



Evaluation of the West Midlands Regional
Economic Strategy
Final Report – Executive Summary

July 2006

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FINAL REPORT – Executive Summary

For Advantage West Midlands

on behalf of the region.

A report submitted by GHK Consulting Ltd

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EXECUTIVE SUMMARY

Introduction

This document provides the main results of an evaluation of the impact of the West Midlands Regional Economic Strategy (RES). The evaluation covers the period from the publication of the first version of the RES in October 1999 to the present time, April 2006. The results of the evaluation are intended to inform the planned RES review and revision process, culminating a revised version of the RES in 2007.

Where Are We?

The existing RES, whilst requiring revision, is largely regarded by stakeholders as providing an effective framework for addressing economic challenges in the region.

There is a systematic range of regional partnerships responsible for all of the principle challenges raised by the RES, with the exception of Pillar 4, with updated and better informed regional strategies.

Review of the broad scale of resources deployed (approximately £2.5 billion over the evaluation period) and outputs reported to date, has proved problematic and would benefit from further work.

Where Have We Come From?

Partners have rationalised and developed a strategic regional scale response to the set of challenges identified in the RES; supported by a much improved understanding of the nature and scale of the challenges. The specific delivery mechanisms identified in the RES (clusters, high technology corridors, regeneration zones) are generally considered to have clarified and improved their focus and are expected to be effective in concentrating resources to achieve the greatest impact.

The evaluation period has been characterised by significant influences from new national policy frameworks which have subsequently informed regional responses and policies. The period has also seen a number of economic shocks, which have necessitated, and drawn, an effective regional response.

The results of the stakeholder survey of the strategic added value of the RES indicate that there is a large consensus holding the view that the RES has provided added value to the region; facilitated through the leadership, co-ordination and influence offered by the RES.

Where Next?

The regional economic problem

The challenges identified in the RES persist: most stakeholders believe the challenges are greater than first realised with a greater appreciation of the relatively limited scope of a RES to influence regional economic change and outcomes except in the very long term (say 30 years).

The regional economic vision

There is a general desire among stakeholders to review the nature and description of the existing Vision Statement as lacking focus and being unrealistic. A revised vision should offer a clear aspirational statement describing the desired long term regional economic outcome, matched by statements that reflect a realisation of what can be achieved in the shorter and medium term, with some description of particular milestones that would allow stakeholders to know that the region was 'on the right track'.

The objectives of a revised RES

The existing pillars are regarded by stakeholders as generally 'fit for purpose'; with the important exception of Pillar 4. There are no strategic priorities omitted from the framework provided by the pillars. Continuing structural economic change and the increasing significance of the knowledge economy requires an updated response which places greater emphasis on skills and innovation.

How to Get There?

The RES should clearly distinguish the strategic framework from the process of delivery. To be effective the strategic framework will need to be based on:

- a much improved level of ownership of the RES by Partners, achieved through the proposed review process;
- a realistic alignment between strategic objectives and the resources of the Partners;
- clear and agreed roles and responsibilities among all of the Partners for the strategic objectives.

Key Debates for the Next RES

There are a number of debates acknowledged in the evaluation which are considered by stakeholders to central to the revision of RES 3 and which the planned review process could facilitate. These are:

- The strategic willingness of partners to take responsibility for and to resource a broader response to regional challenges than the current RES. In particular there should be a debate over the extent to which the RES should respond to the need for regional cohesion and the challenges of equality and diversity. This would include debate to identify appropriate mechanisms, and to agree joint responsibilities and related investments plans.
- The strategic balance between objectives in the RES for regional competitiveness (and in particular responding to targets for closing the gap in economic performance with other regions) and regeneration programmes responding to the needs of disadvantage areas;
- The extent to which the spatial priorities implied by the strategic objectives and identified market failure should be more explicit; and the extent to which spatial priorities in the RES should be reflected in the revised RSS;

- The level of evidence available to define the economic rationales for intervention (related to technical definitions of market failure) and to allocate resources between different interventions
- The need to better define and respond to challenges not fully addressed by the current version of the RES, and in particular:
 - working within environmental resource limits and responding more directly to the challenge of sustainable development
 - levels of worklessness
 - levels of educational attainment
 - the operation and impact of housing markets;
- There are also a number of global challenges to be addressed in the regional context, identified recently by the government when announcing the Comprehensive Spending Review:
 - Globalisation
 - Demographic change
 - Climate change
 - Technological change.

Next Steps

The results of this evaluation provide one of a number of specific and discrete contributions to the RES review process in terms of assembling the evidence base. The next phase of the review process comprises the development of policy options for consultation before the production of the next RES begins.