

**WEST MIDLANDS REGIONAL ASSEMBLY**

**Wednesday, 25 April 2007**

**Consultation draft of the West Midlands Economic Strategy**

**Report of WMRA Director of Policy and AWM Director of Strategy**

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**1. Purpose of the Report**

- 1.1 To provide an update on the review of the West Midlands Economic Strategy (WMES). A copy of the near final version of the consultation draft of the WMES is attached. Please note that this draft has yet to be considered by the Advantage West Midlands Board and may therefore be subject to further change.

**2. Recommendation**

- 2.1 That progress to date with the WMES review be noted.

**3. Background**

- 3.1 The review of the WMES commenced last year and has so far moved through the following stages:

- Building the evidence base (March to July 2006)
- Developing policy choices (August to October 2006)
- Consulting on policy choices (November 2006 to February 2007)
- Developing the draft strategy (March to April 2007)

- 3.2 The next stage is to consult on the full draft strategy during May, June and July with a view to bringing a final version of the revised WMES to the Assembly for approval in October 2007.

**4. Detail**

- 4.1 The consultation draft of the WMES (please view <http://www.wmra.gov.uk/page.asp?id=314>) has been developed building upon responses received during the previous phase of consultation - on the WMES policy choices. The policy choices consultation involved 6 major consultation events across the region, attended by over 600 people, numerous other meetings with

partners and stakeholders, and nearly 200 written responses from public, private and voluntary sector partners. The feedback has been used to inform the development of the full draft strategy. Alongside specific comments relating to the particular questions posed in the Policy Choices document, the following overall messages came through strongly in the responses received:

- Widespread consensus on the importance for the revised strategy to recognise and address environmental sustainability and climate change
- The need for strong alignment with other national and regional strategies and plans
- Increasing the degree of sub-regional and local flexibility within the strategy

A separate report summarising the consultation responses and how they have been addressed within the draft strategy will be published alongside the consultation draft of the WMES.

4.2 The draft strategy is structured around the three main components of the economy – Business, Place and People – and seeks to consider and address areas of weakness and market failure, along with particular regional strengths and emerging opportunities. These three components are complemented by a ‘Powerful Voice’ objective, focusing on raising the profile of the region and influencing a range of decision makers. The particular objectives sitting underneath these components are summarised in Table 1, below.

4.3 The strategy’s development has also been influenced and shaped by a number of key underlying principles:

- Using long-term thinking
- Preparing for a lower carbon economy
- Pursuing equality, reaping the benefits of diversity
- Valuing the natural environment
- Supporting urban and rural renaissance

4.4 The revised WMES seeks to provide more focus than previous strategies. In terms of spatial focus, interventions proposed can be differentiated into the following three categories:

- Objectives which are intended to be **region-wide with no deliberate spatial focus**. Much of the activity supported by the strategy is, intentionally, available throughout the region.

- Objectives which have a **primary spatial focus**, largely those which are focused on where substantial capital investment will need to take place. There are three types of area that will have this primary spatial focus:
  - a) **areas facing multiple market failure and disadvantage**, defined as the six existing Regeneration Zones
  - b) **areas with concentrations of knowledge assets**. These areas are principally recognised in the three High Technology Corridors, but the WMES also recognises the concentrations of such assets in North Staffordshire, and the opportunities arising from the Birmingham Science City proposals
  - c) **the regional centre in Birmingham**. The importance of the success of the city centre, at the heart of the region, to the regional and national economy is widely acknowledged and critical for the region's international positioning
- **Objectives which are region-wide, but with some spatial focus**. Here there will be a base level of support across the region, but additional effort and resources in target areas. This applies to several of the business and people objectives.

