as the city's 'prestige project', a strategy to regenerate the city centre. The administration subsequently planned the financing and implementation of other projects such as retail and office developments. Council civil servants were willing participants in this style of council decision-making as it enabled the projects to move forward with minimum disagreement and disruption. It has been suggested that this policy agenda resulted in a focus on economic growth rather than delivery of services and has been examined (and often criticised) by various academics, most notably Loftman and Nevin, and in the local press.

As Di Gaetano and Lawless (1999) describe, in 1993, a power struggle within the Labour group led to a new leader for the city council, who initially tried to replace the pro-growth policy with a 'back-to-basics' agenda focusing on education, social services and housing. Fewer resources available for economic development as a result of central government directives led to a focus on welfare areas. Despite this, the pro-growth coalition ensured that economic development remained a key element of the city's policy agenda and there were still a number of large-scale development projects after the change in leadership. There were several reasons for this; a central government initiative, City Pride, brought the Labour leaders into increased contact with business leaders which in turn led to a closer working relationship. Also, within the Labour leadership there was a wide range of views on economic development, and several prominent Labour politicians actively supported the pro-growth agenda. Lastly, the pro-growth coalition had become deeply rooted in Birmingham's governance arrangements. The Labour leadership and the pro-growth supporters came to an understanding where each publicly acknowledged the importance of the other's policy priorities.

The developments in Birmingham began under a strong Labour council who had a solid economic development and regeneration strategy. Albert Bore, council leader between 1999 and 2004, chaired the Economic Development Committee of the council throughout the whole period which contributed to continuity of local economic development policies. From 2004, the deputy leader of the council, a Liberal Democrat, was a millionaire entrepreneur and also a member of the growth coalition in the city. However, the new leadership was less embedded in the partnerships of the city and their approach 'less pro-active and decisive in getting things done' (Coulson and Ferrario 2007). However, the 'prestige project' still continued

with city centre projects such as the redevelopment of the main railway station and the building of the largest library in Europe taking place.

In 2012, following the Labour victory in the local election, Albert Bore was once again leader of the city council. His election campaign focused very much on the local economy, boosting local jobs and businesses such as: a new standard for achievement for schools to educate and train children for the skilled jobs of the future; fast-track plans for 6000 private sector jobs on derelict manufacturing sites; a requirement the £ 7.5 billion spent by public services supports local jobs and businesses; and new Birmingham housing partnerships to build affordable homes, creating jobs for local people (Labour Party 2012).

### **‘Closed’ Partnership Arrangements**

‘Partnership’ has been a key feature in city council documents and a part of governance arrangements in Birmingham from the early 1980s. A partnership approach was seen as necessary for the delivery of the economic regeneration agenda, especially in the years when Conservative central government policies were largely unfavourable towards local government involvement in this. The overall view was that in Birmingham there were and are many organisations willing to collaborate with each other but not ready to give up their position and act in a secondary role. Organisations such as the council were dominant as they had clear roles, resources available to them, evidence of being able to deliver on plans and were seen as representative of Birmingham. Therefore, Coulson and Ferrario (2007), for example, have described the institutional framework in Birmingham as having a core of dominant organisations with a number of less powerful ones at the margins.

The city council is the central organisation in the city and has been an innovator in terms of the partnership approach; it has had a seat on almost all local partnerships and promotes and supports their effective working. For many years, this was a relatively ‘closed’ partnership of existing local political and economic power holders. However, this power dimension has evolved, a focus away from physical regeneration nationally, where the council had a significant role, to social issues that has meant that many other organisations have had a key role to play. The significance of Be Birmingham (the local strategic partnership) is an example of this with its role in implementing national programmes, and highlighting and co-ordinating discussions locally about an ‘inclusive city’. The influence of the third sector has been described as relatively weak with the relationship with the city council compared to a ‘parent and child’, but currently there was acknowledgement amongst local actors that this was improving.

