

**Help shape your future**  
**West Midlands Economic Strategy Review 2006-07**  
**Phase 1 - Summary of the Evidence Base**

**Introduction**

There is a clear emphasis in the RES guidance from Government on the importance of a strong evidence base. The definition of evidence base covers its role in informing policy makers about regional strengths and weaknesses; where there are market failures; and the possible options to address those market failures. It will need to draw on evidence of what has worked, and what hasn't worked so far to help develop the right options.

A substantive body of evidence is needed to meet that requirement. A high proportion of that evidence already exists through the work of partnerships at all different levels within the region and outside. Therefore, one of the tasks to be undertaken over the next few months will be an audit of that evidence and its relevance to the Review. Another key action is to work alongside the West Midlands Regional Assembly, in its work on the Regional Spatial Strategy. We need to ensure that there is a consistent approach to evidence gathering, and that each process informs and is informed by the other

However, we have been able to identify a number of key "gaps" in the current evidence base that are seen as the highest priority to address to enable a proper assessment of policy options. These gaps are partially where no evidence exists and partly where the current evidence needs to be pulled together in a way that fully informs a joined up Strategy.

**Five main themes to the evidence gathering**

These gaps cover three types of evidence - forward looking assumptions; trend analysis; and performance assessment.

**Theme 1 – Future Prospects for the Region's economy**

We need to develop 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. Key issues (set by the Chancellor for the CSR 2007) which will be looked at include globalisation, demographic change and climate change.

Indicative timings:

First draft report by mid May 2006

Agreed final report by mid June 2006

**Theme 2 – Factors influencing the relative performance of the West Midlands Economy**

In its work on the Regional Economic Performance Public Service Agreement<sup>1</sup>, the government has identified six factors it believes are the most important in explaining the relative performance of regional economies. These are: employment and the five key drivers of productivity; enterprise, skills, innovation, competition and investment.

Our work will provide evidence against these factors to produce a picture of particular strengths and weaknesses, and the relative importance of each of them for the economy of the West Midlands.

We also need to know whether the national assumptions are correct for the West Midlands, and therefore 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.

Indicative timings:

First draft report by June 2006

Agreed final report by July 2006

### **Theme 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. This will include an understanding of linkages between urban and rural areas as well as differences within rural and urban areas.

Indicative timings:

First draft report by end May 2006

Agreed final report by end June 2006

### **Theme 4 – Evaluation of the Impact of the West Midlands Economic Strategy**

We need to understand the impact of the WMES since 1999. Impact at the highest level is about changes to the regional economy the Strategy has brought about. That is always very difficult to directly measure, and therefore this project needs to add together information from different sources to allow us to make some judgements on its impact. To help structure this work, we will draw on a recently published DTI paper which sets out an Integrated

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<sup>1</sup> Regional Economic Performance PSA "Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006.

Evaluation Framework (IEF) for evaluating the impact of RDAs.<sup>2</sup> Whilst this focuses solely on the work of the RDA, it does provide a clear framework for evaluation that can be applied at the wider level of the WMES. The evaluation will include an assessment of the way the Strategy has impacted on the activity and spending of partners and show the output and outcome of activity linked to the Strategy by all those partners.

Indicative timings:

First draft report by end May 2006

Agreed final report end June 2006

### **Theme 5 – Evaluation of the three “Key Delivery Mechanisms”**

Delivering Advantage, the West Midlands Economic Strategy and Action Plan, published in January 2004, set down a very clear regional focus on three “Key Delivery Mechanisms” for delivering the Strategy – Regeneration Zones, Business Clusters and High Technology Corridors. Given the central importance of these, we need to gain an in-depth understanding of their effectiveness and impact as part of the input to assessing policy options. These will supplement the more general picture being provided under Theme 4, and will also draw on the IEF to ensure a consistent approach. Economic targets were set for each Regeneration Zone, Business Cluster and High Technology Corridor in Delivering Advantage, and the evaluations will need to focus on progress against these. They will look at economic achievements and best practice learning points of the factors that have helped or hindered achievement.

Indicative timings:

First draft report by end May 2006

Agreed final report by end June 2006

### **Management**

Small project groups of relevant interests will be established for each piece of work. The aim of these groups is to provide help to consultants in delivering the work in the most effective and useful way. It is expected that each group would have three meetings:

- One at the beginning to agree a detailed work programme for the consultant; to offer any information and contacts that could be useful to the consultant and to provide guidance on priorities for the work;
- One during the work, to review progress; comment on interim findings and draft report and advice on focus or changes for the final report; and
- One towards the end of the project to comment on and agree the final report.

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<sup>2</sup> DTI Occasional Paper No 2 – Evaluating the impact of England’s Regional Development Agencies: Developing a Methodology and Evaluation Framework (February 2006)