- 4.5 The strategy also recognises that significant economic activity takes place in areas beyond those of primary focus, set out above, and therefore identifies other areas for more limited investment to support sustainable communities, giving a secondary spatial focus in **growth areas and strategic centres** (which are likely to experience future significant housing growth) and **market towns**.
- 4.6 Details of this proposed spatial focus have been developed with the assistance of the WMES/WMRSS Working Group to ensure alignment and complementarity between the two strategies.
- 4.7 The draft WMES recognises the need for strong and effective partnership working if these objectives are to be delivered and the vision realised. Based on the typology of spatial focus outlined above, it is expected that the delivery of region wide interventions with no spatial focus will be guided by the regional partnerships and boards outlined in the draft strategy. Delivery of objectives that fall within the second two categories – those with a primary spatial focus or those that are region-wide but with some element of spatial focus – will need to be delivered through the engagement of sub-regional and local partnerships.

4.8 The draft strategy includes a number of key consultation questions spread throughout the document to encourage and facilitate feedback.

## **5. Next steps**

5.1 Following consideration of the draft strategy by the Advantage West Midlands Board on 24<sup>th</sup> April, it is intended that consultation on the draft strategy commence on 8<sup>th</sup> May.

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**Table 1: Summary of the Objectives contained within the consultation draft of the WMES**

<b>BUSINESS</b>	<b>PLACE</b>	<b>PEOPLE</b>
<p><b>1. Capitalising on low carbon opportunities</b> The low carbon agenda presents considerable opportunities as well as challenges to the region's economy. We must therefore stimulate proactive and ambitious business response to the economic opportunities of the low carbon agenda by exploiting new markets and ambitiously responding to the challenges of energy and resource efficiency</p> <p><b>2. Investing in high value skills for the future economy</b> The region must compete more effectively on the basis of its skills, ingenuity and know-how. Our focus here is to increase the number of people with graduate level skills within economy through up-skilling the current workforce, and by increasing the number of graduates produced by our universities who stay and work in the West Midlands.</p> <p><b>3. Exploiting markets and sectors with the most wealth and employment potential</b> The prosperity of the region depends on targeted growth in those key markets and sectors which offer the greatest prospects for long-term wealth creation and employment, and where we have competitive strengths on which to build. We therefore need to develop these key sectors, with a particular emphasis on exploiting the region's distinctive strengths in both manufacturing and services</p> <p><b>4. Improving business competitiveness</b> All the region's businesses need to be ready to improve their business proficiencies and be receptive to adopting new processes and technologies which can improve their competitive</p>	<p><b>1. Developing sustainable communities</b> Successful, thriving and growing economies require a network of high quality, sustainable urban and rural communities which attract and retain a diverse and thriving workforce.</p> <p><b>2. Birmingham competing as an international city</b> Birmingham plays a hugely important role in shaping perceptions of the region for investors and mobile workers. It also needs to function as competitive city and gateway to the region, evolving to meet changing needs and committed to staying ahead of other European competitor cities. We therefore need to support the on-going development of Birmingham to ensure that its offer and perceptions of the City are in line with its core city and regional capital status</p> <p><b>3. A sustainable portfolio of land and property</b> The geography of the West Midlands is one of our greatest assets and is a critical factor in helping us realise the region's future growth objectives. The region needs to continually drive up its re-use of brownfield land and rejuvenation of premises, if it is to make optimal use of its physical resources, while supporting attractive communities and delivering competitive business destinations. We therefore need to ensure an appropriate supply of land and premises to meet the region's economic and spatial priorities</p> <p><b>4. Improving transport and accessibility to support competitiveness</b> The West Midlands sits at the centre of the national transport system which plays a pivotal role in building connections to job opportunities, suppliers and customers. The region's</p>	<p><b>1. Stimulating demand for tomorrow's products</b> The region must take a proactive lead in shifting demand and consumption to meet the growing supply of low impact products and processes. We therefore want to encourage and facilitate residents and businesses to shift choices and patterns of consumption, travel and work towards goods &amp; services which are sustainable into the long term</p> <p><b>2. Extending leadership and management</b> In the highly competitive global markets where West Midlands businesses need to succeed, attracting, retaining and utilising high quality leadership and management skills is absolutely critical. Our aim is therefore to develop and attract the best leadership and management skills to drive innovation, enterprise and growth in the region's businesses.</p> <p><b>3. Aspirations for skills and learning progression</b> The West Midlands' workforce remains less qualified than that of other regions; it has the highest proportion of non-qualified workers in England and a deficit is apparent across all qualification levels from NVQ Levels 2 upward. We therefore need to develop an appropriately skilled workforce that meets the growing demands of the economy by stimulating a stronger culture of learning which drives up aspirations and accelerates progression</p> <p><b>4. Employing a diverse and dynamic labour force</b> Demographic and social changes will have a profound impact on the scale and quality of the</p>