### **Central Government Influence**

Social policies in the UK tend to be centrally driven and funded, although there is often scope for local government to influence how these are implemented locally. After the Conservative government (1979–1997), urban regeneration programmes and initiatives were funded by resources allocated to partnerships on the basis of competitive bidding from local authorities through funds such as the City Challenge Fund and Single Regeneration Budget. This gave social issues a more prominent role and community participation entered the policy discourse. The new Labour

government (1997–2010) maintained the focus on community involvement and promoted a ‘joined up’ approach to urban regeneration, and central government funds were allocated on the basis of need. Birmingham has had a wide range of these regeneration and renewal programmes and initiatives over the years targeting both the city centre and neighbourhood areas. The Coalition government (2010–present) greatly reduced the funding available for existing programmes from 2010 and phased out the initiatives of the previous national government which impacted significantly on the city’s ability to continue welfare projects.

### **Devolved Decision-Making**

In 2003, the Labour group took a decision to devolve some services and governance; devolved decision-making at a local level or ‘localisation’ was and is seen as the most effective way of defining social problems and coming up with appropriate solutions. Localisation in this context means giving local areas more freedom to design services according to local needs and priorities, services such as leisure, housing, neighbourhood advice, libraries and youth and adult services. In the following year, the political party in control of the council changed and the governing coalition did attempt to introduce a version of devolution at various points in their administration. Alongside this, in 2005 disturbances occurred in certain areas of Birmingham partly as a result of racial tensions which resulted in the council focusing on efforts to engage certain communities with the democratic process. There was a process of capability-building to help the dialogue between the council and the affected communities to lead and shape local programmes to address social issues. It was not until 2008 though that responsibility and budgets for a number of services were devolved to district committees across the city (11 then 10). However, locally there was a view that the policy ‘lost its way’ as no real decisions were made about changing the way services were delivered such as using the third sector or basing provision on established local priorities. The loss of funding from central government for neighbourhood management was seen as one of the reasons for this as these council employees based in local areas had initially supported the process.

In 2010, there was a consultation about continuing with local decision-making and retaining executive powers with district committees, and all parties were keen to pursue the existing model. The Labour Party since their return to power in Birmingham has set out their intention to ‘reinvigorate’ localisation, and restructuring of the council included a return to having a local services directorate with a framework to deliver localisation. The aim is for 80% of council services to sit out with the district committees. This is taking place in the context of a national government localism agenda which as one council officer stated is about “community-led interventions and the state not being so necessary”.

### **Social Inclusion**

In 2010 and 2011, a number of factors came together which led to issues of social inclusion being brought to the fore in a way they had not before. Be Birmingham raised concerns about the continued existence of significant inequalities across the city after the publication of the Closing the Gap report (Be Birmingham 2011); in 2011 disturbances once again occurred in Birmingham, and unprecedented budget

cuts were announced which would inevitably impact on local residents. Despite the urban regeneration of the city centre it was acknowledged by all political parties that inequality still existed and lasting change for people living in Birmingham's most deprived neighbourhoods had not been achieved.

As a result of this, in 2011 the then deputy leader of the governing coalition asked the Bishop of Birmingham to lead a 'commission' to look at social inclusion. The Be Birmingham executive commissioned the Social Inclusion Process project with the aim of developing a new approach to raising aspirations and the quality of life of the most disadvantaged communities and neighbourhoods. When the Labour Party took control of the council they stated their intention was to make this their "number one priority" and one interviewee held the view that,

The attitude of the previous administration in Birmingham was to turn a blind eye to some of the, not necessarily the visible signs of the inequality, but some of the causes that sat behind it. And there was a political discomfort, if you like, in addressing what some of those things were. I mean we come from a slightly different position of being prepared to have an open discussion about why these inequalities are created and the root causes behind them.

The Social Inclusion Process has been widely acknowledged as a success in terms of starting a dialogue between a wide range of organisations and individuals across Birmingham, many of whom had not had this opportunity before. This is a move away from the more 'closed' partnerships of the past to a more inclusive engagement with other local actors, but at present is still relatively marginal. Various actions and recommendations have been made which could have a direct influence on the local welfare system and how it operates, but it remains to be seen whether any lasting impact can be made without resources behind it.

