

West Midlands Economic Strategy (WMES)
Review 2006-07



Consultation on policy choices

Response from Culture West Midlands

Culture is vital to the economic competitiveness and regeneration of the West Midlands and absolutely essential to the ambitions of developing a 'world-class' region.

Culture encompasses a set of industries that are of significant and growing economic importance for the West Midlands. Regional cultural employment is set for major growth, offering opportunities for both highly-skilled, creative workers and for people entering the job market for the first time. Cultural businesses, particularly those within the creative industries, are well suited to the demands of a modern knowledge economy, being innovative, flexible, and at the frontier of technological change. They have a strong tendency to cluster together, with thriving cultural clusters attracting new cultural firms, as well as other businesses, to build vibrant neighbourhoods.

Our cultural assets – heritage, architecture, natural, built and historic environments, cultural buildings and services – give our towns, cities and rural areas their identities and character. They are central to the quality of life of people living here and a major factor in attracting new people, new skills and new investment. These assets are the cornerstones of our visitor economy and provide the backdrop for the region's flourishing business, sporting and cultural events sector.

Culture also has a crucial role to play in establishing the image that the region portrays to the outside world, as it seeks to change the limiting perceptions based upon its industrial past. A cultural thread needs to be woven through a new narrative for the region, one that shows an energy for the future whilst being rooted in its history and traditions. Culture already performs this function at a local level, with new cultural infrastructure transforming the image and prestige of the region's towns and cities. Culture enhances places, giving renewed confidence to the people living in them. It acts as a catalyst for regeneration, it projects local pride and ambition for the future.

Culture, here in the West Midlands, is at a decisive moment, poised on the brink of substantial growth. We have a 'once in a generation' opportunity to build a new cultural economy in the West Midlands. If we do not seize the day now, that opportunity will pass us by and other regions will create the jobs and investment which is on offer. In order to derive full competitive advantage we must, as a region, work to preserve and continually improve our distinctive cultural legacy. We need to nurture talent, diversity, creativity and innovation and promote the highest standards when developing the cultural infrastructure of the future. To play a full part in this, the next WMES must articulate a pride in the West Midlands' distinctive cultural assets and confidence in the economic value of its cultural businesses.

Put simply, a WMES that does not have culture at its heart will be more than a lost opportunity; it will signal a lack of ambition, imagination and an acceptance of mediocrity. Culture West Midlands fully believes that the West Midlands is capable of achieving its world class ambitions- as long as culture is central to its economic vision.

Key Issues for the Cultural Economy¹:

1. Culture is a fundamental building block of the West Midlands economy.

- The sector accounts for over 10% of employment, 14.5% of businesses and 12.5% of GVA in the region.

Its significance should be recognised in the next WMES.

2. The cultural economy is undergoing strong growth and this growth is set to continue.

- Regional cultural employment grew by 4.8% between 2003 and 2004, more than any other English region.
- Regional employment in culture and sport is predicted to see 27% growth between 2004 - 2014, creating a further 60,000 jobs.
- In the cultural sector people are three times as likely as the general working population to become self-employed.

The WMES should capitalise on this growth, stimulating cultural enterprise, supporting cultural production and by promoting the importance of creativity and high-quality design to all firms.

3. The growth of the sector is due to increased demand for cultural products and services- this trend is long-term and will continue.

- People in the UK spend more of their income on recreation and culture than on any other commodity or service, apart from transport.
- The average household spend on leisure increased from 10% to 18% of total expenditure, between 1979 and 2001.
- Nationally, 93% of people engaged in at least one cultural activity during 2005.
- The global market value of the creative industries increased from \$831 billion in 2000 to \$1.3 trillion in 2005.

Culture can no longer be trivialised because people choose to spend their money and time enjoying it. Rather, as disposable income rises, its relative economic importance will also increase. The WMES should support cultural businesses in breaking into national and international markets.

4. Culture is a central component of a knowledge-based, high value added economy.

- Recreational and cultural services are acknowledged drivers of growth for the regions' knowledge economy.
- 43% of employees in cultural and creative industries have degrees, significantly more in some sub-sectors, compared with 16% of the workforce as a whole.

The WMES should prioritise the development of the high growth, design-led creative industries; in doing so, it should recognise the mutually beneficial linkages that they have with the wider cultural sector, including tourism.

5. The private sector has a sophisticated understanding of the importance of high quality cultural infrastructure for attracting business investment and a skilled workforce.

- Birmingham was voted the most "culturally vibrant city in the UK", in 2006, coming top of an annual index of business investment in the arts.
- Research by Aston Business School (as part of the WRES Review) found that culture played a "crucial" role in attracting national and international investment to the region through its impact on "perception and attractiveness of the region".
- The DTI recognises that "cultural investment can improve quality of place and help to encourage design and creativity in individuals and firms".

The WMES should support actions that enhance and make distinctive our city and regional cultural offers. Quality and diversity are important guiding principles here.

¹ Unless otherwise stated, facts and figures presented in this document are taken from 'Growing the Cultural Economy in the West Midlands', CWM, 2006. The publication should be read alongside this response.

6. The 2012 Olympic and Paralympic Games offer real economic opportunities for the region:

- We have two cultural USPs that will give us considerable advantage in attracting increased numbers of tourists- Shakespeare and Much Wenlock (birthplace of the modern Olympics).
- Tendering and sub-contracting opportunities for regional firms.
- An Olympics legacy of improved sporting and cultural infrastructure.
- A Cultural Olympiad, beginning in 2008, when the eyes of the world turn to the UK.

The WMES should prioritise actions that realise benefit from these opportunities. Additionally, it should support the development of a strong regional events and festivals strategy.

7. Cultural activities, places and interests are able to generate both a vitality and a sense of well-being which are fundamental to the quality of people's lives.

- Heritage-based regeneration changes the way that areas are perceived and builds stronger community linkages as well as building economic confidence.
- 85% of people believe that "better quality buildings and public open spaces improve the quality of life".

The WMES should seek to protect and enhance the natural, built and historic environments and the cultural amenities of our rural and urban areas, in order to make them more attractive places for living, studying and visiting.

8. Participation in cultural activity improves physical and mental wellbeing- contributing to improved productivity across the region's economy.

- This is of particular importance to the West Midlands, which has the highest rates of physical inactivity of any region in England.

The WMES should promote living, working and leisure environments that are designed to increase well being and encourage physical activity and social interaction.

9. Community based participation in cultural activity can be an effective and accessible pathway to formal learning and develops social and employability skills.

- Lord Best, director of the Joseph Rowntree Trust, recently told the House of Lords that "it has become apparent, particularly in terms of value for money, that the arts route to social change can have amazing results²".

The WMES should acknowledge the importance of culture in providing learning opportunities for those in our most deprived communities.

10. Public sector investment in culture is significant but could achieve more economic benefit if better aligned with other funding sources.

- The National Lottery distributors, including arts, sports, heritage and community, have invested £1.26 billion into projects and organisations in the region.

The WMES should provide effective mechanisms for joint investment into projects that have dual economic and cultural value.

Culture West Midlands, February 2007

² *Regeneration and Renewal, 09/02/07, p.21*

Rose Poulter
Head of Policy
West Midlands Regional Assembly

Dear Rose,

WMES Review Consultation: Comments from the Equality & Diversity Partnership

Please find below the comments from the West Midlands Regional Strategic Partnership for Equality and Diversity in relation to the West Midlands Economic Strategy (WMES). The comments are aligned as far as possible to the Policy Options, however, for speed and ease of reference, these comments are in the main in bullet point form.

I understand that the information below will be collated into one response which will come from the West Midlands Regional Assembly. I would be grateful to have brief feedback as to what was incorporated from the information below, and in particular what was of most help or not. It is important the “Equality and Diversity” agenda is linked clearly with the social inclusion and cohesion agendas, which will have a high impact on the economic agenda for the region.

Introduction:

On 23rd January, the Consultation Event: Relating Social Capital, Equality & Diversity issues to the Regional Economic Strategy for the West Midlands (Phase 3) took place at AWM. The event was presented by Jeremy Bruce, SWM, Philip Amison, AWM and Carmel Kerr, Equality & Diversity Director, West Midlands Regional Assembly. The purpose of the session was to:

- focus on the policy options being considered as Phase 3 of the review of the West Midlands Economic Strategy and identify “key aspects” which require consideration from the point of view of issues relating to Social Capital, Equality and Diversity
- identify why the key aspects have been selected and how they might impact on the economic prosperity and well-being of the West Midlands region
- inform the production of a brief, strategic, and pragmatic document which will be considered by the Equalities and Diversity Partnership and following inclusion of their comments, will be included as part of their contribution to the consultation process

Outcomes

The views of those who attended are aligned, as best as possible, to the Policy Options of the WMES. However, it should be noted that there is considerable overlap between the Policy Options and therefore the comments can be attributed in more than one place.

It is important to note that the area of “Equality and Diversity” is extremely broad and cross-cutting. The group recognised that there have to be “Priorities and Trade-Offs” within the WMES as not everything can be

done. However, there is a need for the WMES to demonstrate that it has considered the “Equality and Diversity” agenda in depth and applied equality standards as best as possible. Should the WMES not do so, it may give the impression of discrimination against certain groups.

Attendees

To try to represent the very broad “Equality and Diversity” agenda as best as possible, those invited to attend and comment, came from diverse areas of experience – many individuals covering more than one area, therefore it is not surprising that some of the issues raised below may conflict.

Appendix A – provides a list of individuals who either attended or were invited to comment by e-mail if unable to attend.

Policy Options

Question 1: Enterprise

The WMES needs to demonstrate that it recognises that there is a role for public procurement, which is critical for enterprise development, as well as delivering on equality and diversity.

Option 3 – need to address the under-representation of certain groups in enterprise: need to understand the links to locations of deprivation (link to RSS). LEGL funding should be taken into account: make principles of enterprise in deprived communities flow across policy and other funding streams.

Option 4 - need to value and promote social enterprise and culture. There is an untapped potential: need to make culture about creativity and energy – innovation. Lack of common understanding and clarity about what is meant by “culture”.

Option 5 – need to look at ways of harnessing the strengths of the informal economy where there is lots of enterprise and innovation.

Question 2: Innovation

Option 1 – concentrating on a small number of sectors can be high risk; need to have a contingency plan to deal with the risk of failure or of successes leaving the region to develop further elsewhere.

Needs to be balanced with the support required by other less successful sectors: need to demonstrate that the WMES has addressed and meets equality standards.

Business support infrastructure can discriminate: need to remove barriers for groups in accessing it.

Option 2 - culture – as above, meaning needs to be clearer and needs to mean something to all communities.

Option 3 – needs to be clarity about how R&D is used in practice: often links are not made or R&D is not used.

Need to link R&D in HE and businesses together in a more managed way with clear outputs and outcomes.

R&D findings need to be publicised better so that more businesses can make use of them: also need to map R&D to eliminate duplication and also ensure that R&D is reputable.

Best innovation does not always come from academics.

Innovation and design can lead to exciting opportunities that “tackle need” and help to release the potential in West Midlands cities.

Question 3: Skills

Option 2 - increasing graduate retention is not as simple as covered in WMES draft - need to understand the variations and link to region's population.

Need to balance with economic benefits of catering for foreign students who will leave upon graduation.

Businesses need to offer better packages and compete with businesses outside the region in order to encourage graduate retention.

Option 4 - need to inform career choices as early as secondary schooling to enable children to make the right choices early on - this should be done in conjunction with the business sector.

Need also to change the culture and aspirations of young people.

Option 5 - important to embed a commitment to "life-long" learning rather than "continual learning", and personal development amongst all learners and businesses.

Employees need to grow and develop skills as business develop and change to meet changing demands.

Important to value older workers and bring their skills in line with modern needs. Also involves developing the understanding of workers about the need to develop personally.

Focus should be on skills not qualifications - confusing and misleading the way this is addressed within WMES draft.

Need to recognise technical as well as academic ability.

Education needs to be linked to skills.

Working-class men of 35+ not covered by LSC priorities: needs to be addressed to enhance possibilities.

Question 4: Economic Activity

Option 1 - there is a need to understand more about "challenged" communities or people: need to focus on nurture not big unrealistic programmes.

Long-term option as will involve changing culture, i.e. hearts and minds: probably the most rewarding.

Needs to be linked to skills.

There is a need for flexible routes into employment.

Option 2 - creating opportunities will be beneficial, however this needs to be balanced with sustainability: too many resource intensive start-ups not enough support for organisations to become sustainable once they are productive - impact on economic: employer and employee spending remains low due to uncertainty of long-term income.

Start-ups less economically attractive.

Needs to include flexibility to fit local circumstances and different sections of the workforce. Packages need to support sustainability and not be short-term.

