THE FUTURE OF BIRMINGHAM

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Introduction

With Birmingham positioned at the centre of a national high-speed rail network, attracting unprecedented levels of investment, and poised to host a global sporting event, the 2020s were predicted to be Birmingham's 'Golden Decade'. However, the city has since been grappling with a challenging financial landscape, marked by the Council's issuance of a Section 114 notice, a decade of austerity, and sluggish national economic growth.

Despite these difficulties, Birmingham has maintained a positive growth trajectory, consistently increasing the delivery of homes and commercial developments that benefit its residents and contribute to the broader West Midlands region. A key factor in Birmingham's resilience and resurgence lies in the cultivation of strong public-private partnerships. To capitalise on future growth opportunities and meet its ambitious objectives, the City Council must continue to nurture this prosperous collaboration.

Arguably, it was the 1990s which heralded the start of Birmingham's resurgence from the devastating effects of post-war deindustrialisation, igniting the regeneration the city so urgently needed. The subsequent decades have seen a wave of redevelopment projects throughout the city, including the completion of the first phases of Paradise, the establishment of a world-class library, and exciting forthcoming developments including Smithfield and the transformation of Digbeth. Positioned at the heart of the West Midlands region, Birmingham possesses the essential ingredients to seize these opportunities for sustainable growth.

Birmingham in numbers

Young and superdiverse

22.1% of Birmingham residents are 0-15 years old (compared to **18.5%** across England), and **51.4%** identify as Black, Asian, and/or Minority Ethnic.

Economy

City Region contributed **£60.78 billion** in gross value added (GVA) to the UK economy in 2022.

Affordability

The average Birmingham property price is **£236,471**, still significantly more affordable than its competitors – **£250,623** in Manchester and **£525,586** in London.

Strong city centre

Supports over **150,000** jobs and attracts more than **£2 billion** in retail expenditure every year.

The challenges

Whilst there are major opportunities, the city has significant challenges to overcome:

Inequality

At 8.9% in April 2024, Birmingham's 16-64 claimant unemployment rate is the highest of the core cities, significantly above the core city average of 5.7%. Additionally, there are disparities in life expectancy, with differences of up to ten years among some of the city's 69 wards.

Birmingham City Council's financial position

The council is grappling with multiple financial difficulties, leading to the issuance of a Section 114 notice in 2023. More recently, these challenges have been exacerbated by financial setbacks related to hosting the Commonwealth Games and wider macroeconomic changes resulting in increasing costs.

Undersupply of new housing in Birmingham relative to demand

Birmingham is experiencing a critical undersupply of new housing relative to its growing population. The emerging local plan indicates that the council will struggle to deliver the necessary housing units due to a lack of available land.

Local authority planning capacity at a low

A recent report by House Building Federation (HBF) revealed that Birmingham City Council has the lowest planning officer capacity of those who responded at 47% for 2023/24, which, if unaddressed, will significantly hamper the city's development efforts.

Despite facing significant financial and resource pressures, the council has exceeded expectations in the determination of major planning applications, outperforming other comparable city authorities (see Figure 1). However, as critical capacity issues become more pronounced and development activity continues to rise, the council's ability to make timely decisions is increasingly at risk. The complexity of the planning system, particularly with the introduction of new regulations, highlights the urgent need for qualified professionals to assess planning applications effectively. To realise its growth ambitions, the council must take decisive action on this front.

Indicator	Financial Year	Birmingham	Manchester	Liverpool	England Median
Percentage of major planning applications decided on time	2022-24	93.0%	87.6%	79.1%	90.2%

Figure 1 : Major Planning Application Determinations

Source: data.gov Planning – Local Authority Data Explorer

In pursuit of growth:
The evolving planning & development landscape
Will the NPPF support the delivery of the homes we need?

The Rt Hon Rachel Reeves MP, Chancellor of the Exchequer:
"...take an axe to red tape that slows down approval of infrastructure projects"

The Rt Hon Angela Rayner MP, Deputy Prime Minister and Secretary of State for Housing, Communities, and Local Government said upcoming policy would:

> *...make home ownership dream a reality for millions*
>
> *...bold reform of the planning system to deliver on the Plan for Change for working people*

The revised National Planning Policy Framework (NPPF) signifies an important shift in direction, emphasising a push for housing and wider growth. The Deputy Prime Minster and Chancellor's comments encapsulate the future of the planning system, highlighting the government's commitment to streamlining the planning process and accelerating construction across Britain.