### **Austerity**

As with all local authorities in the UK, the majority of the city council's income comes from central government. In the light of the national Spending Review by the current Coalition Government in 2010 and the accelerated reduction in the structural deficit, the current financial challenge facing the city council is to save approximately £ 300 million by 2014/2015. Birmingham City Council spends around £ 3.5 billion each year, about half of this is ring-fenced by central government or has statutory constraints (such as protecting the welfare of children) which means that the burden of savings will fall more heavily on certain areas of council services (such as social care, leisure facilities and economic regeneration) and on the council workforce (Birmingham City Council 2010a). In combination with the wider recession and the return to power of a leader who has always championed local economic development, this could mean there is potential for a continuing focus on economics rather than a broader social policy reform agenda.



### 5.3 What Does Context Mean for Social Innovation?

As mentioned earlier, the centralised nature of government in the UK means that most social policy is determined at a national level. Local authorities such as Birmingham are responsible for providing services to local residents such as education, social care and building planning permission. Direct responsibility for local housing policy does lie with the local authority but for other areas such as employment strategies this is more of a ‘caretaker’ role. With reference to the wider social policy framework described, this section highlights the two policy areas of the labour market and housing and regeneration, and the opportunities or space this provides for social innovation.

#### Labour Market Policy

Birmingham has unemployment rates twice the national average and in some areas over 50% of the working age population are not employed. The city also has the highest youth unemployment (those between the ages of 18 and 24) nationally. In some areas of Birmingham, unemployment has been an issue for two decades or more and there is recognition that this is a generational issue, as one council officer stated,

It is a generational issue now, it’s not just that they are unemployed, but the parents and grandparents have been unemployed.

Or more likely locked in a cycle of periods of unemployment and periods of low paid insecure work and then back into periods of unemployment again.

Birmingham has been affected more than other cities by the recession, with welfare benefit claimant count rates rising faster and to higher levels than in other cities. A structural weakness in skills and a relatively high dependence on manufacturing are thought to have contributed to this.

The two policy priorities of economic growth and labour market activation or social inclusion have usually been dealt with separately; for example, the city council and business stakeholders adopted an entrepreneurial model for infrastructure projects, but this may also have a knock-on effect of job creation. Access to labour market or social inclusion initiatives have been area-based, targeted at individuals, time-limited and conceived and funded by central government, but implemented at a local level.

The pro-growth emphasis can be illustrated by the comment of one council officer,

A key driver for Birmingham under any administration has been access to jobs and that means both an investment in skills for the population but also actively creating jobs and then connecting people to those jobs.

To address the decline in employment in traditional sectors this was linked to the regeneration strategy led by the city council. This aimed to encourage knowledge intensive professional services and also sectors involved in the visitor economy such as tourism, conferencing, hospitality, leisure and retail. However, many local residents lacked the skills to access the new jobs created in the service sector and these were increasingly filled by commuters in from neighbouring areas (Brookes et al. 2012). In 2008, it was still acknowledged that one of the challenges for the



city would be ‘maintaining growth in an increasingly knowledge-based economy without leaving behind a significant proportion of local residents’ (West Midlands Regional Observatory 2008). Birmingham was seen as good at creating jobs but not necessarily for people in those wards where unemployment sat at a higher level.

The new Labour administration still has a focus on job creation, promising to create thousands of jobs and tackle ingrained unemployment and poverty on a journey to make Birmingham the ‘enterprise capital of Britain’. The leader of the council has said that his priorities are jobs and enterprise, helping to get 52,000 unemployed Birmingham residents into work. New economic growth zones are to be created, which are likely to benefit from incremental tax funding schemes (Birmingham City Council 2013).

In terms of labour activation strategies, these are largely a function of national government. Delivering labour market integration in a ‘different way’ is not seen as possible without central government support financially. Employment strategies are a web of interlinked programmes and funding streams, and this complexity is due to the national agenda governed by more than one government department. In Birmingham, local activity has been co-ordinated by JobCentrePlus and the Learning and Skills Council, national organisations with local delivery arms. The council has a small budget in comparison to the other organisations, but has been the accountable body for a number of funding streams and therefore decisions as to how money is spent locally (usually through Be Birmingham). All three have been brought together through partnership arrangements.