Option 4 - Migrants and older workers are an integral part of the pool of (potential) employees - not an alternative source.

Cannot separate economic from social factors.

Question 5: Quality of Life

WMES requires a better basic principle to assist in what is meant by "Quality of Life"

A strategic rationale for WMES is required - linked to equality and diversity.

Option 2 - cultural beacons need defining - various understanding of what that means.

Cultural diversity is a strength.

Option 3 - access to open space needs to be available to all from Smethwick to Stratford.

Needs to show that the value of greening (or wider environment), is both for individual and image.

Option 4 - "important suburbs" not understood clear definitions required to understand potential impact.

Option 5 - access to opportunities and services is critical to experience a feeling of well-being: important in preventing health issues, also has economic benefits as can lead to a better use of services.

Cannot separate economic from social factors.

Skills and education are a critical link and issue for well-being – link to Regional Health and Well-Being Strategy.

Question 6: Infrastructure

The WMES needs to reflect that "equality" does not mean "same".

Equality & Diversity suggests that there is a need for a set of minimum access standards. Access to

employment has dimensions of frequency and cost.

Transport to provide access across the region is critical - the WMES needs to address community and business needs when developing transport infrastructure. Housing must join up with employment and transport.

Question 7a & b: RSS

Important to make the links between the WMES and RSS. Need to link additional housing to transport, as well as education skills and employment opportunities. Need to ensure that there is a proper infrastructure in place at the outset, a) to attract people and businesses, and b) to ensure that it does not create another set of "challenged" communities or people by default. This links clearly to understanding the needs of the new communities and people not just assuming what their needs are or what the solutions are.

Question 8 a & b:

The WMES needs to be able to support a cross-sector of the businesses mentioned. Important as mentioned above, to identify the needs of the region's communities and people and balance the support of different types of businesses in line: not only match employees to the business, but also match the business to the employee pool within the region.

Question 9 a & b:

The WMES should continue to support manufacturing within the region for as long as it is economically beneficial to the region. However, it should also be developing contingency options for if or when manufacturing further declines in order that there is alternative suitable employment available. The WMES needs to demonstrate its awareness of the importance of manufacturing in more disadvantaged areas – it is under-represented in high GVA.

Question 10:

All very important and integrally linked – perhaps some could be drawn and covered together. The WMES needs to be seen to address the dependences between each.

Question 11:

Needs to be across these three strands, but there needs to be more evidence for the basis as to how that should be taken forward. The WMES needs to have a contingency plan and bear in mind the risk of failure in any of the three areas, or also the fact that success could also lead to businesses or employees moving out of the region as their options are now greater.

Question 12:

The WMES needs to demonstrate that it is working to develop and support a low carbon economy. However, there is a need to balance this with ensuring that the region remains economically viable and able to support its residents. Climate change is a long-term issue: low-carbon economy needs to be worked towards in balanced steps, whilst ensuring a sustainable region.

Further Comments:


The group felt that some of the following comments should also be taken into account:

- What is the efficiency of "trickle down"? There appeared to be insufficient evidence to answer this question: concern was raised as to how diluted "success" would be by the time it reached the lower income scale / more deprived areas: was it fair to say that if the WMES concentrated on highly successful areas and increasing their success, that this would benefit less successful areas? Or would this be prevented by barriers put in place by those who did not want to deal with up and coming competition?

- There was a need for the WMES to be flexible: this would mean that each area will be treated differently as each has a different mix.
- Don't "water down" – "muddy" is okay. The group were keen that the WMES also left some less clear areas which enable flexibility in approach and delivery. In order to encourage enterprise and innovation there is a need to leave room for flexible and creative approaches. This will also have the benefit to allow for changes of circumstances which are inevitable within the life-time of the WMES.
- Avoid separation: there was concern that the WMES should adopt an approach which encouraged integration and not the segregation of communities. There is a need to ensure that its application is undertaken in a "community-cohesive" way, this will require input at more local levels.
- Links to European, national and regional issues of:
 - 16-18 age group
 - Long-term unemployment
 - RSS
 - Regional Health and Well-Being
 - ERDF
 - And many others.

Conclusion:

In order to be truly successful the WMES needs to demonstrate that it supports and works with other European, national and regional strategies. Equality and Diversity are high on the region's agenda with the introduction of the new Commission for Equality and Human Rights coming into being in October 2007, both nationally and regionally. With the West Midlands being one of the largest in Europe and Birmingham set to be one of the first ethnic majority cities in the UK by as soon as 2010, it important that the WMES demonstrates that it has taken these factors into account and is addressing the needs of more diverse communities, but more importantly is doing so in a away which supports integration and cohesion and does not inadvertently lead to segregation, community tension and subsequently less economic input into the region.



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**WMES Review Consultation: Comments from the Equality & Diversity Partnership
at AWM on the 23rd January 2007**

List of invitees

Name	Position	Organisation
<u>Employment</u>		
Carol Davenport	Regional Director	ACAS
Roger McKenzie	Regional Secretary	TUC
Barbara Watkins		The Age and Employment Network TAEN
Lynn Ward		Pertemps
David Darleston/ Balihar Singh	Regional Director	BitC/ Race for Equality
<u>Enterprise</u>		
Prof John Morson	Chair WMSSEN	Warwick University
Cllr Dianne Rayner		AWM Board member
Monica Coke	Minority Business Development Manager	AWM
Tami Matanky		Coventry Social Enterprise Support Organisation
Jon Cotgreave	Executive Director	Groundwork Stoke on Trent
Community Development		
Michael Cooke	Learning and Social Policy Director	Museums Libraries and Archives
Phil Davis	Network Director	RAWM
Janet Armstrong	Potential in People Manager	Groundwork WM
Barry Hendry	Regional Manager	NIACE
Regional Players		
Marie Greer	Director of Economic Inclusion	AWM
Philip Amison	Director of Strategy	AWM
Iain Neville	Head of Economic Inclusion	AWM
Kwabena Osayande	Equality & Diversity Manager	AWM
Jeremy Bruce	Social Capital, Equality & Diversity Programme	SWM
Carmel Kerr	Director of Equality and Diversity	WMRA

West Midlands Regional Assembly
Strategic Review Group
Discussion re RES Review – 24 January 2007

At its meeting on 24 January 2007, the Assembly's Strategic Review Group discussed the joint Assembly/Advantage West Midlands paper regarding the revision of the RSS and review of the RES. It was agreed that the discussion should primarily focus on the linkages between the strategies in line with the remit of the group. There was no discussion regarding individual policy options.

Key points arising from the discussion included

- The importance of infrastructure issues to the region
- The strategies should flag key problems for the region but should not try to resolve them all – aim is to provide a regionally co-ordinated approach
- The RSS/RES should provide a basis or framework for future specific strategies around “big” issues eg transport
- Should consider access rather than transport
- Concerns re understanding of the role of the RES – not a panacea
- Concerns re linkages across specific policy areas
- Alignment of RES and RSS is essential – they should be achieving different things in harmony
- Region must deal with crunch issues – where could have disagreement between RSS and RES – early on but regional partners are good at talking to each other
- Engagement in the process is essential – good that we have an opportunity to engage at an early stage in RES revision
- Strategies can often be driven by noise rather than thought – need to accept there will be winners and losers
- Need to consider wider impacts when looking at Local Development Frameworks
- Is there enough linkages with strategies in adjoining regions?
- Need to consider three dimensions – national, regional and local – and need co-ordinated actions in each to make progress
- Infrastructure is the key issue that should be addressed in both strategies
- Importance of quality of environment – need an incremental approach

The group looked forward to future discussions regarding the direction of the RES and delivery mechanisms.

DRAFT COMMENTS OF THE REGIONAL TECHNICAL ADVISORY BOARD.

(to be in the form of a covering letter)

- (a) The RES should stress the importance for all businesses to minimise their waste costs. This will have increasingly important 'bottom line' implications, and is fundamental to the desire to achieve a low carbon economy. A key theme for the RES should be the efficient use of resources.
- (b) The RES should recognise that waste management is essentially an economic activity. Recycling should be regarded as a significant growth industry in the Region. There is a need for an additional 10 million tonnes pa of recycling capacity if landfill diversion targets are to be achieved. At £30 per tonne for treatment, this equates to a £300m pa business opportunity – which will increase in 6 years to £500m pa with the escalation of Landfill Tax. Taking into multiplier effects and the added value to manufacturing of re-using waste materials, this represents a major economic activity for the region with significant potential for expanding existing and creating new businesses, developing new products and processes, and generating additional employment.
- (c) There is a continuing need for the Region to stimulate the market for recycled materials. The export of recycled materials (eg plastics) to distant markets may be regarded as a lost resource to the Region. The economics of transport can mean that unit costs to transport recycle short distances within the UK are greater than for longer distances eg to Singapore, China and India, where economies of scale can be achieved.
- (d) There is still resistance in the Region to the specification of recycled material (eg to the use of recycled wood as a substitute for bark in landscaping). However, as local markets are stimulated the economic equation may change in favour of the more local use of recycled materials. (Current legislation and regulations regarding the definition of 'waste' can be counter-productive. It is noted that the EU's Environmental Thematic Strategy will consider this and RTAB fully supports an early and satisfactory resolution to this matter.)
- (e) Energy and waste considerations are closely inter-related. Waste is a potential source of renewable energy and can contribute to carbon reduction. The importance to investment decisions of a reliable source of feedstock is recognised, as is the potential conflict between waste minimisation efforts and the availability of waste as a feedstock. Whilst re-use and recycling are generally more sustainable, a residue of waste from these processes is inevitable and this may be regarded as a potentially reliable and secure source of fuel. (Technical work prepared for the RSS Review has estimated the amount of residue that will have to be planned for.) The public perception of energy from waste plants is very negative, and the economic cost of transporting waste to energy plants outside the Region can be prohibitive. There could be economic as well as environmental benefits in developing more localised, smaller scale plants within the Region. There is an opportunity to develop the market to realise this potential. There is an opportunity to further develop this technology in the region along with creating high value sustainable jobs.
- (f) There is a need to maintain flexibility in the procurement of waste treatment in the region. Whilst long term contracts will be required in order to secure the necessary

scale of investment, renegotiation options will be important to take advantage of new technologies.

- (g) There is a need for public education and promotional work to ensure that people are aware of the implications of more sustainable waste management, and to dispel misconceptions and perceptions about the nature of waste management processes. Public perceptions need to be addressed. The very use of the term 'waste' can generate adverse reaction, whereas 'recycling' has a much more positive image. Rebranding and remarketing of the waste management industry would help to address this. One example is the success of a local company specialising in recycling wood in securing a contract in Singapore for the supply of recycled material; avoidance of the use of the word 'waste' was felt to be instrumental in this success. Conversely, the resistance in some quarters to changes in terminology, for example from 'waste management' into 'resource management', is unhelpful.
- (h) Land use issues should be a key consideration for the RES as well as the RSS. The RES should take the needs of waste management into account when considering how much employment land is required, of what type and in which locations. In Shropshire, for example, the need for waste facilities accounts for 13% of the total employment land need; and in some parts of the Region this proportion might be higher. Resource recovery facilities can have extensive site requirements. Competing needs for land could force prices higher and squeeze waste facilities out of contention; an adequate and flexible land supply is important to safeguard against this.
- (i) The waste sector can make a significant contribution to the Region's employment prospects, by providing employment opportunities that utilise practical skills (NVQ levels 2 and 3) as well as 'thinking' skills for example those associated with new environmental technologies. It provides the potential to capitalise on the skills and knowledge of older workers through redeployment and retraining.

Question 12-Climate Change

1. The WMES should commit to the overarching objective of the realisation of a lower carbon economy which is also fit for purpose to deal with a changing West Midlands climate. The latter will provide a range of economic opportunities and threats for business, including the development of a stronger environmental technologies sector which will service the lower carbon approach.
2. A choice of a policy option which adequately addresses lower carbon aspirations has still be developed. Success of the WMES will inevitably lead to an increase greenhouse gas emissions unless an overarching stronger policy choice is in place with the objective to achieve step by step changes towards lower carbon approaches across all policy areas of the WMES. An even stronger west midlands position could be made through the alignment of the low carbon policy choice with the WMRSS Phase 2 policy and the development of the integration of climate change following the PPS supplement consultation on Planning and Climate Change across WMRSS policy development.
3. This inclusion of a low carbon direction to the WMES should also be signalled by a step by step programme change and the support the development, implementation and monitoring of a Regional Climate Change Action Plan against agreed regional carbon trajectories.
4. For new employment uses a lower carbon approach should take account of the location as major generators of travel and access by goods and supply chains. The inclusion of large new economic uses is also a necessary component for the integration of decentralised energy generation as part of the development of sustainable mixed use communities.
5. The integration of employment uses as part of overall sustainable communities approach should link with new and existing development to provide more efficient means of energy supply with a growing proportion from renewable and low carbon sources.
6. Substantial new employment uses should be located in places with good public transport accessibility.
7. Business opportunities could arise from developing a growing environmental economy sector in carbon capture and storage and supporting infrastructure and the management and development of combined heat and power systems. A lower carbon economy approach could open up opportunities for new carbon reduction businesses, provide for new energy and resource and waste recovery processes and infrastructure and bring forward new building technologies. The latter could be strengthened by the WMRSS giving statutory support to higher sustainability ratings in the Code for Sustainable Building to all new and improved employment related development.
8. Higher transport impacts remains a challenge and reduction of transportation by road and road use would increase if the aspirations of the WMES are successful. The WMES should support technologies which reduce the carbon impact of transportation.

