

Agenda Item No. 13

WEST MIDLANDS REGIONAL ASSEMBLY

Annual General Meeting - Wednesday 12 July 2006

Regional Economic Strategy Review – Update

1. Background

- 1.1 The Regional Economic Strategy sets out what the West Midlands needs to do to improve economic performance by both building on strengths and addressing the market failures that hold the regions economy back. The RES is reviewed every three years to ensure that it remains relevant and continues to provide the right solutions. Economic changes such as the changing demographic profile of the workforce and emerging economies in countries such as China and India will need to be considered. As well as changes in the way that the region delivers economic improvements such as Local Area Agreements and the emerging City Region approaches.
- 1.2 The current review of the RES will consider the agreed actions which will be required to ensure existing targets for 2010 are met but will also look beyond that milestone to 2020 to establish what the region will need to do to continue to improve economic performance.
- 1.3 Work has been undertaken to ensure as much alignment as is possible between the RES review and the Partial Revision of the Regional Spatial Strategy, this will continue through out the two processes to ensure that the two strategies continue to mutually support each other.
- 1.3 The review of the RES was launched in March 2006 with the following timetable:

Phase 1: Build evidence base	March to July 2006
Phase 2: Develop policy options	May to September 2006
Phase 3: Consult on policy options	October 2006 to March 2007
Phase 4: Consult on draft Strategy	May to July 2007
Phase 5: Publication	April and September 2007

2. Consultation Mechanisms

- 2.1 All partners are encouraged to register directly with AWM to participate in the Review and to receive updates on progress. The registration Form can be completed at <http://www.advantagewm.co.uk/wmesreview.html>

2.2 A Regional Reference Group has been set up to provide high level guidance and support to the review. The purpose of the group is to help ensure that the WMES produced in 2007 is effective in addressing the economic issues for the region, and that it is owned by the region. To achieve this, group members are being asked:

- To offer advice and support on the extent and process for the review;
- To provide advice and suggestions on the emerging issues and how to address them;
- To act as champions for the review within and outside the region; and
- To act as two way communications channels with their relevant constituent groups and partners.

In addition Rose Poulter proposed and it was accepted that the group should also:

- To provide / ensure synergy and alignment with other regional strategies, especially the RSS.

The full Terms of Reference for the group and Membership can be found in Appendix One.

2.3 The group met for the first time in early June and members took the opportunity to reemphasise the need for this review and for the resultant RES to be properly owned by the region. This ownership will be reliant upon regional and local partners being fully engaged in the review process at all stages.

2.4 During Phase Two of the review 'expert panels' will be set up to offer expertise and ideas for the developing options for intervention to ensure that the vision is achieved. Currently details of these expert panels are not available.

2.5 The Regional Economic Development Officers Group (REDOG) are leading on the RES review on behalf of the Assembly with support from secretariat officers.

3. Phase 1 – Building the Evidence Base

3.1 There is clear emphasis in the RES guidance from government on the importance of developing a RES built upon a strong evidence base. The RES was originally put in place seven years ago and the region is now in a position to begin to judge the progress which has been made to date in closing the gap between the economic performance of the West Midlands and other regions across Europe. There is already a great deal of evidence available in the region which gives a picture of the economic strengths and weaknesses but this will need to be analysed.

3.2 Five Evidence Base Project Groups have been established to support the five strands of work being taken forward which are:

1. Future Prospects for the Region's Economy
2. Analysis of Drivers of Productivity and Employment
3. Economic Geography
4. Evaluation of the Impact of the WMES

5. Evaluation of Regeneration Zones, High Technology Corridors and Clusters

A brief description of each of the project groups can be found in Appendix Two. WMRA/WMLGA and the Regional Economic Development Officers Group (REDOG) are represented on each of the five project groups and provide an opportunity to input into the development of the evidence base. To date REDOG has held a seminar to provide an opportunity for local authorities and partners to feed into the Evidence Base Project Groups and has actively consulted with GHK, the consultants leading Project Groups 4 and 5.

