

Chamberlain 2.0: A Fairer Deal for Working People



The Challenge

The central political challenge of our day is the declining social mobility and increased insecurity experienced by a growing section of the population “left behind” by rapid and global change.

It is a challenge to do with culture, class and identity as well as material prosperity. It is a story about places as well as people. There is growing inequality between neighbourhoods as well as between individuals.

It is a moral challenge, but it also has growing social and economic costs. It is a potential threat to the social cohesion and security our communities. It is a drag on economic performance and it is miring our public services in unsustainable demand pressures.

Most of all, these trends are a threat to the future of our young people and children – our greatest asset and the future of our society. The next generation is at risk of being worse off than their parents and being denied a fair chance in life.





Social Mobility in Birmingham and the UK

Britain is a country where the class and income of children when they grow up is more related to the class and income of their parents than anywhere else in the developed world.

State of the Nation: Social Mobility and Child Poverty in Britain (Social Mobility and Child Poverty Commission 2015)

The public service cost of child poverty has been estimated at somewhere between £10-20 billion per year.

'The Foundation Years: Preventing Poor Children becoming Poor Adults' (Frank Field MP 2010)

Failing to improve low levels of social mobility will cost the UK economy up to £140 billion a year by 2050 (or an additional 4% of GDP). This was calculated based on the cost of failing to bring the educational outcomes of poorer children up to the UK average.

Mobility Manifesto (Sutton Trust: Improving Social Mobility through Education 2010)

Birmingham Child Poverty Commission 2016: A Fairer Start for All Our Young People

- Birmingham is home to 1.1 million people. 250,000 of Birmingham's residents are under the age of 15 and 500,000 under the age of 30.
- Over 100,000 children live in poverty in Birmingham – 37% of all children.
- More than half of Birmingham's poorest families believe their children will have a worse life than their own.

Meeting the challenge: inspiration from Birmingham

We have faced similar challenges before and succeeded in forging a new social contract that enabled people to find security and prosper in a changing world.

Joseph Chamberlain's progressive social and economic reforms in Birmingham are one of the best examples of this and they can be an inspiration to us today.

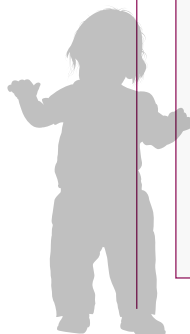
Today Birmingham again faces many challenges. But it is also a city of fantastic opportunity. We are a young city with diverse neighbourhoods experiencing many of the strains of inequality and rapid change. But we are also a city of empowered and active communities, of innovation, entrepreneurialism, creativity and social enterprise.

Chamberlain's Fairer Deal to Deliver Growth for the City

As well as major investment in the physical infrastructure of the city and most famously in gas, water and housing, Chamberlain also invested in the social infrastructure. Major achievements included:

- Founding the Birmingham Education League to ensure guaranteed access to a free education for all children.
- First Chancellor of the University of Birmingham, the UK's first civic university, where students from all religions and backgrounds were accepted on an equal basis. It was also the first UK University to include a faculty of commerce.
- The economic costing of the death rate from poor water to show that it would pay for improvements 2-3 times over. Following the works completed the death rate fell by a quarter from 1875-1885.

Source: Asa Briggs *Victorian Cities* (University of California Press 1993) and Tristram Hunt *Building Jerusalem: The Rise and Fall of the Victorian City* (Weidenfeld and Nicholson 2010)





Greater Birmingham: A Thriving Business Economy

As in Chamberlain's time Birmingham is growing and prospering. The challenge is to ensure that this growth brings opportunity to all our communities.

- Achieved an economic growth rate of 13.5% in last five years.
- West Midlands exported £29bn of goods in 2015, more than any UK region outside London and South East.
- 85,200 additional private sector jobs created since 2010 – outperforming national growth rate.
- Birmingham is number one in the UK for real estate investment projects and sixth in Europe.
- Five world class universities in Greater Birmingham and Solihull produce 25,000 graduates each year.

Source: Birmingham City Council

Innovating to Deliver Improved Outcomes for Children and Young People

The West Midlands Combined Authority (WMCA) is aiming to improve the cost effectiveness of public services and close the £4bn fiscal gap between rising demand and decreasing resources.