9. The draft consultation PPS supplement puts forward the case that climate change should be a key and integrating theme of the WMRSS. WMRSS policy should not be brought forward in isolation. It is suggested that the key and integrating policy for the WMES should be the same, so that economic activity moves to a position where it is organised and technology is changed to low carbon approaches. This would also mean that the two principle regional strategies have a common integrating theme and has a stronger relationship to the Regional Sustainable Development Framework.

Theme 5 Quality of Life

Question 5

10 It is encouraging that the WMES has sought to engage with the wider quality of life choices which go beyond the sectoral focus of economic prosperity.

11 A stronger relationship to the RSDF at this point would have been expected, as the regions overarching framework for sustainable development which also includes the life of future generations rather than a narrower policy focus on quality of life of the existing population.

12 The decoupling of ecosystem services from the constituents of wellbeing for security, basic material for the good life, health and good social relations are connected to the one world living approach driving the low carbon agenda. The quality of life of the current population, and economic wellbeing, should not be achieved by the misuse of limited and finite natural resources, water, soil, minerals, nutrient recycling and biodiversity loss caused by direct economic activity and by cumulative adverse processes.

13 The achievement a higher quality of life is not wholly dependant on, or a necessary condition of economic activity. Increased economic prosperity may be a secondary objective set alongside the goal of sustainable development.

14 In terms of policy choices, a new policy choice is proposed-*Developing a low carbon region*. As an overarching strategic position of the WMES within which the five proposed strategic directions sit.

15 A twin track potential strategic direction is proposed within the above approach. Firstly to implement the WMRSS urban renaissance by targeting the worst areas of the MUAs in a sustained programme of regeneration linked to WMRSS increased low carbon growth and change. A stronger role for design led, master planning and community approaches on a neighbourhood basis including improvement and protection of the environmental assets, implementation of green infrastructure, integration of decentralised energy approaches where viable and reclamation of brown field land.

16 In terms of the proposed policy choices the greening of the region is supported because it will have a crucial role in mitigation against the heat island effects of higher temperatures in the MUAs and other urban areas and has an important relationship to the reuse of biomass, particularly in rural areas as part of a decentralised energy approach.

2.6 Infrastructure

Question 6

17 The infrastructure choices should be complementary to the WMRSS policy and strategic direction. This means an emphasis on focusing infrastructure investment and planning in the MUAs and the Foci and where new green field development is proposed.

18 A major priority of the infrastructure investment should be to tackle the contaminated and brownfield land to accelerate regeneration in the MUAs and to provide infrastructure to help deliver a lower carbon economy and adaptable to the effects of changing climate.

19 The current policy options do not address reducing the demands for transport as a contribution to low carbon approaches and the integration of secure energy approaches based on renewable and decentralised energy.

20 In terms of specific sites, the WMES should support the WMRSS requirements to take the needs of waste management infrastructure into account in the design and delivery employment land and supporting the location of resources recovery parks.

21 The role of green infrastructure is not mentioned as a strategic life support system for the region and as much a part of infrastructure as ICT and transport. This provides the functional and environmental services for employment including drainage, flood management and pollution control and is a prerequisite for a high quality of life. This type of infrastructure should be made a key opportunity area for the region.

4 Broader Options

Question 10 and 11

22 This response has already suggested that *developing a low carbon region* should be a new broad theme for the WMES and is critical for providing the new context for improving regional economic performance.

23 In terms of where to address action it is suggested that the MUAs should have greater targeted action to tackle need.

24 A strategic focus should also complement the emerging WMRSS Foci towns and places to improve economic performance. This should be coupled to the development of lower carbon sustainable mixed use communities of sufficient size to allow decentralised energy and drive environmental economy sector where growth is focused in the WMRSS.

Response to the AWM Policy choices document

Question 1: Which of these Enterprise policy choices, or what other choices for Enterprise, should the WMES emphasise?

Enterprise activities can improve social inclusion and health. With all of the policy choices on enterprise and competitiveness it is important that the services that support enterprise consider how they can minimise health risks such as stress, depression and anxiety. Promoting health in the workplace can both increase productivity and reduce absenteeism.

Policy option 3 - Concentrating on the major enterprise gaps by tackling low levels of self employment and business start up i.e. in deprived and under represented communities such as Black and Minority Ethnic Groups, women or people who are economically inactive for example the Phoenix Fund as an example of social enterprise for excluded groups including people with mental health problems ([SEU Report on Mental Health 2004](#)). Use of flexible approaches to economic activity e.g. time banks to encourage entrepreneurial attitudes.

This option would offer the most potential in reducing health inequalities as for most adults work is central to a healthy life, providing not only financial rewards but also contributing to physical and psychological well-being. Worklessness results in loss of income which impacts on an individual's health through a lack of daily routine, social contact and self-esteem. It would be useful to link with the LAAs but also how the health and social care sector could support this, drawing on some of the good practice that is emerging.

One of the major enterprise gaps is that the NHS and Local Authority Social Care are moving to a model of commissioning care rather than being the sole provider. At present, there is not the market in the region to commission these services. It would be useful as a way of taking this forward to bring together some of the commissioners both from the NHS and social care with the "enterprise/business start up" role of AWM and others to explore how this market could be created across the region both for care services but also some of the services around prevention and promoting healthy lifestyles. So for example, DH established an Social Enterprise Unit within the department 6 months ago with a 73 million pound fund over the next 4 years .The first briefing session for SHAs was on the 7th February 2007 and there will be a regional launch and opportunities for the Health Partnership, CSIP, NHS West Midlands and AWM to shape and influence this agenda across the Health and Social Care Economy in the West Midlands. Also promoting a co-production approach whereby service users help deliver statutory services as part of social enterprise approach.

The other policy choice which would improve health is policy choice 6 "Promote the use and application of information and communications technology to increase productivity in key market sectors". The main benefit from a health point of view is that it reduces the need for travel which will lead to less carbon emissions but also makes services more accessible. The older population of the region is due to increase and the use of assisted technology can improve mobility and quality of life.

It is important to achieve greater integration so alignment with health policy exists in order to improve social capital.

Question 2: Which of these Innovation policy choices, or what other choices for Innovation, should the WMES emphasise?

Policy choice 2 “Embedding a culture of enterprise and innovation in all existing businesses to raise their appetite for change” This option would appear to offer the most potential as it could provide a growth in jobs, potential benefit of providing a better service and product and could address social inclusion: There is a need for an inclusive approach to innovation policy- promote for all sectors, not just high technology (traditional application)- the same groups/communities with weak representation in enterprise (Q1) are likely to have a lower profile in innovation, and need encouragement.

AWM already have a medical technology cluster and the business base has been mapped out across the region. There have been some good links with hospitals and businesses on the design of new products. There is however the potential to look at the R&D budget in the NHS and the supplier chain to look at how a closer link could be made between both suppliers and the Trusts and R&D and the suppliers. AWM have worked with some of the major Foundation Trusts in the region but this is not universal. E health also has major potential to be exploited. The SHA could provide strategic leadership in encouraging this to happen.

It is important to achieve greater integration so alignment with health policy exists in order to improve social capital.

Question 3: Which of the Skills policy choices, or what other choices for increasing Skills, should the WMES emphasise?

It is difficult to choose one of the policy choices under this heading as the region performs so badly in this area on all measures. It would seem important to address each of the areas.

The workforce agenda is now part of the remit of NHS West Midlands (Strategic Health Authority) it would be helpful for them to be a member of the Regional Skills Partnership and to work on a joint workforce strategy, which details workforce requirements and to have these linked to learning programmes. With this in place, commitments will then be needed from the health sector employers, and those that fund and deliver education and training to maximise the investment available to support workforce development.

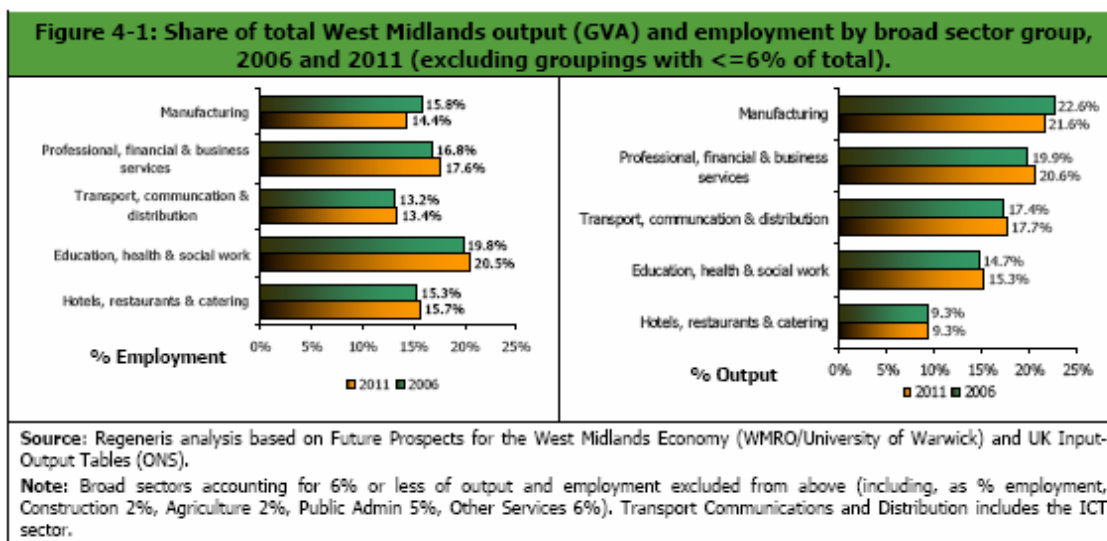
It is clear that those in lower NHS grades have least access to training and development. Non – registered staff representing 43% of the NHS workforce receive just 9.4% of the £4 billion spent annually on training staff. There is strong evidence that investment in formal and informal learning can improve organisational performance in addition to the impact on an individual’s health and economic prosperity

The NHS could provide more basic skills training, for its staff. Generally, access to jobs in health and social care, targeting disadvantaged areas, communities and individuals, could be improved, through promoting vocational and basic skill training. Work with the Learning and Skills Council, Jobcentre Plus, local authorities, further education and other agencies, will provide an integrated approach to training and learning.

It is important to recognise that with the issue of job redesign and new roles within the NHS that those already disadvantaged are not further disadvantaged because of these developments. Need to encourage progression within the changing health economy particularly around contestability and plurality of provision through different providers/suppliers of health care.

The analysis from the supporting document produced for the RES shows the predicted growth in employment in education, health and social care. The health and social care sector is already a

major employer within the Region. The health and social care sector employs more than a quarter of a million people in the Region¹ More than 120,000 are employed in hospitals while a further 80,000 are employed in social care, More than 80,000 people work in personal service occupations and a further 80,000 work in associate professional & technical occupations



In policy options 4 and 5 it would be useful to have health linked into the curriculum as a key theme, both in terms of the skills needed by the NHS but also in continual learning. It is useful for people to know about factors that affect their health and when teaching people basic skills – how to read their medicine packets etc would be useful to include or how to read instructions on how to cook various foods and how to calculate the quantities you need depending on how many people you are cooking for.

Encourage marginalised groups to take up educational opportunities at basic and higher levels e.g. work with student support services to keep people in college/ university. (Cross-ref LSC Strategy for Disabilities, including people with mental health difficulties)

Question 4: Which Economic activity policy choices, or what other choices for Economic activity, should the WMES emphasise?

Policy choice 1 “ Intensively target people with the most challenging employment prospects focussing on the underlying social and cultural hurdles they face,” would seem to offer the most benefit from a health point of view.

As mentioned earlier in response to previous questions, for most adults work is central to a healthy life, providing not only financial rewards but also contributing to physical and psychological well-being. Worklessness results in loss of income which impacts on an individual’s health through a resulting lack of daily routine, social contact and self-esteem.