Various central government initiatives aimed at the most deprived areas have been implemented through the city council in Birmingham since 2000, with either employment as their sole objective or one amongst others. For example, the Neighbourhood Renewal Fund (2001–2008) did lead to strategies for local employer engagement and access to employment and training but comparatively little of the locally determined spend was directed at employment targets. The most common approach was support for local voluntary organisations helping people who were out of work. The Single Regeneration Budget (2000–2007) included a number of innovative job creation and employment and skills projects focused on particular areas of the city. Unemployment did fall in the areas covered by the Single Regeneration Budget but also the number of jobs available fell with the continued decline of the manufacturing sector.

The Working Neighbourhoods Fund (WNF 2008–2011) resulted in the local coalition using the resources available to set up a cross-agency Integrated Employment and Skills model as the basis for employment support across the city and to fund projects targeting different groups and needs. The council, Learning and Skills Council and JobCentrePlus all signed up to this new way of commissioning and delivering services for the unemployed at a neighbourhood level. This was seen as a risky and radical strategy as it involved a major change to existing practice taking the focus away from a city-wide approach to contracting services locally.

The projects funded through the WNF covered a wide range of activities to support people to work. The Worklessness Innovation Fund set up through the WNF provided small grants for feasibility studies, demonstration projects and innovative actions. Projects had to contribute to the outcome of increasing employment

and reducing poverty through targeted interventions to reduce worklessness in the most deprived neighbourhoods in the city. A total of 40 projects were supported and evaluation of the fund highlighted that it had been successful in trialling and developing approaches with a focus on the nature and quality of interaction with clients. Ultimately, with the withdrawal of both the WNF and resources for neighbourhood management, this approach was not sustained beyond 2011, and represents the last time local innovative activity in this area was directly supported on this scale.

In 2009 and 2010, elected members across all parties expressed concern that after regular updates on strategies and approaches to tackling unemployment and large amounts of money spent since 2007, they were still unclear as to the impact this had made (Birmingham City Council 2009). One initiative instigated by the central Labour government, the Future Jobs Fund (a subsidised employment scheme) was widely believed to be a success in Birmingham. Around 2000 young people, 45% of whom went on to unsubsidised employment, benefited from the initiative. The national Coalition government abolished the Future Jobs Fund programme against the recommendations of the council. The current Labour administration has plans to recreate this with resources drawn together from a variety of sources (a recommendation which came out of the Social Inclusion Process). This was widely reported in the local press. As the Council Business Plan (Birmingham City Council 2013) indicates,

We...are putting together £ 15 million of funding for our Birmingham Jobs Fund, to support employers taking on young people and give additional training and support to young people themselves. With such bold initiatives we are showing what we can do by working in partnership with others who share our aspirations for the city.

The initiatives and funds provided by central government to support areas with high unemployment have been both a facilitator and a barrier for the innovation 'journey' in Birmingham. These initiatives have resulted in opportunities to fund a large number of locally selected, innovative, 'successful' projects which would not otherwise have occurred. However, ultimately the innovative projects funded have been small-scale and time limited. Some of the social innovations were perceived as a success but were still vulnerable; once grant funding was withdrawn there was no mainstreaming of services after each programme finished. These were low risk for the council to test out but alongside this they could only have a limited impact due to scale and were responsible for their own plans for sustainability beyond the life of the programmes. This was not always easy for the large number of third-sector organisations who ran these projects where services were linked to contracts or grant income.

### **Housing Policy and Urban Regeneration**

Birmingham is one of the largest social landlords in the UK with a long tradition of large-scale local state provision of housing services. It is currently responsible for 65,396 dwellings, holding 17% of the housing stock of the city. Registered social landlords (RSLs, or third-sector housing associations) currently hold 40,579 dwellings across 40 providers, the largest being Midland Heart. The council has a strategic role as well as a regulatory and house-building function. The council has

a long history of working in partnership with the local housing sector through the City Housing Partnership, comprising the council, housing associations, voluntary organisations and the private sector. At a national level, the Housing and Communities Agency and the HomeBuy Agency provide finance and co-ordinate the low-cost homeownership schemes. Regeneration of the physical environment and housing policy has often been intertwined.