The NPPF responds to the urgent housing demand by transforming how Local Planning Authorities (LPAs) approach development and manage land supply, with the goal of delivering 1.5 million homes by 2029. The introduction of the "grey belt" definition and the promotion of the strategic release of green belt land (where appropriate) represents a significant shift in planning policy, with the intent of making it easier to permit new housing.

The new Standard Methodology (SM) now assesses housing demand based on a 0.8% annual growth rate of the existing housing stock, along with an affordability uplift.

This adjustment increases housing land supply (HLS) requirements for most councils, intensifying the pressure to approve more housing applications, especially in areas with poor five-year housing land supply (5YHLS) and high affordability ratios.

Whilst most councils have seen an increase in housing requirements, Birmingham has notably seen a drop in requirements from 7,174 to 4,448 homes per annum which is a drop of 38%. This may ease the pressure on housing land supply in the very short term. However, given the extent of unmet need and consistent under-delivery particularly of family and affordable housing, the Council will need to look at all options, including the possible release of green belt land. The Council will either way need to consider green belt to comply with their obligations under the Duty to Cooperate, given the shortfalls in capacity that have been identified by the Black Country authorities.

What are the key revisions to the NPPF?

1. Reintroduction of mandatory housing targets
2. Restoration of five-year housing land supply
3. A new standard method
4. Golden rules for green belt development
5. 'Grey belt' definition

Regional changes

In December 2024, the UK government announced significant proposals for wider and deeper devolution. Key initiatives include the establishment of mandatory Strategic Authorities across England, streamlined funding through Integrated Settlements, and expanded mayoral powers over transport, housing, and skills. Local councils will gain increased autonomy, benefiting from improved alignment of public services and reorganized governance structures designed to enhance efficiency. These reforms aim to stimulate economic growth, improve accountability, and empower communities, while also addressing decades of decline in local government.

Implications of the Integrated Settlement for Birmingham:

The WMCA has successfully secured a departmental-style Integrated Settlement worth circa £390m for 2025/26, with a further £211m City Region Sustainable Transport Settlement allocation, granting local leaders significant control over spending in six key areas (referred to as functional responsibilities):

- Adult skills
- Building retrofit
- Employment support
- Housing and regeneration
- Local growth
- Transport

The Integrated Settlement will give the WMCA significantly greater flexibilities over the deployment of this funding, which is collated from 21 existing funding streams. This consolidation will empower authorities to make more informed investment decisions, fostering proactive problem-solving and supporting comprehensive development. Ultimately, these changes aim to enhance the regional economy and advance efforts toward achieving net-zero targets.

Birmingham and the broader West Midlands are strategically positioned with the new government to secure further funding through enhanced devolution, which is expected to lead to a stronger focus on project delivery and tangible outcomes.

Implications of devolution

The broader implementation of policies such as Integrated Settlements reflects the government's recognition of the limitations inherent in a centralised strategy. The government is increasingly equipping local leaders and communities with the tools and authority needed to drive growth in their respective areas through:

1. The establishment of strategic authorities
2. Expanded mayoral devolution
3. Increased housing allocations
4. Streamlined decision-making processes
5. Enhanced regional collaboration

These strategies significantly impact planning by further simplifying the development process. Strategic Authorities will be tasked with creating **Spatial Development Strategies** that establish housing targets for local areas. Applications that align with these local plans and frameworks may be able to bypass traditional planning committees. Additionally, Mayors will be granted greater powers of devolution including the ability to call in major applications to facilitate regional development.

Local changes

Birmingham Local Plan

The emerging Birmingham Local Plan will replace the adopted Birmingham Development Plan. The changes to the NPPF and pressure for growth have placed significant pressure on Councils to have their local plans in place. The Council's updated Local Development Scheme (LDS) has pushed the timetable for adoption back including a further round of Preferred Options Regulation 18 Consultation in November/ December 2025.

Plan Making Stage	New Date	Previous Date
Preferred Options	**November/December 2025**	July 2024
Publication	**June/July 2026**	February 2025
Submission	**October 2026**	June 2025
Examination	**January 2027**	Autumn 2025
Adoption	**September 2027**	Autumn/Winter 2026

Figure 2: Local Plan Delivery Proposed Timetable (Local Development Scheme, 2025)

Source: Birmingham City Council

Our Future City: Central Birmingham Framework 2045

Adopted in May 2024 the framework is a 20+ year vision and strategy with most proposals expected to be delivered through the private sector. Therefore, a key objective of the framework is to attract private finance and investment without the need for funding from the council.