The relationship between work and health can be summarised as followsⁱⁱ:

- Work that provides fulfilment or job satisfaction, and, in particular, allows individuals discretion and control over their working lives, appears to have a positive impact on health
- Conversely, types of jobs that are lacking in self-direction and control appear to confer far fewer health benefits and the rates of mortality and morbidity among these workers appear to be consistently higher.

One of the key features of the future labour supply is that it will need to include an older age group because of the demographic growth predicted in the region.ⁱⁱⁱ It is important that older people are recognised as an integral part of the economy^{iv} and there are opportunities for them to retrain and / or engage in learning and skills development.

The over-fifties will account for a third of the 'available for work' population by 2016.^v

The recent regional lifestyle survey^{vi} highlighted that respondents with a mental health problem are at a higher risk of unemployment, less likely to be working full time and more likely to be taking long-term sick leave. They also cite poor rates of pay, lack of qualifications, work experience and skills as common reasons for not being able to obtain the job that they would like. It is possible, through targeted supported and training, to enable people with mental health problems to return to work as quickly as possible.^{vii} It is worth noting that in September 2006 there were 245,400 people in the West Midlands claiming IB of which 94,600 are claiming for reasons associated with mental ill-health.

So it is a necessity to encourage employers to employ disabled people and those currently excluded from the labour market. These groups can be enabled to contribute skills to an employer with the help of reasonable adjustments to working practices and environments; and be retained, for example, by supporting access to job retention services for people with mental health problems. In parts of the region a greater proportion of those seen as economically inactive are from BME communities, yet disproportionate number use mental health services therefore policies/ programmes that address this issue should be worked up.

Re Option 3 and barriers to employment, the government is proposing employers adopt 6 principles to enable organisations to reduce the incidence and impact of mental health problems within the workplace see Action on Stigma at Work

<http://homepage.mac.com/shiftstigma/Public/website/actiononstigma.pdf>

Generally, access to jobs in health and social care, targeting disadvantaged areas, communities and individuals, could be improved through promoting vocational and basic skill training. Work with the Learning and Skills Council, Jobcentre Plus, local authorities, further education and other agencies, will provide an integrated approach to training and learning.

Question 5: Which Quality of life policy choices, or what other choices for Quality of life, should the WMES emphasise?

Each of the quality of life policy choices are important policy option 3 around green spaces is important as it offers the opportunity for people to undertake leisure activities such as walking and has additional positive benefits on people's mental health and well-being. In addition the suggested type of intervention of remediation and conversion to soft-end uses including community woodland, play areas, informal green space (regeneris report) can offer skills development and job opportunities for some of the most excluded members of our communities e.g. people with mental health problems through green gyms of which there are a number of examples across the region.

Option 1 with regard to access to public services in rural areas- there is a need for more innovative approaches e.g. mobile services, multiple uses of community buildings

However policy choice 5 is of particular relevance in that focussing on the social aspects of life such as health, which hold back many people's life opportunities and fulfilment would be particularly beneficial.

The analysis which was done by Regeneris articulates the benefits of this and the GO and the NHS West Midlands can help drive some of this through LSPs and LAAs but the support of the RES is important and also the recognition of how workplace health is important to include in business support mechanisms which are commissioned.

In particular with regard to mental health as well as the example cited by Regeneris around addressing issues such as depression, adoption of the HSE Stress Management standards <http://www.hse.gov.uk/stress/standards/> (Representing a set of conditions that reflect high levels of health, well being and organisational performance) can help to minimise the impact of work-related stress on businesses. In addition to adopting the 6 principles contained in Action on Stigma at Work previously cited in Qu 4

Option 5 Improving Health Outcomes

Scope	Working through Local Strategic Partnerships, employers and communities and directly through organisations such as Business Link to tackle the region's poor health outcomes and to minimise their current and project future impact on productivity.
Priority	<p>This policy option requires a substantial increase in regional investment in awareness raising and preventative measures in order to reduce the economic impact of poor health in the region.</p> <p>Target factors include:</p> <ul style="list-style-type: none"> • Smoking-related conditions • Obesity and inactivity (and associated conditions including Type II diabetes and cardio-vascular) • Mental health (including preventative, diversionary and coping measures to tackle the major impact of conditions such as depression) • Drug-use
Rationale	<p>As a region the West Midlands has health outcomes which are significantly below national averages. Health outcomes in some parts of the region are particularly poor and there is a strong correlation with patterns of deprivation, worklessness and low household income.</p> <p>Poor health has a major impact on regional productivity as well as a major impact on the quality of life experienced by individuals and in communities throughout the region. 20% of the region's productivity gap is the result of lower employment rates and health is a major contributor to employment in the West Midlands.</p> <p>Poor health also plays a part in the lower productivity per employee which accounts for 80% of the region's productivity gap, via:</p> <ul style="list-style-type: none"> • Hours lost through absence • Costs and uncertainty of providing cover for staff reorganising work schedules. • Poorer or restricted workplace performance • Restricting the potential of individual's to fulfil their true potential and access higher value employment • Limiting the supply of labour <p>It is likely that the significance of the current economic impact of poor health in the region, as a result of both worklessness and lower labour productivity, is underestimated given the importance of a range of hidden, undiagnosed or difficult to measure conditions and behaviours, including depression, diabetes and (legal and illegal) drug use.</p> <p>There is a clear danger that economic, social and personal costs of ill health in the West Midlands will rise sharply in future if left unchecked. The ageing of the population in the region, together with the future health costs of current and rising high levels of obesity and physical inactivity, are amongst a number of factors which would suggest worsening mortality and morbidity rates.</p>
Potential Impacts	<p>Working in partnership with LSPs, employers and communities a step-change in action on health could deliver the following impacts:</p> <ul style="list-style-type: none"> • Improved productivity through reductions in worklessness • Improved productivity through helping people to reach their full potential and to perform more effectively in work and through reductions in lost labour hours and associated disruption. • Improved supply of labour

Types of Intervention	<ul style="list-style-type: none"> • Clear and measurable improvements in quality of life and social equity. • Increased advice and support for employers on how to minimise the incidence and impact of ill-health amongst their workforce • Increased advice and support for employers on how to design roles to accommodate those with a disability • Action to drive up awareness of common, undiagnosed conditions such as diabetes • Advice and guidance delivered in community and workplace settings on health management and maintenance • Advice, guidance and incentives for employers to recruit those with some form of health-related labour market disadvantage (e.g. returning to the labour market after an absence due to a wide range of conditions, including depression) • Community and workforce programmes of drug awareness and drug-testing. • A wide range of health promotion work with schools • Funding and support for community and workplace based physical activity programmes.
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Question 6: How should the WMES (supported by, and supporting, the Regional Spatial Strategy) tackle the infrastructure challenges and opportunities facing the region?

In looking at infrastructure issues, the main benefit from a health perspective would be to encourage active travel as this has a positive impact on people’s health. It is also important to consider sustainability and when planning future housing growth to work with partners to build in facilities such as health and social care. Housing projections are also very important in the planning of new hospitals such as the replacement facility being planned for Sandwell and City Hospital. NHS West Midlands can provide advice support on integrating the estate strategy for the NHS with the Regional Spatial Strategy.

With regard to transport- it is worth making reference to the RSS in consideration of the impact of road use charging/ parking limits on low income families in remote rural areas/ Disabled people. Local Transport Plans should reflect Dept of Transport Mental Health Accessibility guidelines. Fear of crime and antisocial behaviour are major barriers for public transport use esp. in cities. With regard to **housing** and making reference to RSS- It is essential to ensure adequate supply of social housing, and mix of tenures to avoid spatial segregation of communities/ social groups.

Question 7a: How should the WMES (supported by and supporting the Regional Spatial Strategy) address the role of different places within the region?

Question 7b: Should some places be prioritised as a focus for activity?

It would be useful to have a focus on place where all the agencies could come together to see how they could link their strategies and programmes to have maximum effect but also to map out if there are likely to be any major changes in employment patterns.

From a health perspective, the main areas on which to focus are Stoke, Sandwell and Birmingham.

Question 8a: To what extent should the WMES seek to prioritise important types of businesses in the region?

Questions 8b: Which business sectors or clusters should receive the most support?

Medical Technologies is one of the priority business clusters identified in the current Regional Economic Strategy. The cluster is seen as a significant opportunity for companies who need to diversify their business away from traditional manufacturing to higher value-added markets.

The cluster published its latest strategy document at the end of 2005 and activity and funding is concentrated on the following priority areas:-

- Diversification
- Innovation and product development, with a particular focus on trying to commercialise more NHS innovation
- Market access and procurement
- Market intelligence.

The health and social care sector clearly relates to the Medical Technology cluster. There is a particular relationship between art, creative industries and the health and social care sector, but the sector is so large that it impacts on all of AWM's clusters.

It is important this cluster remains a priority as the health and social care sector is one of the growth sectors within the region.

Will there be support for businesses/sectors not currently incorporated in WM Cluster policy? Does business development approach need to be broader to include groups identified as under-represented in enterprise- e.g. in textiles or catering, which are major BME sectors, and employ high numbers of women.?

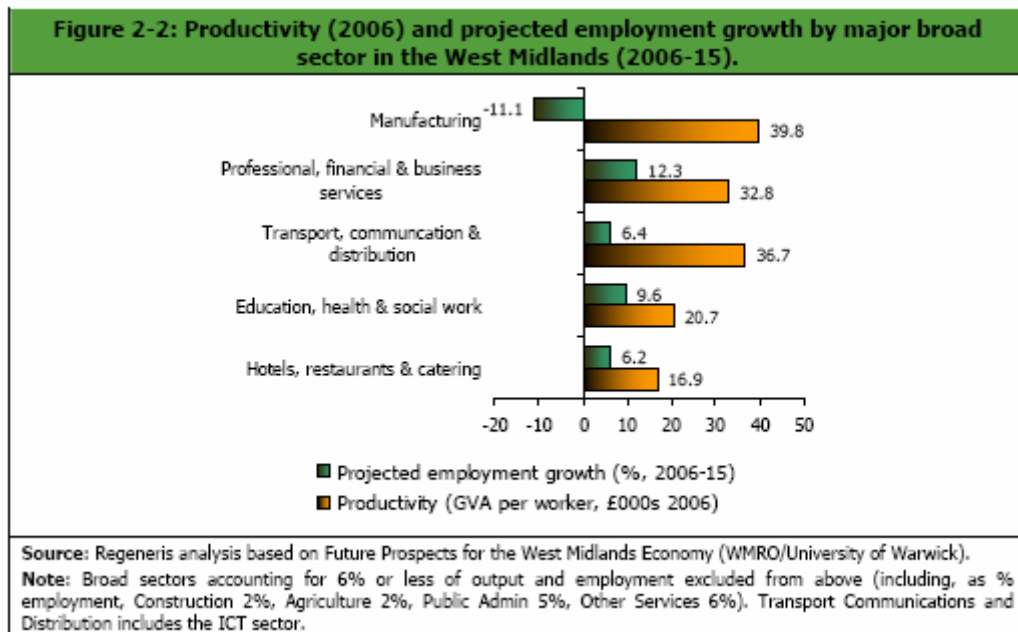
Question 9a: To what extent should the WMES continue to prioritise manufacturing as a distinct challenge facing the region?

Question 9b: What policy interventions are likely to be most effective in addressing that challenge?

The supporting analysis from Regeneris identifies that the employment growth in manufacturing is likely to diminish and the employment growth is likely to be in other sectors. It would seem important that this links with some of the other policy issues around skills so that workers can be retrained but also innovation, as there may be links to be made to other sectors such as the health and social care sector which through research and innovation could maintain some of the manufacturing base.

It is important that this decline is planned for so as to prevent companies suddenly collapsing. In Birmingham, the only ward where life expectancy is falling is in Longbridge, the ward in which Rover collapsed. In looking at business support it is important that this is proactive and not just given to those businesses which ask for help. This mirrors the change in the NHS in that it is not just about treating people who are ill it is about promoting health and preventing illness. The analogy with industry would be to plan for change and to offer support which helps them diversify

or change before any major collapse.



Is there something around support for manufacturing heritage, as important to the region’s identity, and thereby the wellbeing of communities where it is traditional, as well as to the marketing brand of the West Mids (issue picked up by the Halcrow Sustainability Appraisal of the options)?

Question 10: This document has set out a range of policy choices under six broad themes: Enterprise, Innovation, Skills, Economic activity, Quality of life, and Infrastructure. Are some themes more important than others in improving regional economic performance?

All of the themes are important. It is important that the RES does recognise that health can drive economic performance in the region as people can be excluded from economic activity on health grounds but also promoting health at work can improve productivity and reduce absenteeism.