With regards to social housing, in 2002 Birmingham decided to pursue the stock transfer policy option promoted by the national government to enable access to private finance and to pass management of its stock to housing associations. The reasons for this were a significant backlog of outstanding repairs and structural problems and a significant capital debt, but no resources to meet these commitments. The national government inducement of cancelling existing capital debts and allowing the replacement landlords to borrow capital was attractive to Birmingham politicians and council officers. However, when balloted tenants rejected stock transfer by two-to-one and although the Labour leader of the council was in favour of this, there were many within the Labour group overtly opposed to stock transfer. The 'no' vote was seen as the result of weak political leadership, insufficient trade union support for transfer and a lack of faith by tenants in proposals, mainly unconvinced by assurances about the extent of housing demolition and future rent levels (Daly et al. 2005).

The current challenge for Birmingham's housing policy is that the city's population is increasing and is projected to grow by 100,000 residents to 1.1 million by 2026. In total 90,000 additional households will be formed due to this and other demographic changes (Birmingham City Council 2010b). With the average city income insufficient to buy an average priced property, there is collective recognition that additional social and affordable housing is needed across the city. Demand for social housing significantly outstrips supply and in 2012/2013 there was a waiting list for council housing of over 30,000 applicants. This has been a growing trend since the 1980s.

In terms of house-building, a conducive climate for new private housing development was created from the 1990s through a link to the physical regeneration of the city centre, and residential development grew slowly but steadily in subsequent years (Barber 2007). This city living strategy was a significant driver for change in Birmingham's housing markets. More than 9000 homes, 85% for private sale were completed between 1995 and 2007 and there was evidence that these were adding to the diversity of housing options for middle- and high-income earners. However, city living remained a narrow market, dominated by young professionals, investor purchasers and rental occupation. The fact that no affordable housing was planned as part of this city centre regeneration strategy to encourage the creation of a new housing market was criticised by some local politicians.

The major debate in Birmingham, particularly since 2008, has been around the provision of affordable housing. The economic downturn resulted in a slowing down of the housing market, a major drop in house building and a more challenging environment for those seeking mortgage lending. A reduction in private-sector development activity and investment and the restrictions on public- and private-

sector funding were seen to be affecting the provision of affordable housing. Local media reported frequently about the ‘housing crisis’ and included several reports about a group ‘Justice not Crisis’ who occupy derelict buildings in protest at the lack of affordable housing. For a number of years, the coalition council had sought to maximise receipts from land sales to assist with programmes such as the national Decent Homes Programme (which stock transfer was meant to support). Some observers thought that this was resulting in less land available for social and affordable housing developments. These claims were strongly refuted by the coalition Cabinet Member for Housing and the Birmingham Social Housing Partnership.

Regeneration activities in Birmingham received funding from the national Labour government from the late 1990s, the New Deal for Communities (1998–2008), Single Regeneration Budget (2001–2007) and Neighbourhood Renewal Fund (2001–2008). The Housing Market Renewal Pathfinders (2002–2011) focused on housing in particular, a controversial scheme of demolition, refurbishment and new home-building which aimed ‘to renew failing housing markets in nine designated areas of the North and Midlands of England’ including Birmingham (Cole and Flint 2007).

Regeneration in Birmingham was viewed by some local politicians and the press as having to a large extent ignored the social and community aspects. In some areas of Birmingham there was evidence of progress in physical change but not in ‘bottom-up’ economic development, the social and community aspects and the connecting of these to the physical changes taking place. The approach was very much embedded in what has been described as the ‘old style’, with a focus on land and property interventions, securing funds and driving projects through (Barber and Eastaway 2010). This traditional approach which suited the city well in the past was embedded in local governance structures, and policymakers found it hard to work differently. Innovations were therefore only modest in scope. This way of working was also less helpful in delivering the ‘place-shaping’ role given to local authorities with the aim of creating places where people want to live, work and do business in collaboration with local communities.