What if the local authorities within WMCA were the best performers against benchmark comparators? This would mean:

- 181,780 more people would be economically active.
- 20,316 fewer people on Employment Support Allowance.
- 1,509 fewer 16-18 year olds 'Not in Education, Employment or Training' (NEETs).
- 2,054 more five year olds ready for school.
- 3,018 more pupils gaining 5+ good GCSEs including English and Maths.

Source: Coventry City Council



Recreating the Chamberlain vision in partnership with others

At the heart of Chamberlain's vision was the bringing together of business and civic leadership. As a successful businessman, he understood the human foundations of economic growth. He understood that the strength of the city's economy was dependent on a secure and prosperous population.

Today we need a new plan to renew both our social and economic infrastructure. We must invest in our people and, in particular, we must invest in our young people and children. We are doing a lot already and investments are being made all the time by individuals and by private, public and third sector bodies. However, collectively together, we could do a lot more.

Central to everything that Chamberlain did was his belief in the city as a powerful centre for community and civic pride. This is critical because today's challenge is partly one of identity and loss of power. People need to be better off, but they also need to belong.

Given the right powers, good governance and strong leadership, the great cities are once again the places where answers will be found.

Birmingham is an open and outward looking city. We are keen to learn from other cities nationally and internationally. Recently we have been taking a particular interest in the debate on social mobility within cities across the Atlantic in the United States.

We are working closely with our neighbours within the West Midlands Combined Authority to pool our collective efforts effectively.

We are determined that everything we do should be evidenced based and we will act to ensure that we have the data and knowledge required.





International Comparators: US Policy Debate

This debate is not unique to the UK. Equality of opportunity has featured strongly in the 2016 US presidential election campaign. Robert Putnam's book 'Our Kids: The American Dream in Crisis' was cited by Hilary Clinton as the most influential for future government policy if she were elected. He uses the following three studies to put hard numbers on the economic costs of the US opportunity gap:

1. The aggregate annual costs of child poverty to the US economy total about \$500 billion per year or the equivalent of nearly 4% of Gross Domestic Product (GDP) based on reduced productivity and economic output; costs of crime; and health expenditure and health outcomes (Holzer et al 2008).
2. Estimates for the economic costs of 'Opportunity Youth' (young people aged 16-24 who are neither in school nor at work) gives an annual tax payer burden per youth of \$13,900 and a societal burden (including private costs of crime and slower economic growth) of \$37,450. The aggregate lifetime calculation for the current cohort of opportunity youth gives a taxpayer burden of \$1.59 trillion and a societal burden of \$4.75 trillion. (Belfield et al 2012).
3. Comparing different metropolitan areas it was found that social mobility appears to speed economic growth beyond what would be predicted on the basis of standard growth theory. Closing the gap in performance due to poor social mobility, for some metropolitan areas, would equate to an additional 27 percentage points on the 10 year growth rate of real per capita income. (Bradbury et al 2014).

Source: 'Robert Putnam 'Our Kids: The American Dream in Crisis' (Simon and Schuster 2015)

Working with Birmingham

Birmingham is the right place to lead this programme of reform and to forge a new social contract that brings fair chances to all.

Across the West Midlands civic and business leaders are putting in place the leadership we need.

Inspired by Chamberlain, we see the future of the city as rooted in the success and achievements of the people who live and work here. Every child who grows up in Birmingham should have the opportunity to thrive.

We too can attract the investment needed for our economic and social infrastructure. We too can invent new forms of public service to meet the needs of today and to give people better life chances and greater security.

This is the sort of vision that Britain needs today and Birmingham is the place to take that vision forward.

Join us!

Contact Information:



Councillor John Clancy
Leader of the Council
Birmingham City Council
john.clancy@birmingham.gov.uk



Mark Rogers
Chief Executive
Birmingham City Council
mark.rogers@birmingham.gov.uk



Joanna Killian
Partner, Head of Local Government
KPMG in the UK
joanna.killian@kpmg.co.uk



Stephen Dorrell
Executive Chair
Public Policy Projects
stephen.dorrell@policyprojects.com