Secondly that the health and social care sector are recognised. In the West Midlands, it is estimated that NHS spend counts for 10% of regional GDP^{viii}. This serves to emphasise the importance of the health economy in respect of wider regional prosperity.

The importance of the health and social care sector in terms of employment is recognised in the Regional Economic Strategy Review which predicts a 32,000 increase in jobs in the sector between 2006 and 2015. Looking at employment change by occupational sub-group between 2006 and 2015 the prediction for health professionals is a 7000 (30.8%) growth and for health associate professionals a growth of 13,000 (15.6%) growth within the West Midlands^{ix}.

The NHS procures a huge range of goods and services. At first glance, this appears to be a significant opportunity for UK suppliers. However, this is not always the case given:

- Ongoing pressures within the NHS to reduce costs
- The volume of products required tends to favour larger companies
- The difficulties companies face in trying to gain approval for new products due to purchasing policies and the need to ensure clinical efficacy and safety, can reduce their motivation to be innovative.
- Increasing use of e-procurement systems often disadvantages smaller and local companies

At a regional level, the West Midlands is home to many current and potential suppliers to the NHS. In the future, opportunities are likely to come from two sources: Foundation Trusts and Collaborative Procurement Hubs. Foundation Trusts have greater autonomy and are able to assume greater control of their purchasing arrangements. These Trusts are required to demonstrate how they contribute to wider economic development, which should lead to more opportunities emerging for local companies. Mechanisms to encourage local labour and purchasing schemes should be explored.

Collaborative Procurement Hubs have been established in order to try to improve the way in which the NHS procures goods and services. In the West Midlands, the Healthcare Purchasing Consortium is working with local companies in order to help them become aware of opportunities and to break down some of the barriers which prevent their products from being adopted by Trusts.

The NHS also spends £5 billion on capital development per year and there is the potential to work more closely with the construction companies to enable local people to get jobs. There are also links to be made with design, which are further explored in the culture, physical activity and health chapter.

Question 11: If the WMES is to be specific in setting out choices and focusing attention, which of the strategies described in the framework above - Tackling Need, Spreading the Success or Investing in Success -should it focus on?

Tackling need will have the benefit of tackling social and economic exclusion, which will help reduce health inequalities. In sustainable development terms, any intervention strategy should be based on long-term sustainable development principles. Change may be needed and a catalyst for change can be environmental and social issues and opportunities that face different parts of the region in different ways. Spreading best practice should be a key element of the strategy.

Question 12: How should the WMES address the challenges and opportunities associated with climate change?

Each of the key partners should be challenged to address climate change. The annual public health excellence conference this year will focus on climate change and what can be done to address this. The health sector needs to be challenged particularly on its transport and waste policies and NHS West Midlands could provide the strategic leadership for this to happen.

West Midlands Regional Woodland & Forestry Forum
West Midlands Economic Strategy (WMES)
Review 2006-2007

Consultation on Policy Choices

On behalf of the West Midlands Regional Woodland & Forestry Forum we welcome the opportunity to respond to the WMES Policy Choices Consultation

General

- Disappointed to see lack of emphasis on the environment, particularly climate change, which despite it's widely recognised importance has been relegated to a single question at the end [ref to Stern report]
- The vital role of the environmental economy, green infrastructure in support of sustainable communities, encouraging inward investment and climate change adaptation are under-represented
- The need to align with other regional strategies and priorities, e.g. Regional Sustainable Development Framework, Regional Spatial Strategy, Regional Rural Delivery Framework
- Opportunities for greater use of wood, environmental technologies including wood for energy [ref Wood Energy Strategy; Regional Forestry Framework] for construction and wood recycling

Consideration of the Policy Choices:

The Policy Choices were reviews and key issues and messages have been noted:

Question 1 Which of these Enterprise policy choices, or what other choices for Enterprise should the WMES emphasise?

1. Increasing the number and proportion of West Midlands businesses that are trading in high value sectors and/or have high growth prospects and/or are externally trading businesses, on the assumption that these will generate the greatest amount of wealth in the shortest time frame.

- High growth and wealth generation is welcomed but building in long-term sustainability is advocated
- We do not support option 1 exclusively as this will disadvantage many forestry related and other land-based industries (LBI) as these tend to have low GVA and growth, but make a vital contribution to the rural and environmental economy and wider sustainability
- We question the robustness of the statistics and baseline evidence: many SME's and self-employed woodland and forestry businesses are not VAT registered yet contribute to many business start-ups

2. Driving up the number of new start businesses across the board in order to stimulate new competition in all sectors and markets.

NO - We do not support option 2 as new business start ups is likely to be an ineffective measure of fostering enterprise and promoting competition should be balanced by fostering co-operation to increase regional business effectiveness – i.e. the cluster approach; supply chain support and networking

3. Concentrating on the major enterprise gaps by tackling low levels of self-employment and business start-up i.e. in deprived and under-represented communities such as certain Black and Minority Ethnic groups, women or people who are economically inactive.

- Enterprise is not bridging the wealth gap. Many of the rural areas have low self-employment but are on low incomes. In rural areas, women are more likely to be self-employed (compared to urban ones) Support for them and their micro-businesses is welcomed.
- Number of start-ups is not the issue here (see 1 above) as much as self-employed income and

the prospects for new business

4. Embedding a culture of enterprise and innovation in all businesses, sectors and locations to drive up appetite for change, competition and improvement.

YES - We support this, recognised in recent EFIP forest industries studies. A focus on the resilience and diversity of the business base through support and facilitation is needed. Encouragement of rural diversification, particularly in environmental economy – alternative energy solutions, wood craft, recreation and tourism

5. Developing a more positive set of attitudes towards enterprise in society, in order to stimulate more people considering starting businesses and willing to be more enterprising at work.

YES - We support this, recognised in recent EFIP forest industries studies. Additionally, encouraging younger people to start businesses could discourage out-migration in search of work

6. Promote the use and application of Information and Communications Technology to increase productivity in key market sectors.

YES - We support this, recognised in recent EFIP forest industries studies. This would help many rural businesses including very small businesses, which are lagging behind in the use of technology because of the combined difficulties of accessing higher speed broadband and training

Other options/choices for enterprise development

- We consider that one of the key issues relates to business opportunities surrounding rural and urban sustainable consumption and production – the traditional view of rural areas supporting urban processing and the need to reduce transport miles and increase in-region use of raw materials such as wood
- There are huge opportunities for new and diversified environmental and LBIs, linked to the technology supporting climate change mitigation and adaptation – support should be available for diversification (e.g. forestry into woodfuel supply) in addition to just start ups

Question 2: Which of these Innovation policy choices, or what other choices for Innovation, should the WMES emphasise?

1. Driving up the number of businesses and the volume of economic activity in those limited number of sectors where R&D spend and innovation are already high.

NO - We do not support this option exclusively since forestry related and land-based industries are generally low in R&D spend and would be disadvantaged. Conversely, a number of the most vulnerable rural areas are already weak in sectors where investment in R&D is high so this option would be unlikely to address core weaknesses in those rural economies.

2. Embedding a culture of enterprise and innovation in all existing businesses to raise their appetite for change.

YES - We support this, recognised in recent EFIP forest industries studies. Very relevant – more enterprise is needed in general and could apply to all rural businesses addressing the aspirations of small businesses. There would be a need to tailor solutions to address the needs of micro-businesses and the self-employed

3. Increasing the amount of applied R&D activity undertaken in the region's Higher Education Institutions and businesses, in order to increase the supply of new ideas.

YES - We support this, recognised in recent EFIP forest industries studies. Extra effort is needed so that remoter rural/forestry businesses can tap into this important resource

4. Focusing effort on changing perceptions of the region's R&D/innovation standing by concentrating on a small number of high profile interventions.

Yes - We support this, recognised in recent EFIP forest industries studies – particularly if related to sustainable development and providing alternative energy solutions (preferably wood-based) to combat climate change

5. Improving the interface between users and providers of R&D/innovation so that regional business can better tap into the already significant base of knowledge.

Yes - We support this, recognised in recent EFIP forest industries studies. This could benefit a wide range of forestry and woodland businesses, as long as the programme was flexible enough to address their specific circumstances. We would look towards emphasis on supply chain development and environmental technologies in particular

Other options/choices for innovation

- A key aspect is that of sustainability and we would wish to see support for innovation for businesses that support and advance the sustainability agenda, linked to the creation of a truly sustainable (low carbon) economy linking construction and energy use and greater use of wood and wood products
- Focussing on increasing the capacity for innovation in smaller more isolated businesses
- Encouraging locally-based business and technology networks

Question 3 Which of the Skills policy choices, or what other choices for increasing skills should the WMES emphasise?

1. Focusing on tackling basic level skills and improving the skills of those with few or no qualifications in the region.

NO – need for focus on all levels related to the future requirements of the economy. There are considerable barriers to overcome in terms of woodland & forestry industry employment and programmes need designing to reach the more remote areas

2. Focusing on building a knowledge-rich workforce by increasing the number of graduates and stimulating demand for better qualified employees in higher value companies.

We provisionally support this option but it must be pointed out that knowledge and skills are not the same as qualifications and there is a wealth of knowledge and skills resident in our current workforce that is not recognised as a formal qualification: there is a need to both recognise this knowledge and skills and ensure that it is transferred. As above the need is for more technical skills, not necessarily more graduates although they too might address the lack of innovation

3. Maximising the effective use of available skills by encouraging businesses to step-up demand for higher skills and to better use those they have, in order to compete more effectively.

We provisionally support this option but note that many forestry related and land-based SMEs are often disadvantaged by upskilling 'demands' due to high training costs – both real and opportunity: extra support is needed, where approaches do not fill such gaps for sole practitioners/partnership SMEs

4. Addressing the supply of skills by concentrating on making sure schools, Further Education, Higher Education and the private and voluntary sectors are developing a cohesive skills infrastructure that responds to rapidly changing skill needs.

No – Supply of skills should not be driven by FE/HE or the trainers – rather the employers and

market-driven needs is preferred. Bespoke training may be necessary and a focus on addressing the barriers to accessing education and training is advocated

5. Embedding a commitment to continual learning and personal development amongst all learners and businesses.

Yes – Access to upskilling is more difficult and expensive – higher unit cost in woodland and forestry work and rural areas in general. There is a need to improve people’s intellectual access to ICT and instil a culture of skills development throughout all businesses

Other choices/options for skills policy choices

- Provision for technical skills, not just graduates as a measure of a ‘knowledge-rich workforce’
- Cohesive approach to training & upskilling in Forestry
- Increase delivery of FE and HE in rural areas remote from centres using ICT
- Support employers and self-employed in bringing affordable and accessible training to people rather than expecting them to travel distances placing considerable disruption on local businesses in terms of lack of production, staff shortages, etc

Question 4 Which Economic Activity policy choices, or what other choices for Economic activity, should the WMES emphasise?

1. Intensively targeting people with the most challenging employment prospects, focusing on the underlying social and cultural hurdles they face.

Is the WMES proposing to support activity or prop up failure? We would be interested to know how you will measure ‘most challenging employment prospects’ – forestry related and land-based businesses are mainly rural based where there are typically fewer jobs, transport problems and often low wages.

2. Creating opportunities for new forms of economic activity and enterprise as a way of motivating people and providing a route into economic activity for those who are removed from the labour market.

YES - We support this option as forestry related projects are already providing for new forms of economic activity (e.g. woodfuel) and supplying a pathway into economic activity (e.g. Wye Wood project, Forest of Mercia RESET project etc)

3. Ensuring jobs pay for people who are out of work by concentrating on affordable care, transport to work, benefit traps and barriers to getting into employment.

Yes - We support this option but note that there may be other barriers in addition to those listed. Address these barriers (particularly transport in the more remote rural areas and access to affordable care) could help the most isolated individuals

4. Encouraging alternative sources of labour such as migrant workers and older workers.

Increasing numbers of migrant workers and older workers will help address workforce needs fuelling both growth and diversification. We are concerned that the baseline evidence for this maybe skewed and does not recognise the additional infrastructure demands that migrant workers can cause. We acknowledge that migrant workers may have greater mobility and application to traditional sectors such as forestry and related land-based industries

5. Other options/choices for economic activity

Forestry is a key sector that requires strategic support in the region

Question 5 Which Quality of life policy responses, or what other choices for Quality of life, should the WMES emphasise?