Specifically in relation to housing, traditionally the housing associations were considered to be the house-builders. However, the coalition council moved to a more interactive exchange between the public and private sector to encourage house-building, supported by innovative practice in financing and planning. The council devised a way of delivering affordable but high-quality new homes that limited financial risk through the formation of the Birmingham Municipal Housing Trust (BMHT). Properties on BMHT sites were a mixture of council homes and those for outright sale built on council-owned land. An innovative financial model was developed in consultation with contractors that reduced up-front costs and reduced uncertainty over planning permission. Planning consent for each site was gained and paid for by the council before tenders were invited so potential partners could tender risk-free financially. The houses were then built on council-owned land with an agreed number of properties on each site allocated for social housing. Payment for property land was delayed until developers sold the homes and on a plot-by-plot basis. This model still operates in the city and has won awards for its innovative approach. However, the scale of house-building through BMHT will not

solve the issue of the need for homes required alone. Outside of this there has been small-scale innovative activity within the local housing sector but limited in scope.

The current Labour council set out its vision for housing in Birmingham (Birmingham City Council 2013),

Our vision is to make individuals and families proud to live in Birmingham in a decent home at a price they can afford, enjoying stability whether they rent or buy.

To achieve this vision the council states it will: provide new affordable homes; aspire to provide decent homes for all; introduce a new deal for council tenants; give people a say in the future of their communities; and focus on homes and jobs. Various council statements and documents have given their support to innovation and creative thinking in housing policy but this has yet to translate into social innovation in this area.

## 5.4 Summary and Conclusion: Innovation at the Margins

This chapter has described a governance system in Birmingham that over the decades has been rooted in a pro-growth strategy. This resulted in an environment not typically conducive to large-scale social innovation. The impact of history is of great significance with the devastating impact of recession and deindustrialisation that started in the 1980s, and that still continues today, influencing the policy and practice of actors in the city. The major, lasting innovation in the city is partnership working seen as essential to deliver the economic regeneration agenda. This occurred in Birmingham long before it became part of popular policy discourse in the UK. This partnership approach was characterised by a focus on economic priorities and comprised a closed group of business and political leaders; however, over time there has been a shift to more inclusive engagement.

The situation in Birmingham reflected the change in urban policy described by Harvey (1989) as a shift from managerialism to entrepreneurialism. The city council has focused over the years on the promotion of local economic development and employment growth and to a lesser extent on the provision of services. However, the council has always seen economic development as also serving the objective of improving the quality of life of its citizens. Therefore, policies do not always show a clear cut divide between social and economic policy.

In terms of employment strategies the focus has been on economic development and job creation but this has also been influenced by central government which has direct responsibility for activation policies. Innovative practice has been supported locally but only where this has been possible through central government resources; once this has been withdrawn the majority of projects cease to exist. The loss of a consistent integrated approach to employment and skills pioneered by Birmingham and other small-scale, promising projects is linked to this withdrawal of resources which has occurred due to not only the end of national programmes and austerity measures but also a change in national political outlook. The current local political

leadership will need to find ways to use existing resources more creatively if any innovative activity is to be supported as cuts to public spending are set to continue.

The huge housing problems in Birmingham mean that large scale social innovation would be required to make any impact on this. However, there is little evidence of social innovation in housing and regeneration policy apart from the award-winning BMHT which whilst successful in its current form is too small in scale to meet demand and therefore has limited impact. One local actor did highlight the fact that the housing sector more generally is not known for its innovative capacity so there may be wider issues at play.

To conclude, the situation in Birmingham describes a case of urban governance where solutions to social problems were stated in terms of economic priorities. Innovation does occur but very much at the margins, through opportunistic and short-term support for small-scale projects usually through national funding streams. Looking to the future, devolved decision-making was seen by local actors as a potential vehicle for innovation at the (very) local level. This approach had not been without its difficulties over the years and so was not perceived as a solution that would happen ‘overnight’.

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