The framework will also be a key part of the Council's Place Based Strategy, that will be instrumental in securing Integrated Settlement funding from the WMCA, alongside funding from other public sector partners such as Homes England. The Council will play a key role as a facilitator and enabler to shape and influence new developments, which will be undertaken through its statutory roles as the local Planning and Highway Authority.

Key objectives of the Central Birmingham Framework 2045

Pushing outwards for inclusive growth

The plan aims to promote sustainable economic growth by creating a greener, safer, and better-connected city and widening the scope of development activity to ensure the benefits are felt by all in Birmingham. In particular this includes supporting higher density development in the central areas of the city which surround the city centre

Enhanced connectivity and infrastructure

A key objective is to improve connectivity within Birmingham and to surrounding areas. This includes upgrading transport infrastructure, enhancing public transport options, and creating pedestrian-friendly spaces to facilitate movement and access throughout the city.

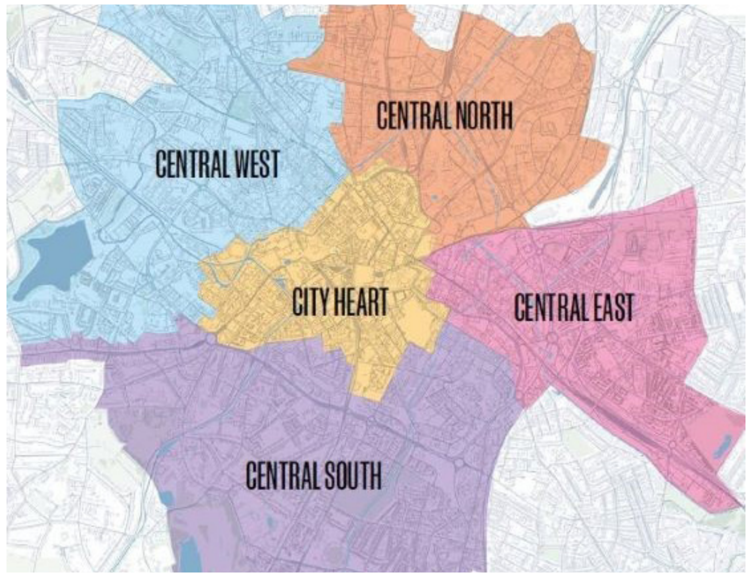

Figure 3: Central Areas of Birmingham

Source: Birmingham City Council

Looking ahead

What does the Council need to do?

The Council's 5 Year Housing Land Supply position:

- A land supply of 5.61 years now that the plan is over five years old.
- A housing delivery test score of **79%**.

Affordable housing

Birmingham is facing a significant challenge in delivering affordable homes, mirroring a national crisis in the UK. The city struggles to meet the growing demand for affordable housing due to rising construction costs, limited land availability, and bureaucratic obstacles. Consequently, many residents are priced out of the housing market, increasing pressure on local services and communities. Without focused efforts to tackle these issues, Birmingham risks further exacerbating its inequality across. throughout the city.

Estimated annual need for affordable housing split between rented and affordable home ownership by sub-area

	Rented Affordable Need	Affordable Home Ownership Need	Total Annual Need	% as AHO
Central	**925**	253	1,178	**21**
Edgbaston	**409**	146	555	**26**
Erdington	**480**	51	531	**10**
Hall Green	**436**	149	585	**25**
Hodge Hill	**629**	-2	627	**0**
Northfield	**435**	51	486	**11**
Perry Barr	**717**	36	753	**5**
Selly Oak	**501**	36	537	**7**
Sutton Coldfield	**379**	232	611	**38**
Yardley	**485**	78	563	**14**
Birmingham	**5,396**	1,031	6,426	**16**

Figure 4: Extract from Birmingham Housing Strategy 2023-2028

Source: Birmingham City Council

Student accommodation

With the growing student population in the city centre, the demand for student accommodation is increasingly being tested. The 2024 Purpose-Built Student Accommodation: Supply and Demand Update highlights the mounting pressure on student housing in the area, indicating a critical need for more tailored living options to meet the needs of this expanding demographic.

Demand and Supply scenarios – November 2024	Selly Oak/ Edgbaston Total Shortfall	City Centre Total Shortfall	Bartley Green Total Shortfall	Total Shortfall City-Wide
Scenario 3 – Future demand against existing and committed supply, plus supply from all current applications assuming all are approved.	-14,936	813	30	-14,093

Figure 5: Student Housing Demand and Supply

Source: Birmingham City Council

The data reveals a significant shortfall in student accommodation in Selly Oak/Edgbaston, which is adversely affecting the overall housing supply in the city. Scenario 3, which assumes the approval of all current applications for student housing, underscores the critical resource deficiency in this area.