1. Safeguarding the extremely high quality of life on offer in many of the region's rural areas by better exploiting its important role for knowledge economy workers and supporting diffuse employment

No - We do not support this option - on the basis that it is not sustainable. Rather, we do support safeguarding and enhancing the quality of life of all those living in rural areas, not just by safeguarding the high quality of life of commuters. Forestry and woodland businesses are important contributors to GVA and emphasis should be made on providing affordable housing, improving access to services and living conditions

We note that quality of life and particularly a high quality environment is a vital feature attracting key workers to the West Midlands and that many of these key workers currently reside in areas around the conurbation: environmental quality and a financial commitment to it is vital for the WMES

2. Concentrating on the creation of a limited number of cultural beacons which improve external perceptions of the West Midlands in order to attract new residents and businesses.

We are aware that the region currently has a branding problem but note that one of the foremost features is its high quality environment – this should be safeguarded and enhanced

3. Driving forward the greening of the region by preserving open spaces and countryside as key attributes of the region's high quality of life offer.

Yes - We strongly support this option, which should be linked to the Green Infrastructure Planning approach as outlined in the recently launched Green Infrastructure Prospectus – particularly useful for the New Growth Point areas, regional logistics sites, transport corridors and mixed use live/work complexes

4. Channelling attention into the important suburbs of the major employment areas and promoting the rounded quality of life on offer in the region, to attract and retain higher skilled earners' families.

- We have some concerns over this option as it does not appear to read across well to the RSS – a definition of 'important suburbs' would be helpful
- Utilise the GI approach as above

5. Focusing attention on the social aspects of quality of life, such as health, which impact upon many people's life opportunities and fulfilment.

Yes - We support this option and feel that the list should be widened to include the concept of 'well-being' – not just physical and mental health but wider quality of life, prospects, etc. Access to services and access to markets are key issues for forestry and woodland businesses, especially those in the more remote rural areas

Other choices/options for Quality of Life

- Quality of life embracing well-being, the environment where people live and work should be a cross-cutting imperative across the whole WMES
- WMES should support better use of regional wood and related products to support rural jobs and promote sustainability
- Improve access to the countryside and expand the range of people visiting
- Tourism can be used to promote culture and the understanding of the countryside; encouragement for small local shows, festivals and country fairs provides welcome income and opportunity for woodland and forestry businesses, e.g. wood craft, wood products, tree nurseries, woodland management, wood carving, competitions, etc

Question 6: How should the WMES (supported by, and supporting, the Regional Spatial Strategy) tackle the infrastructure challenges and opportunities facing the region?

- Growing demand for housing and significant housing condition problems are ideal opportunities to adopt more sustainable construction practices and increase the use of wood (and the amount sourced regionally) for construction and heat and power – wood has the lowest embodied energy and carbon footprint of any construction material
- The challenge of achieving development on much of the region's derelict and previously developed employment land is a huge opportunity for trees and woodlands as part of wider Green Infrastructure Planning. The Forestry Commission has been involved in assessing the suitability of brownfield and other previously developed land for trees and woodland as dedicated green space (soft end use) or as an integral part of development. This assessment is now being progressed through the development of a regional planning tool led by the Regional Observatory (<http://www.wmro.org/standardTemplate.aspx/Home/OurResearch/BrownfieldtoGreenspace>)
- Support measures to increase access to affordable housing
- Address ICT infrastructure issues that may perpetuate the digital divide – band width, white spots, new technologies including wireless and satellite availability
- Promote accessible and appropriate rural transport solutions

Question 7a: How should the WMES (supported by and supporting the Regional Spatial Strategy) address the role of different places within the region?

- Environmental assets such as Ancient Woodland should be safeguarded, maintained and enhanced, following a Green Infrastructure approach enhancing quality of the environment and reinforcing a sense of place
- Adequate resources to create and maintain Green Infrastructure should be allocated
- Working with partners to develop woodland & forestry business clusters and networks with greatest potential and reach, particularly where there are opportunities for urban-rural interdependencies in terms of local procurement, e.g. timber, woodfuel, wood products, etc

Question 7b: Should some places be prioritised as a focus for activity?

Rural areas should be a priority and this should be wider than the RRZ 'Towns and cities' are not just places where 'people and businesses interact' nor are they the only places where this interaction occurs - the interaction is wider and needs to follow a sustainable communities approach. Focus for activity and the selection of places should be determined using explicit criteria-based parameters, trying to be as inclusive as possible

Question 8a: To what extent should the WMES seek to prioritise important types of businesses in the region?

Question 8b: Which business sectors or clusters should receive the most support?

1. Sectors with the highest employment growth profile.

No - If exclusive it would disadvantage forestry related and land-based businesses which tend to have a lower growth profile

2. High value businesses with the highest levels of GVA per employee.

No - This option if exclusive would disadvantage forestry related and land-based businesses which tend to have a lower GVA per employee

3. Sectors where there is an employment base, but which are declining nationally and regionally.

Yes - Forestry related and land-based businesses are declining nationally and regionally but have excellent long-term environmental, social and economic sustainability potential

4. Businesses in new knowledge-intensive and/or high-technology sectors.

Yes - Forestry related and land-based businesses diversification opportunities would fit

5. R&D and innovation-intensive businesses.

Yes - forestry related and land-based businesses would benefit from more support in this area

6. Businesses which share an interest in and scope to develop and use new emergent technologies which have general application in a range of markets.

Yes- diversification opportunities would fit e.g. woodfuel, sustainable construction, etc

7. Any business which demonstrates a willingness and ability to innovate and compete by investing in new practices, products, processes or markets.

Yes - forestry related and LBIs would benefit from support for innovation

Question 9a: To what extent should the WMES continue to prioritise manufacturing as a distinct challenge facing the region?

Question 9b: What policy interventions are likely to be most effective in addressing that challenge?

1. Improvements in the ability to innovate for all manufacturing companies: support for generic activity, e.g. new product development, deploying knowledge workers.

Yes - traditional manufacturing (automotive, metal) is declining, but there are huge opportunities on the back of the housing growth agenda to support wood processing industries linked to sustainable construction

2. Improvements in the ability to innovate focused on high value added, high growth sectors, technologies and markets: specialised support, e.g. technology centres of excellence, specialised collaborative networks.

Yes - provided such sectors are sustainable and do not exclude forestry and related land-based businesses

3. Skills improvements focused on generic skills: leadership, management, entrepreneurship and knowledge economy skills.

Yes - We strongly support this option, which has been identified in recent forestry sector studies

4. Skills improvements focused on technical and specialist skills.

Yes - We strongly support this option, which has been identified in recent forestry sector studies

5. Development of a more positive set of attitudes towards manufacturing in society, to stimulate a stronger flow of young people attracted to work in manufacturing.

Yes - this option is supported on the proviso that it is driven by a sustainable manufacturing approach

Other policy interventions

The forestry and related industry requires strategic support, particularly in relation to innovation, skills & leadership

Question 10: This document has set out a range of policy choices under six broad themes: Enterprise, Innovation, Skills, Economic activity, Quality of life, and Infrastructure. Are some themes more important than others in improving regional economic performance?

- We would like to challenge the assumption, inherent in the choice of themes, that economic drivers and activity are overwhelmingly important in securing the regions future economic performance – DTi, for example are increasingly looking beyond the ‘business led’ model and recognising the importance of quality of life issues
- The Stern report flags up the need to sacrifice an element of economic activity (1% GDP) to ensure such activity addresses the impacts of climate change in the short term, so that there is a sustainable economic, social & environmental longer term future
- Quality of life, represented by a quality environment is the key theme in attracting and retaining quality businesses and workers to the region

Question 11: If the WMES is to be specific in setting out choices and focusing attention, which of the strategies described in the above framework - Tackling Need, Spreading the Success or Investing in Success - should it focus on?

We support – tackling social and economic need in rural areas, social, economic and (poor) environmental need in urban areas, spreading the success of greening+ initiatives such as Greening for Growth (N Staffs), the Forest of Mercia, (S Staffs) National Forest, (E Staffs) the Black Country Urban Forest and many others have achieved in securing environment led regeneration – we support further investment in the success of such ground breaking initiatives

Question 12: How should the WMES address the challenges and opportunities associated with climate change?

- We are disappointed that this question is raised right at the end of the policy options consultation, rather than at the beginning, since it is clearly a if not the key global, national and regional issue, exemplified by the attention that has been given to addressing it by other regional partners
- Climate change should be addressed through a fundamental and integral approach within the WMES, sacrificing at least 1% of GDP to achieve longer term sustainability – this should include a commitment to embracing sustainable construction (BREEAM, SHAP, preference for renewables such as wood etc) for all activity promoted and supported through the WMES
- Rural areas and woodland & forestry businesses have lots to offer in terms of sustainable resource providers: woodfuel energy options, suppliers of primary products, water, carbon sequestration
- Adapting to and mitigating against the impacts of climate change needs to be part of the “bottom line” for all businesses across the region – low carbon/carbon neutral economy and long-term sustainability
- Utilising environmental technological solutions to improve the environment, conserve and secure energy and improve the quality of life for all
- Promote and support carbon-neutral businesses and communities

Evidence Base drawn upon:

Embedding Woodland Industries in the West Midlands Economy, AWM, Countryside Agency, Forestry Commission, 2001

West Midlands Forest Industries Benchmarking Study, AWM, Forestry Commission, FCA, Heartwoods, 2003

Woodland and Forest Sector in England A Mapping Study, EFIP, 2006

Green Infrastructure: A Prospectus for the West Midlands Region, Countryside Agency, English Nature, Forestry Commission, WMRA, 2006

Helping Deliver Sustainable Communities: Potential for Forestry on Brownfield Land in the West Midlands, AWM, Forestry Commission, Environment Agency, Groundwork, 2003

West Midlands Brownfield to Greenspace Scoping Study: Stage 2 Public Benefit Recording System Options analysis, WMRO, Forestry Commission, 2006

West Midlands Regional Forestry Framework, WMWFF, 2004 & Delivery Plan 2006-2009

Wood for Energy: Energising the West Midlands for the 21st Century, AWM, Countryside Agency, Forestry Commission, GOWM, 2003

ⁱ http://www.wmro.org/resources/res.aspx/CmsResource/resourceFilename/1055/Skills-Balance-Sheet-Health-Social-Care_V1.0_Report_AP.pdf (last accessed 3rd January 2007)

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- ⁱⁱ Health Development Agency (2004). The evidence about work and health: Working for health opportunities in employment. HDA Briefing Number 18.
- ⁱⁱⁱ West Midlands Regional Observatory and Warwick Institute for Employment research (2006) Future prospects for the West Midlands economy and Employment. West Midlands Regional Observatory
- ^{iv} Age Concern England “Rich in Experience”
- ^v DWP (2002) Pathways to Work. Helping people into employment
- ^{vi} West Midlands Public Health Observatory and West Midlands Regional Observatory (2005) West Midlands Regional Lifestyle Survey 2005. NIMHE Annex. West Midlands Public Health Observatory and West Midlands Regional Observatory
- ^{vii} <http://kc.nimhe.org.uk/upload/making%20it%20possible%20Final%20pdf1.pdf> (**last accessed 15th December 2006**)
- ^{viii} UK Research Partnership Ltd & The Mackinnon Partnership. October 2003. Health & Regeneration – The Economic Impact of the NHS in the West Midlands.
- ^{ix} West Midlands Regional Observatory and Warwick Institute for Employment research (2006) Future prospects for the West Midlands Economy and Employment. West Midlands Regional Observatory

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27th February 2007

Dear Gerald

Reference: West Midlands Economic Strategy – Consultation on Policy Choices

Please find attached the response of the Regional Economic Development Officer Group (REDOG) to the current consultation on the policy choices for the new Regional Economic Strategy (RES).

The group represents a wide range of local authority representatives and as such there are natural tensions in some of the priorities of specific geographical areas. Our response has sought to gain an effective balance of these diverse views. These will of course be complemented by direct submissions to the consultation process by individual authorities, providing more detail on locally-specific issues.

Given the range of issues across the region and limitations in resources, it is clear that there is a need for the new RES to prioritise and focus on a limited number of regionally significant issues rather than attempting to cover everything. In doing this it is critical that the RES continues to provide a framework for other, particularly local, partners to pick up remaining issues. Following the roll-out of Local Area Agreements it is more important than ever that the new RES effectively balances regional and local priorities and provides the flexibility to respond to local issues. We hope that the findings and recommendations of the sub-national economic development and regeneration review will provide appropriate guidance on what interventions are best placed with regional and local partners.

I hope you will find these comments useful and REDOG looks forward to engaging in the next phase of the development of the new RES.

Yours sincerely

Veronica Docherty
Regional Economic Development Officers Group Chair
Head of Economic Strategy - Birmingham City Council

WEST MIDLANDS ECONOMIC STRATEGY (WMES) REVIEW 2006/07
CONSULTATION ON POLICY CHOICES

Question 1: Which of these Enterprise policy choices, or what other choices for Enterprise, should the WMES emphasise?