- 3.3 Emerging findings from the Project Groups were presented at the first meeting of the Regional Reference Group in early June. Details of the emerging findings for each of the project groups can be found in the presentations attached to this report or on the AWM RES Review website <http://www.advantagewm.co.uk/wmesreview.html>

The issues below were identified by the Reference Group in relation to the emerging findings of the evidence base work and were acknowledged by John Edwards and his colleagues:

- Transport is a critical issue for the region's economy – it doesn't seem to be picked up by any of the 5 evidence gathering streams, it must be.
- Where possible the consultants must present information disaggregated to the lowest geographical level, to allow for sensitive policy making and action at the local level. The region is not economically homogeneous.
- There is a need to overlay the realities of administrative boundaries – local authorities, sub-regions, RZs etc when considering policy development and delivery.
- We will want to challenge Government assumptions about the region if the evidence suggests we should.
- The importance of aligning the RES and other regional strategies was underlined.
- AWM must fully involve and engage the region in the review so that the region owns the strategy and the difficult decisions that will need to be made to agree the policy and delivery priorities.

- 3.4 REDOG has also responded to the emerging findings, the key messages from the response are:

- There is a real need for AWM to check the consistency of the messages / conclusions which are coming out of the reports, both in terms of the Region's current economic position and its forecasts. There seem to be some slightly different conclusions in the report which could potentially cause difficulties for the policy options stage.
- There is significant concern at the local level that the reports are still heavily focused on the regional level and do not include a lot of local / sub-regional analysis. This is presumably due to the lack of time which the groups have had

to complete the work but there do appear to be some datasets available which could fill some of these gaps if given the opportunity.

- There are within the three reports for Groups one, two and three a number of suggestions / proposals of further work which could take the analysis forward if the time and resources are available to do so. Some thought needs to be given to whether these should be carried forward and how this would be achieved during the later stages of the RES review.

3.5 AWM are organising two which will be held on the mornings of 19th and 25th July at the Regional Observatory offices at Millenium Point. Both these workshops will have presentations on the evidence base from the 3 universities involved in the first three Project Groups. These workshops will provide and opportunity for a wider audience to comment on the emerging findings of the evidence base. The agenda for the meetings is attached at Appendix Three. Assembly members are welcome, details can be found on AWM's website www.advantagewm.co.uk

3.6 In early July a meeting will be held to discuss the relationship between the RES and the RSS revision and review processes. The meeting will involve representatives from AWM and from the RSS Options Task Group.

4. Phase 2 – Develop the Policy Options

4.1 A great deal of interest has been expressed in Phase 2 of the process as it is recognised that it will be vital that regional and local partners help to shape the emerging options which will then be released for consultation. To date there has been little information available about engagement in the development process but it is likely that details will be emerging shortly.

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**Regional Reference Group for the Review of the West Midlands
Economic Strategy
Terms of Reference**

1. Introduction

The next update of the West Midlands Economic Strategy will be published in 2007 and Advantage West Midlands is leading the work to ensure that the region achieves this. The review was launched at the end of March 2006, jointly by the Agency and the Regional Assembly under the heading "Help Shape Your Future".

This sets out a number of stages throughout the review, each of which offers the opportunity for all partners to engage and influence the review.

2. Purpose of the group

The purpose of the group is to help ensure that the WMES produced in 2007 is effective in addressing the economic issues for the region, and that it is owned by the region. To achieve this, group members are being asked:

- To offer advice and support on the extent and process for the review;
- To provide advice and suggestions on the emerging issues and how to address them;
- To act as champions for the review within and outside the region; and
- To act as two way communications channels with their relevant constituent groups and partners.

3. Membership

The membership has been chosen to reflect a wide range of regional organisations and partnerships, which will be critical for the ownership of and eventual delivery of the Strategy.

4. Meetings

- The Reference group will meet four times during the review process, to coincide with the phases of the review.
- The dates for these meetings are: 5th June 2006; 1st September 2006; 3rd April 2007; 30th, July 2007.
- Advantage West Midlands will chair and provide the secretariat for the group. The aim is to circulate papers 10 days in advance by email, and keep them short.