It is important to note that these figures do not factor in the Knowledge Quarter, which has been selected by the Government as one of three Investment Zones in the West Midlands. This is forecast to increase the demand for student accommodation in the city centre by a further 15,000 bedspaces.

Housing delivery strategy

As the Council navigates financial constraints, there are promising opportunities for public-private partnerships focused on developing innovative, high-quality projects that address socio-economic and environmental challenges. Growth Zones identified in the Local Plan and the Central Birmingham Framework are expected to enhance Birmingham's attractiveness as an investment destination. The emerging Birmingham Local Plan will replace the current Birmingham Development Plan, and whilst the new standard method results in a lower requirement for housing, we anticipate that there will still be a significant shortfall.

We believe that effective public-private collaboration, coupled with a regional recognition of housing needs is essential. While recent regional changes present opportunities for strategic coordinated planning to distribute housing across appropriate areas, there must be a mature dialogue about the potential for further green belt release and engagement with prospective developers.

Addressing the challenge of sustainable growth also requires solutions to the inequality and deprivation affecting the city, particularly in the inner-city wards surrounding the city centre.

Given the constrained housing land supply within the authority, it is crucial to identify and develop sites beyond a city centre-centric approach. By partnering with the private and third sectors, the Council must support comprehensive projects within the broader Central Birmingham zone, as outlined in the Central Birmingham Framework 2045, to deliver improved infrastructure, quality of life, and job opportunities to a wider population. The Big City Plan was instrumental in dismantling both physical and psychological barriers to development in areas such as Digbeth, the Jewellery Quarter, and Smithfield. Now, it is time to extend these efforts further, not only to achieve growth objectives but also to significantly improve the lives of residents in inner-city Birmingham.

Planning capacity

Birmingham has a proven track record of successful public-private partnerships. As the Council navigates reduced capacity, it should take on a convening role to bring together landowners and developers in shaping area visions. The built environment sector is currently facing a well-documented capacity shortage, further intensified by rising demand from proposed changes. While the government's push for digital transformation will enhance efficiencies in the long term, the Council must take immediate action to address current challenges.

Following a period of instability at the Council, recent senior appointments are expected to provide the strategic direction needed for long-term success. Delays in the planning process can significantly hinder investors and developers, jeopardizing the commercial viability of projects. Therefore, streamlining the planning process is essential, and the private sector can play a vital role in assisting planning authorities to make timely decisions that benefit the city's future. Collaboration between the Council and the private sector is crucial to bridge this gap and expedite project approvals.

While Birmingham presents unparalleled investment opportunities, timely development is critical for unlocking growth. A clear strategy that fosters collaboration between the public and private sectors, including the city's universities, is essential for attracting inward investment and driving innovation. This strategy should prioritize capital investments to ensure a smooth process and collective progress toward shared goals.

Concluding thoughts

1

A comprehensive approach to housing strategy

Birmingham is a city brimming with opportunities, yet it faces significant challenges, particularly in addressing its housing shortage. While the introduction of the new Standard Method may alleviate immediate pressure on land availability, the fundamental challenge of increasing housing delivery within a constrained supply remains. To tackle this issue effectively, the council must collaborate with the private sector to provide long-term housing provision. The strategy should include a thorough review of green belt land to identify viable opportunities.

2

Breaking boundaries: Delivering for all

Building on the Central Birmingham Framework 2045 strategy, the council should pinpoint inner-city areas for comprehensive development, enabling medium to high-density housing around key transport infrastructure. This approach is essential to meet the housing needs of local communities and to spread the benefits of development across the city.

3

Capacity in the planning department is fundamental to delivery

A cohesive strategy is vital to navigate the challenges posed by reduced public sector capacity and funding cuts. By fostering collaboration between the public and private sectors, including local universities, the council can attract investment and stimulate innovation. This united approach will be crucial for streamlining the planning process, overcoming delays, and ultimately delivering the infrastructure and housing necessary to support the city's growth.

4

Devolution offers an unparalleled opportunity for sustainable growth

Birmingham is at the forefront of the region's revitalisation. Changes in regional governance, driven by enhanced devolution, present a significant opportunity for cohesive and strategic approaches to housing. This transformation not only unlocks a broader funding pool but also lays the strategic groundwork for the sustainable growth that Birmingham urgently needs.

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