Encouraging positive attitudes towards enterprise in society and embedding a culture of enterprise and innovation in all businesses, sectors and locations (Policy Choices 4 & 5) are clearly vitally important for the region's future economy. However it is unlikely that the region would have sufficient resources to deliver such a broad-reaching policy. To have greatest impact, it may be more appropriate to focus on embedding a culture of enterprise amongst under-represented groups and in particular the region's young people, including graduates. The engagement of private sector representatives in this process is vital. It will also require improved coordination of enterprise activities in schools, FE and HE to encourage enterprise aspirations and ideas when young people are making career choices. The new RES should ensure appropriate, and where required specialist, provision (from business support to incubation) to stimulate and enable resulting interest in enterprise, in particular linking it to future growth sectors.

Supporting continued growth of high added-value sectors remains a critical issue for the region if it is to reduce its GVA gap and should be a fundamental part of the RES's enterprise policy. As part of this, further diversifying the region's rural economies is vital to overcome high proportions of low GVA activity and create a more sustainable rural economy. It is important that the RES's enterprise policy and interventions effectively complement the region's European Rural Development Programme, in particular meeting gaps in support for rural micro-businesses.

However, it is important for the region to support the development of businesses in high-growth and high added-value sectors, the RES must recognise the continued importance of other sectors to the region's economy, especially in terms of their employment creation. This is again important for the region's rural economy and also for addressing the under-representation of certain groups in enterprise activities across the region. It is critical that this balanced approach is reflected in the region's new business support model, in particular through clearer and more effective linkages between regional priorities and with the enterprise activities of Local Strategic Partnerships.

The evidence base shows the need to address low productivity levels of businesses across all sectors. The RES's enterprise policy and its subsequent business support model must address this need, in particular linking to its skills and innovation policies.

It is critical that the RES's enterprise and infrastructure policies are closely linked. There is a key role for the RES in supporting the Regional Spatial Strategy (RSS) to provide a sufficient supply of employment land in the region. There is a great deal of pressure on land currently allocated for employment from demand for housing and other uses and subsequent difficulties in defending the protection of employment land. As a result in some parts of the region there is very little land available for new and in-migrating businesses or those existing businesses wishing to expand. This has significant implications on the ability of both local areas and the regional economy to create, attract and retain businesses.

The provision of an adequate supply of business premises, including serviced incubation and 'grow-on' units, will also be critical to supporting enterprise survival and growth, in particular in higher added-value sectors. This is a key issue for the roll-out of the new regional business support model, alongside enabling businesses to access business support direct to their premises. In addition to these infrastructure requirements, the availability, speed and take-up of ICT opportunities (including broadband provision) is key to enabling businesses to improve their productivity and access business support remotely. This is an issue of particular importance for the region's rural businesses.

In developing the RES's enterprise policy, there is need to recognise the continued importance of locally driven and delivered enterprise initiatives. Whilst there is no doubt that some enterprise initiatives can be effectively delivered at a regional level, local provision is critical for engaging and supporting many under-represented groups. There is a need for more recognition, particularly in value for money assessments, of the greater amount of time and resource required for engaging some under-represented groups. This is often due to the need for a more holistic approach to effectively support individuals.

Question 2: Which of these Innovation policy choices, or what other choices for Innovation, should the WMES emphasise?

The evidence base prepared for the RES review clearly highlighted the need to improve the region's levels of productivity and R&D investment. This is particularly true given the decline of the region's manufacturing base, a traditional source of R&D. The RES needs to acknowledge and effectively address the difficulties involved in increasing private sector investment in R&D; improving the commercialisation of academic research; and effectively stimulating business-university collaboration.

The RES should encourage and support businesses across all sectors that have demonstrated a willingness and commitment to innovate by investing in new practices, products, processes or markets. This should however be complemented by activities to enable businesses to better understand the benefits that R&D activities could bring to their business. Encouraging the region's businesses to make greater use of ICT and skills development opportunities as part of this process is particularly important, enabling improvements in productivity and the development of new products and markets.

Critical to improving R&D levels is creating an appropriate interface between businesses and the region's HE and FE bodies. This entails both those institutes with traditional research programmes and those with on-going/emerging relationships with businesses for vocational training or other purposes. This interface should better draw together the often long-term perspectives of research programmes and the shorter-term needs of businesses and enable more commercialisation of the region's research base through effective collaboration and spin-outs. In delivering the RES, thought needs to be given to how best achieve this beyond the existing cluster and high-technology corridor delivery mechanisms. Birmingham's Science City is one such means.

The RES must specifically recognise Birmingham's designation as a Science City and the opportunities this brings to the wider region. The progress made to date by AWM and partners in exploring the potential of Science City is encouraging, but wider awareness of activities is limited. There is much to do to catch up with the apparent successes of the first round of Science Cities. The RES must set out a clear framework for ensuring that the region fully benefits from this opportunity and that activities are accelerated. In

particular it is critical that activities are better promoted so that partners and potential investors understand what the region is trying to achieve.

Linking to the RES's enterprise policy (see above), there is a need to ensure appropriate infrastructure to support R&D activities, particularly in terms of incubator space to support spin-outs from both public and private sector R&D. This may include consideration of specialist provision to support particular growth sectors, linked to the cluster programme. There is also a need to enable the development of less physical infrastructure, through more effective networking of the region's businesses, not least through enabling and supporting supply-chain development.

Question 3: Which of the Skills policy choices, or what other choices for increasing Skills should the WMES emphasise?

The RES's evidence base clearly shows that the region faces critical challenges in terms of skills, ranging from basic skills needs to increasing the proportion of the working age population with Level 4 skills and above. Addressing the region's skills issues, including raising the aspirations of individuals and businesses, should be one of the key priorities of the new RES since it underpins many other aspects of the region's economy.

There are significant local differences in terms of skills performance, with some areas in the region out-performing national averages and others facing severe concentrations of people with no qualifications. As well as raising the region's average performance, there is a need to close existing gaps within the region and to ensure that provision reflects changing demographic profiles. In developing the RES's skills policy, there is also a need to consider the findings and recommendations of the Leitch Review of Skills.

To successfully address the stark weaknesses in the region's skills base and the recommendations of the Leitch review, it is crucial that the RES, via the Regional Skills Partnership (RSP), develops an even stronger influence over the significant resources channelled through the Learning and Skills Council (LSC). There is also a fundamental role for the RSP in ensuring a more coordinated skills infrastructure for the region, more effectively joining up the large number of organisations engaged in skills (from schools, FE, HE and the private and voluntary sectors) and both pre- and post-16 education provision.

In the past RESs have tended to focus on post-16 skills and education because regional development agencies have a stronger influence over the funding of post-16 interventions. However, pre-16 education is critical, especially for the development of softer, employability skills. In some cases, post-16 provision is too late to effectively tackle fundamental skills needs. The RES must consider how it can effectively influence pre-16 (primary and secondary level) education and skills needs, working to support Local Education Authorities in improving attainment levels and in ensuring the curriculum responds to current and future regional skills needs.

RES evidence base and work by the RSP has highlighted the importance of a demand-led approach to skills interventions. It is critical that the region continues to increase the engagement of employers in the design and delivery of skills programmes. Increasing employers' commitment to workforce development is also vital and will in many cases

require a more integrated approach with business support to convince companies of the benefits of such investment.

Supporting all skills and employment-related policies, there is a need for improved and better understanding and use of labour market information to inform interventions. Just one reflection of this is the clear need for much better informed career advice service for young people. This must be able to appropriately guide young people on the basis of a strong understanding of current and future local and regional job opportunities and the skills demands these will produce. This also mirrors a need for continued improvements in the linkages between skills and employment development interventions, especially in supporting hard to reach groups.

Given the increasing demand for skills in the growing knowledge economy, the region must tackle its basic skills needs as a foundation for future skills development. This is important for both young people coming through the education system and for tackling the needs of disadvantaged groups and communities, particularly in terms of raising aspirations. As with many interventions in deprived communities, targeted basic skills provision should be part of a more holistic approach to tackling multiple disadvantage, with for example consideration given to more innovative and informal approaches as a means to effectively engaging hard to reach groups in the learning process, including family-focused and community-based interventions.

In parallel with efforts to address basic skills needs there is a clear need to raise the proportion of higher-skilled workers in the region, in order to contribute to increased productivity. A more coordinated approach across policy areas is essential for this issue, with quality of life, innovation and enterprise policies all having an impact on the region's ability to attract and retain a higher-skilled workforce.

There is also an important role for the region's universities and employers in helping to increase graduate retention levels. Currently the HE sector is understandably interested in ensuring that their students become as qualified as possible and can access the best jobs, regardless of their location. Working with local employers, the region's universities could play a much stronger role in helping to retain graduates, by better promoting and enabling local employment opportunities. Working with employers is also key to stimulating a greater demand for higher-skilled workers, through a commitment to workforce development, greater retention and more effective use of the region's graduate employees.

Question 4: Which Economic activity policy choices, or what other choices for Economic activity, should the WMES emphasise?

Addressing worklessness issues is critical to the future of the regional economy, particularly given the ageing population in most parts of the region and increasing demand for employment. The RES's economic activity policy should support intensively targeting those people with the most challenging employment prospects, addressing particularly high levels of economic inactivity within certain groups. There is also a need to understand the implications of under-employment in some, particularly rural, parts of the region, and to take steps to retain or re-engage older people within the region's workforce. The RES must be clear at what level economic activity interventions are most appropriate, since whilst it is important that the issue is recognised regionally, worklessness interventions are often most effective when they are locally delivered.

The RES must give greater acknowledgement to the broad range of inter-linked obstacles faced by economically inactive people. As such it should support more holistic interventions, encompassing social, cultural and transportation factors alongside more traditional unemployment factors. Targeting those furthest from the labour market will require recognition that the outreach activities to engage such groups often take longer and more resources to achieve outputs. Alongside this issue there is a need to develop new and innovative ways to engage people in economic activity, particularly where they are individuals or small groups that may not provide the critical mass for traditional programmes, as is often the case in rural areas.

In particular the RES could do more to work with employers to encourage greater linkages between disadvantaged communities and major employment opportunities (both sites and growth sectors), building on the work of the existing Regeneration Zones and the Employment Hub model used for major development sites in Birmingham.

The Regeneration Zones clearly have a key role to play in delivering this policy area. Whilst there have and continue to be concerns about the success of the Zones, it does not appear appropriate to completely revise this approach given the timescales needed for such a community-based approach to bed down. However, given the development of Local Area Agreements (LAAs), many of which focus on similar issues and wards as the Regeneration Zones, there is a need for the Zones to be closer linked to the activities driven through their relevant Local Strategic Partnerships.

Furthermore, whilst the Regeneration Zones focus on large-scale concentrations of unemployment and economic inactivity (mostly in the urban conurbations), there is a need for the new RES to provide a clear framework to address very localised but severe concentrations of economic inactivity (outside of the current Zone boundaries) which do not offer the same scale as the conurbations, but which remain integral to the success of the local and regional economy.

In addressing economic inactivity, the RES should also recognise the wider implications of worklessness for a range of other policy agendas, such as quality of life, crime, health and community cohesion.

Question 5: Which Quality of life policy choices, or what other choices for Quality of life, should the WMES emphasise?

It is crucial that the RES recognises the importance of quality of life factors for the regional economy. The region's diversity of urban and rural locations is one of its strengths and critical to the region's ability to attract and retain both individuals and businesses. Within the new RES this policy should provide clear support for key policies in the RSS, in particular in terms of green and open spaces and Urban and Rural Renaissance. It should also draw links to the wider policy agendas, often picked up through Local Strategic Partnerships, such as crime and safety, health and the cleanliness of local communities.

There is not doubt that cultural and leisure opportunities play an important role in the quality of life of the region's residents and in promoting the region externally. Alongside championing a limited number of cultural beacons, such as the NEC Group, to improve external perceptions, this policy should work closely with the regional cultural strategy to strengthen the region's cultural offer for all communities, ensuring improved access to

opportunities for all. In particular the region should fully exploit the potential of the cultural sector in terms of opportunities for employment and economic growth.

Improving the quality of life within the region's major urban areas is key to stemming the out-migration of population and businesses and supporting the RSS's Urban Renaissance policy. The RES should not aim to actively encourage policies that would prejudice the delivery of this RSS policy. However there continues to be a key role for the Shire and market towns as places to live and work and they are likely to continue to contribute to the region's ability to attract businesses and skills to the region. In particular this will be the case when delivering future employment opportunities linked to the projected housing growth in the Shires, including through opportunities such as home-based businesses and working. Ensuring that such housing growth meets local demands, rather than solely out-migration from the conurbation, will be a key issue.