Title	Forename	Surname	Position	Organisation
Mr	John	Edwards (Group Chair)	Chief Executive	Advantage West Midlands
Dr	Roger	Sumpton	Corporate Director Strategy & Communications	Advantage West Midlands
Ms	Rose	Poulter	Policy Director	WMRA / WMLGA
Ms	Katherine	Kerswell	Chief Executive	Solihull MBC (Regional Chief Executives Group)
Ms	Carolyn	Downs	Chief Executive	Shropshire County Council (Regional Chief Executives Group)
Mr	Peter	Davenport	Head of Policy Development	Staffordshire County Council (Shires Advisor)
Ms	Trudi	Elliot	Regional Director	Government Office for the West Midlands
Mr	John	Hart	Chairman	West Midlands Business Council
Mr	Gerard	Coyne	Midlands Regional Secretary	Transport & General Workers Union
Mr	David	Cragg	Regional Director	Learning & Skills Council
Professor	Michael	Wright	Chair	WMHEA - c/o University of Wolverhampton
Dr	Rashmi	Shukla	Regional Director	West Midlands Public Health Group
Mr	Richard	Quallington	Chair	Regional Action West Midlands
Mr	Bernard	Doyle	Chair	Sustainability West Midlands
Mr	Brian	Woods-Scawen	Chair	Culture West Midlands
Mr	Chris	Clifford	Regional Director	CBI
Mr	Mike	Beasley	Chair	Regional Skills Partnership
Mr	Norman	Price	Chair	Enterprise Board & Regional Finance Forum
Dr	Clive	Hickman	Chair	Innovation and Technology Council
Rev	Nick	Reed	Chair	Rural Affairs Forum
Mr	Brian	Summers	Chair	Tourism West Midlands
Mr	Mohammed	Nazir	Chair	Ethnic Minority Business Forum
Cllr	Roger	Philips	Chair	Regional Transport Partnership
Cllr	Jo	Jones	Chair	Regional Equalities and Diversity Partnership
Cllr	Rex	Roberts	Chair	Regional Planning Partnerships
Mr	Ron	Pugh	Chair	Association of Colleges
Ms	Glynis	Whiting	Director	West Midlands in Europe
Mr	Simon	Murphy	Project Director	Our City Region

The Evidence Base Project Groups.

Project 1 – Future Prospects for the Region’s Economy

The development of a sophisticated picture of the future prospects for the region’s economy to understand the key external factors that are likely to impact on the vision of achieving “world class” recognition. This will ensure that our work on the WMES will be in the context of our role in the UK and international economies, rather than suggesting a single aspirational scenario for the region.

Indicative Timings:

Agreed Final Report by: Mid June 2006

Project 2 – Analysis of Drivers of Productivity and Employment

In its Regional Economic Performance PSA target, the government has identified six factors it believes have the most importance for addressing the relative performance of regional economies (employment and five key drivers of productivity; enterprise, skills, innovation, competition and investment). A seventh section will look at evidence for other factors (e.g. environmental quality) that may be important to explain the relative performance of the region’s economy. Our work will provide evidence against these factors to produce a picture of particular strengths and weaknesses, and the relative importance of each for the economy of the West Midlands.

Indicative Timings:

Agreed Final Report by: July 2006

Project 3 – Economic Geography

The West Midlands economy does not operate as a single entity. There is a complex pattern of economic activity which varies by different issues; and there are major intra-regional variations in terms of performance. This project aims to bring together the vast array of information that exists, at the local, sub-regional and regional level to create a clearer assessment of these functional linkages and differences.

Indicative Timings:

Agreed Final Report by: End June 2006

Project 4 – Evaluation of the Impact of the WMES

We need to understand the impact of the WMES since 1999. Impact at the highest level is about changes to the regional economy the WMES has brought about. That is always very difficult to measure directly, and therefore this project needs to bring together information from different sources to allow us to make some judgements on its impact. A structured approach has been set down by DTI in the Impact Evaluation Framework (IEF), and this project will follow that model. It will incorporate assessment of the way the strategy has influenced the activity and spending of partners and try to show the output and outcome of activity linked to it.

Indicative Timings:

Agreed Final Report by: End of June 2006

Project 5 – Evaluation of Regeneration Zones, High Technology Corridors and Business Clusters

These have been placed at the centre of the WMES, and we need to understand their effectiveness and impact as part of the input to assessing policy options. Economic targets were set for Zones, Corridors and Clusters in 2004, and the evaluation will focus on progress against these. It will look at economic achievements and best practice learning points of the factors that have helped or hindered achievement.

Indicative Timings:

Agreed Final Report by: End of June 2006

WMES Review Workshops on the Evidence Base

Wednesday 19 July and Tuesday 25 July 2006

Programme for both days

9.30 -10.00 Registration and coffee

10.00 -10.15 Introduction to WMES Review process and the role of the West
Midlands Regional
Observatory

10.15 -11.00 Findings from the three projects (presentations from the three
academic teams leading
the projects)

11.00 -11.15 Coffee

11.15 -12.15 Discussion on evidence base/break out groups (key questions –
completeness and
relevance of the evidence base)

12.15 -12.30 Key points from discussions and next steps

12.30 -13.30 Close (networking lunch)