BUSINESS	PLACE	PEOPLE
<p>position. Our aim is therefore to build an entrepreneurial and innovation culture in all tiers of our businesses.</p> <p><b>5. Exploiting regional knowledge assets</b> The region has a strong research and development base, but this is not being fully exploited in terms of economic and business opportunities. Our objective here is therefore to take the West Midlands to the fore-front of intellectual property development and the commercialisation of opportunities generated by the region's research institutions and businesses</p> <p><b>6. Competing in international markets</b> The growth of the West Midlands economy depends on greater numbers of its businesses trading externally. We therefore need to increase the value of international trade engaged in by West Midlands businesses, expand the base of businesses competing in overseas markets and generate a stronger flow of inward investment into the region</p> <p><b>7. Driving up entrepreneurship</b> In order to invigorate and refresh the business base, the West Midlands needs to increase the flow, growth and survival of new businesses, particularly high growth companies and new enterprises from disadvantaged groups and communities. Our focus is therefore on increasing levels of entrepreneurship and raising the regions enterprise capability – particularly in currently under-represented groups and communities.</p> <p><b>8. Stimulating employer investment in skills and training</b> A skilled workforce creates a more competitive and productive business, but current employer</p>	<p>advantageous central location is at risk of being threatened by congestion and capacity limitations. Our focus is to enable businesses and people in the region to get efficient and effective access to markets and services, by increasing efficiency and the use of technology alongside improvements to the integration, reliability and capacity of transport networks</p> <p><b>5. Maximising our cultural offer and natural assets</b> In order to attract ambitious businesses and people to the region, we must exploit, develop and protect our cultural offer and natural assets. Our objective is to accelerate the relocation and retention of people and businesses in the region through our highly attractive and interesting make-up of leisure assets.</p> <p><b>6. Regenerating our most deprived communities</b> The region has a significant series of highly deprived communities which demand a co-ordinated and holistic approach to regeneration which bolster cohesion and delivers prosperity. We must, therefore, regenerate and support the sustainable growth of our most deprived areas, developing links into economic and employment opportunity</p>	<p>region's work-force in many ways. We must respond proactively to evolving demographic patterns among the region's work-force to ensure a strong match of skills and education alongside recruitment and retention practices to create appropriate and attainable employment opportunities for all.</p> <p><b>5. Participating in economic activity</b> Low levels of economic activity account for around 20% of the region's £10bn output gap, and the West Midlands has some specific pockets of very high levels of economic inactivity. We must increase levels of employment and reduce economic inactivity in the Region's worst affected target hot-spots and long-term challenges</p>

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<p>investment in skills is far too low. We therefore want to increase employer investment in skills training and raise employer awareness of the business case for training for their entire workforce</p>		
<b>POWERFUL VOICE</b>		
<p><b>1. Improving the evidence base for policy</b>            Successful regions are able to understand and articulate the factors that are influencing their development. They use this information to develop, refine, monitor and evaluate strategy and the implementation of policy. A strong and shared evidence base is also vital in developing common approaches to regional issues and in influencing important decision makers within and outside the region.</p> <p><b>2. Engaging with UK, European and international decision makers</b>            Successful regions are able to articulate and deploy information about the factors influencing their development to engage with and influence decision-makers in government, business and other organisations at national and international levels. Whilst recognising the need for different parts of the region to make the most of their own individual assets or to argue their specific case, successful regions also know when to speak and act collectively, with one voice.</p> <p><b>3. Improving our image and marketing the region</b>            Successful regions are able to project positive images to attract and retain potential new investors, businesses, visitors (for business or pleasure), students and residents. Whilst recognising the need for different parts of the region to make the most of their own individual assets, successful regions also know when – and are able - to act collectively.</p>		