Community cohesion is an important aspect of quality of life that is not specifically considered within the consultation document. Community cohesion has a critical impact on people's quality of life, and should be specifically recognised within the RES given its links to addressing economic and social disparities within the region. The RES could also give greater recognition to the role of businesses in supporting the quality of life in their local communities through corporate social responsibility activities.

Question 6: How should the WMES (supported by, and supporting, the Regional Spatial Strategy) tackle the infrastructure challenges and opportunities facing the region?

Access to employment, education and local services continues to be a key issue for the region, both in rural areas and some parts of the major urban areas. There is a role for the RES in promoting innovative approaches to tackling accessibility issues, especially in optimising the use of ICT amongst businesses and disadvantaged groups. Related to this is the need to ensure that the region optimises the use of its broadband coverage, whilst avoiding the creation of new 'digital divides' through poor take-up or network speeds or as newer technologies come forward.

The new RES must provide much even stronger integration with the regional housing and transport strategies, in order to provide a more joined-up approach between investment in transport, housing and economic development. This is particularly important given projected household growth.

There is a need for the RES to better recognise the importance of transport infrastructure to the performance of the regional economy and to identify and support regionally significant transport projects. In particular the RES should provide continued support for the redevelopment of New Street Station and expansion of Birmingham International Airport, as key gateways that bring economic benefits for the whole region. It should also ensure the continued and/or strengthened effectiveness of major transport corridors supporting the RES's delivery mechanisms. It is also critical that the region seeks to improve transport access to Birmingham, Birmingham International Airport and London for those areas of the region outside of the conurbation.

Congestion continues to be a challenge for the region, especially in the conurbation, with implications for the regional economy. The RES should support the RSS in optimising the use of existing transport corridors and investment. Full consideration should be given to

the implications of options such as congestion charging, that could potentially act as a disincentive to businesses considering locating in the region, but if implemented thoughtfully could provide an economic incentive for business. The region also needs to do more to encourage greater use of more sustainable modes of transport, including reducing the need to travel.

In terms of housing, the region faces particular challenges in meeting growing demands for housing and addressing affordability issues in many parts of the region. The provision of high quality, affordable housing is critical to attracting people and businesses to the region. Alongside the RSS, the RES should encourage better linkages between employment and housing development in order to support more sustainable patterns of development.

In supporting more sustainable patterns of development the RES and RSS should seek, where possible, to promote development along existing transport corridors and to focus large-scale infrastructure developments on the major urban areas in support of Urban Renaissance policies.

It is critical that the revised RES offers more explicit support to the RSS in helping to secure an appropriate portfolio of employment land across the region (see above comments relating to enterprise policy). In providing this, the region must consider appropriate swaps between housing and employment use and seek to maximise the use of brownfield land. However the RES and its delivery mechanisms will need to recognise the increasing challenges the region may face in bringing forward brownfield sites as the remaining sites are often those most difficult and costly to remediate.

Question 7a: How should the WMES (supported by, and supporting, the Regional Spatial Strategy) address the role of different places within the region?

The policy choices consultation rightly raises the importance of places in the driving the regional economy and this is an issue that should be better embedded in the new RES. In particular the RES should promote a clear understanding of the region's urban-rural relationships, the regional economy's polycentricity and the role that particular places have in the region's economy. The RSS sets out clear policies in relation to Urban and Rural Renaissance in order to stem the out-migration of people and jobs from the major urban areas to provide more focused development in rural parts of the region. It is critical that the new RES does not actively promote policies that go against these RSS policy objectives and that risk unsustainable patterns for future development.

The RES must recognise the integral role of Birmingham as the region's capital and the importance of the region's major urban areas in driving the regional economy. However the region's diversity of 'places' is one of its key assets and this should be acknowledged in the new RES. The RES evidence has highlighted the current and potential future contribution of the so-called 'E³I Belt' to the region's knowledge economy and GVA. The RES needs to develop a stronger understanding of the belt; the factors that drive the location of knowledge economy businesses and employees; and their implications in relation to the RES's delivery mechanisms and to ensuring (alongside the RSS) sustainable patterns of development.

Whilst highlighting regionally significant issues, the RES needs to provide the flexibility for partners, including AWM, to respond to locally-specific issues. The roll-out of LAAs poses new challenges and opportunities for the linkages between regional and local priorities. LAAs have a key role to play in the implementation of the RES's vision and objectives, but

there is also a need to ensure the RES provides the flexibility to respond to local needs and priorities.

Question 7b: Should some places be prioritised as a focus for activity?

Given their role in driving the regional economy and the need to stem out-migration from the conurbation, there is clear need to focus activities on the major urban areas in order to promote sustainable patterns of delivery. This will include increasing knowledge-based industry and investment. However, in addressing low levels of knowledge-based employment in parts of the region, there will also be a need a focus of activity in key rural parts of the region, such as Herefordshire, Shropshire and Staffordshire.

The existing Regeneration Zones and High-Technology Corridors in particular should continue to provide a focus for action. Consideration should also be given to whether the geographical boundaries for these mechanisms remains appropriate given the changing economic circumstances since their inception. The RES should also be clear in determining how the region can address needs and/or opportunities where they sit outside of these geographical boundaries. This is a particular issue for those areas of the region that have pockets of severe deprivation but which where not contiguous with those areas within the Regeneration Zones. That being said, it is critical with the needs and resources available that the RES is able to prioritise and not seek to cover all areas and aspects of the economy.

Question 8a: To what extent should the WMES seek to prioritise important types of businesses in the region?

In prioritising certain types of business, the RES must achieve a balance between focusing on those businesses and sectors with significant potential for rapid output growth and those with potential for employment growth. Whilst the regional clusters and high-technology corridors focus on high-added value, high-growth businesses, the RES should also include sufficient provision for enterprise development in lower growth sectors, particularly where these offer valuable employment opportunities for disadvantaged communities. This is a key area in which more effective coordination with local partners is required in order to provide a cohesive offer for local businesses, in particular where they sit outside of the growth sectors prioritised by the region.

It is critical across each of the delivery mechanisms that strengthened monitoring and evaluation processes are put in place to enable a much stronger understanding of the impact of activities than was available to inform the evidence base for this review of the RES.

Question 8b: Which business sectors or clusters should receive the most support?

It is clear that the regional cluster programme will continue to focus support on a number of specific sectors and those that will have the greater impact on the closing the region's productivity gap. There is however potential to rationalise the number of clusters supported by the programme in order to focus resources even more tightly. In doing this, the region should seek to distinguish itself from other regions where possible. In further developing the cluster programme it is critical that more is done to promote and raise awareness of cluster activities, particularly at a local level, in order to optimise their potential impact and synergies with local activities. Similarly more must be done to

coordinate cluster activities with those of the other delivery mechanisms, in particular to bring forward key projects and sites in the high-technology corridors.

There is a need for the RES to achieve a balance between focusing on high-growth, high added-value sectors and those that may be of relatively low added value but that provide valuable employment opportunities to the region. It is also important for the region to consider future growth sectors, along existing growth sectors. Similarly whilst it is vital for the region to develop new growth sectors over the long-term, appropriate support should be given to developing sectors that are more likely to bring benefits in the shorter term, such as the creative industries.

In particular the RES should recognise the importance of a number of key sectors for the region's economy, including logistics and warehousing; sales and marketing; environmental technologies (including the renewable energy sector); and medical technologies.

Question 9a: To what extent should the WMES continue to prioritise manufacturing as a distinct challenge facing the region?

There is no doubt that manufacturing remains a key challenge for the region and that the sector will continue to be a key employer and contributor to R&D activities. As such, and given the continued challenges the sector faces, manufacturing should continue to be prioritised within the new RES.

However the new RES's manufacturing policy must be selectively focussed to ensure the region both manages the decline or transformation of some sub-sectors and accelerates the growth of others. Improving the ability of the region's manufacturers to innovate into new products and processes and to transfer and build upon existing skills and expertise is critical for the sector's diversification. Better promoting the region's existing and future manufacturing strengths will also be vital, alongside improving the image of the sector amongst young people and under-represented groups such as women and BME communities.

Question 9b: What policy interventions are likely to be most effective in addressing that challenge?

In addressing the region's manufacturing needs, the RES should focus on enabling local manufacturers to better understand and perform in global markets. This requires improved links between the manufacturers and the research expertise in the region's HE and FE institutions, to enable the development and use of new products, processes and materials. The region also needs to better showcase its manufacturing strengths (linked to a revised 'powerful voice for the region' part of the RES). Similarly there is a need to encourage greater transfer of traditional manufacturing skills and expertise to new manufacturing sub-sectors that offer future growth opportunities. This clearly links closely with the RES's enterprise and skills policies.

Question 10: This document has set out a range of policy choices under six broad themes: Enterprise, Innovation, Skills, Economic activity, Quality of life, and Infrastructure. Are some themes more important than others in improving regional economic performance?

It is clear that each of the themes is critically important for the future of the region's economy. However the evidence base work prepared for the RES review presents a stark need for the region in terms of a rapid improvement in the development and retention of a more skilled workforce.

Question 11: If the WMES is to be specific in setting out choices and focusing attention, which of the strategies described in the framework above – Tackling Need, Spreading the Success or Investing in Success – should it focus on?

There is clearly a need for the new RES framework to strike an appropriate balance between these approaches. Tackling need is fundamental to addressing the growing prosperity gap in the region, with implications for community cohesion, but investing in success will play a key role in raising the region's GVA. The three existing delivery mechanisms help to provide sufficient balance between these approaches. However, there is a need to encourage greater links between the delivery mechanisms themselves so that they can provide more integrated approaches and capitalise on synergies between activities.

Question 12: How should the WMES address the challenges and opportunities associated with climate change?

It is disappointing that the policy choices consultation document appears to have included consideration of climate change as an 'add on' to the other policy choices rather than as an integral part of the RES policy. Given that the West Midlands' revised RES is likely to be the first to be produced since the publication of the Stern Review on the Economics of Climate Change, there is huge opportunity for the region to lead by example.

It is clear that the RES should acknowledge the need to make all communities more sustainable and it has a critical role in encouraging a low carbon economy for the region. All of the RES's policies should be sufficiently 'future proofed' for their impact on climate change, in order to mitigate negative impacts and identify and exploit potential opportunities for the region's economy. The transfer of skills and expertise from the region's traditional manufacturing base provides significant opportunities to capitalise on the growth of environmental technologies in response to the challenges of climate change. The RES should provide appropriate support for the continued growth of this sector in the region.

IF YOU HAVE ANY OTHER COMMENTS RELATING TO THE REVIEW OF THE WMES THAT YOU HAVE NOT BEEN ABLE TO INCLUDE IN YOUR RESPONSE TO ANY OF THE PREVIOUS QUESTIONS, PLEASE FEEL FREE TO NOTE THEM.

In past RES documents, the region has not seemed able to provide a strong statement on what is seen as the most critical issue(s)/priorities for the region. To a certain extent this has diluted the impact of some of the policies, with the RES appearing to try to do everything rather than focusing more effectively on a fewer activities. The new RES must provide a clear framework setting out the key priorities to enable to the region to 'close the gaps' both on national averages and within the region. This should provide a focus on opportunities and meeting needs within those.

Underpinning this framework, there is a need for AWM to have an effective dialogue with partners to determine how to deliver in those policy/geographical areas that sit outside of

the regionally identified priorities through more localised partnership approaches. In particular this must link to the LAA process, albeit contributing to the RES' overall objectives for regional prosperity.

The policy choices consultation document is very internally focused and does not sufficiently address the RES's policies in relation to external promotion, i.e. the 'Powerful Voice for the Region' element of the current RES. The previous RES provided little in terms of a regional identity that could be supported by all parts of the region. This 'fifth pillar' needs more thought in order to effectively promote a strong, clear image of the region both nationally and internationally. Supporting this there is a clear role for AWM in facilitating a united regional approach to key policy agendas to better ensure the region does not miss opportunities as a result of poor regional coherency.

The current RES does not adequately brand local and regional opportunities. As well as setting out long-term aspirations and future opportunities for the region, the RES should clearly set out the region's existing strengths on which we will build, particularly where these distinguish the region from others. However this should not present an unrealistic picture of the region, providing an accurate picture of the current positives and highlighting where there are improvements needed.

In delivering the RES there is also a role for improved internal marketing and communications within the region, to enable better understanding of work underway and to help local people and potential investors know what has changed/ is changing. This is particularly important in better drawing together regional and local activities.

The RES should recognise the particular strength of the West Midlands in terms of partnership working and the increasingly valuable contribution this will make given more inter-connected policy agendas and financial pressures.

It is critical across each of the delivery mechanisms that strengthened monitoring and evaluation processes are put in place to enable a much stronger understanding of the impact of activities than was available to inform the RES evidence base.